

# **Vermont League of Cities and Towns**

## **Audited Financial Statements with Required Supplementary Information and Other Information**

*Years ended December 31, 2020 and 2019  
with Report of Independent Auditors*

Vermont League of Cities and Towns

Audited Financial Statements  
with Required Supplementary Information and  
Other Information

Years ended December 31, 2020 and 2019

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## Report of Independent Auditors

Board of Directors  
Vermont League of Cities and Towns

We have audited the accompanying financial statements of Vermont League of Cities and Towns, which comprise the statements of net position as of December 31, 2020 and 2019 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Vermont League of Cities and Towns as of December 31, 2020 and 2019 and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 - 14 and the Schedule of Employer Pension Information on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on Vermont League of Cities and Towns' basic audited financial statements. The Schedule of Revenues and Expenses – Budgetary Basis on pages 42 - 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Johnson Lambert LLP". The signature is written in black ink and is positioned above the printed name and address of the firm.

Burlington, Vermont

August 18, 2021

Vermont firm registration: 092-0000267

# Vermont League of Cities and Towns

## Management's Discussion and Analysis (Unaudited)

Years ended December 31, 2020 and 2019

Management of the Vermont League of Cities and Towns (VLCT) presents the following overview and analysis of its financial operations for the year ended December 31, 2020, to be reviewed and considered in conjunction with the more detailed statements, schedules and notes in the ensuing pages of this report.

VLCT is a nonprofit, nonpartisan organization that serves Vermont's municipal governments (its members) by providing services through its advocacy and Municipal Assistance Center operations. VLCT also provides administrative services, office space and equipment usage to VLCT Employment Resource and Benefits Trust, Inc. (VERB) and VLCT Property and Casualty Intermunicipal Fund, Inc. (PACIF). Collectively, these are referred to as "the Trusts".

### **Highlights**

- Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at the end of 2020 by \$395,893, of which \$396,413 was invested in capital assets, net of related debt, leaving a deficit of \$792,306 as unrestricted net position. This compares with a net position deficit of \$248,995 at December 31, 2019, of which \$405,925 was invested in capital assets, net of related debt, leaving a deficit of \$654,920 as unrestricted net position. The increase in the unrestricted net position deficit at the end of 2020 is mainly attributable to the recording of VLCT's share of the net pension liability from the Vermont Municipal Employees Retirement System (VMERS) defined benefit (DB) pension plan. It has resulted in unrestricted net position deficits every year since 2015.
- Debt related to capital assets includes the nondepreciated balance of all capital assets paid for by the Trusts at the time the assets were purchased, a total of \$117,268 as of December 31, 2020, compared to \$228,481 at December 31, 2019. VLCT owns all capital assets, and all trust-funded purchases become a liability to VLCT (under deferred revenue) with the balance reduced each year by the annual depreciation of the assets. As of December 31, 2020, debt related to capital assets also includes the amount owed on a credit line for copiers acquired in 2017, a total of \$7,055.

## Vermont League of Cities and Towns

### Management's Discussion and Analysis (Unaudited) (Continued)

#### **Highlights (Continued)**

- Net position decreased \$146,898 from an operating deficit realized during the year ended December 31, 2020. This was primarily the result of an adjustment of \$336,734 to the VMERS DB pension expense to account for VLCT's share of the net pension liability. This expense is slightly decreased from the 2019 pension expense of \$365,563. This expense is to record new service costs, and changes in assumptions for investment return, inflation and COLA rates, as well as mortality rates.
- Total revenue in 2020 is \$151,890 higher than in 2019 primarily due to an increase in trust agreement revenue to fund a new position (claim attorney for PACIF). Budget to actual in 2020 shows a small shortfall of \$20,585 due mainly to decreased workshop and town fair revenue resulting from COVID restrictions. In 2019, total revenue was \$47,781 lower than in 2018 primarily due to the elimination of the VERB contract revenue, discontinued when the human resources consultant was moved from the Municipal Assistance Center (MAC) to PACIF, becoming a direct expense of PACIF rather than a pass-through from MAC to VERB to PACIF.
- As of December 31, 2020, total expenses exceeded prior year by only \$9,730 and exceeded budget by \$125,741 largely due to the GASB 68 pension adjustment which is not budgeted. Total expenses in 2019 exceeded prior year by \$86,374 and exceeded budget by \$260,496, both due to the GASB 68 pension adjustment which is not budgeted.

#### **Overview of the Financial Statements**

VLCT's fiscal year is January 1 through December 31. There are no funds other than the General Fund. With the exception of administrative staff, the budget for each employee is allocated to one of the following cost centers based on his or her primary responsibility:

- Advocacy
- Municipal Assistance Center
- Grants
- VLCT Employment Resource and Benefits Trust
- VLCT Property and Casualty Intermunicipal Fund

Administrative staff includes employees working in the following departments:

- Executive Director
- Human Resources and Administrative Services
- Finance
- IT
- Communications and Marketing

# Vermont League of Cities and Towns

## Management's Discussion and Analysis (Unaudited) (Continued)

### ***Overview of the Financial Statements (Continued)***

Direct costs including salaries, benefits and all other operating costs for each cost center are charged directly to that cost center. The direct costs for the Trusts include salaries and benefits, along with employee-related costs such as company vehicles, travel and training, and any costs that may be attributed to the Trust budget for that employee. These costs are charged to the Trusts on a quarterly basis and then reimbursed to VLCT at year-end. Accruals and reconciliations are completed quarterly to account for overpayments of salaries and benefits that exceed what was budgeted.

The costs of administrative departments are allocated to all cost centers based on a ratio determined during budget preparation. The ratio is based on the department's assessment of its major activities and the average percentage of time spent for each cost center. These percentages are used to allocate the administrative department's budget across cost centers for that year's budget and are the basis for the administrative cost portion of the annual agreement between VLCT and each trust. The amount is not changed during the year, and there is no quarterly reconciliation process for these costs. Whenever possible, any adjustments, including adding or eliminating staff or programs, will occur during the budgeting process to avoid disruption of services across the cost centers.

Management's Discussion and Analysis is intended to serve as an introduction to VLCT's basic financial statements and provides supplemental information required by the Governmental Accounting Standards Board. VLCT's basic financial statements consist of the required financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Required financial statements include:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements

These statements present VLCT's status as of December 31, 2020 and 2019 and financial developments during the years ended December 31, 2020 and 2019 for all cost centers combined.

The Statements of Net Position present the economic position of VLCT, showing the assets owned by VLCT and how those assets are financed: by debt or short-term obligations, or by net position (VLCT's equity). The Statements of Net Position also show the deferred outflows and inflows of resources related to VLCT's participation in the VMERS defined benefit pension plan.

# Vermont League of Cities and Towns

## Management's Discussion and Analysis (Unaudited) (Continued)

### ***Overview of the Financial Statements (Continued)***

The Statements of Revenues, Expenses and Changes in Net Position show the operating transactions for the year, revenues and expenses, as well as any operating transfers. The result of operations is the change in net position. This amount added to last fiscal year's net position is the new net position total shown in the Statement of Net Position as well as the Statement of Revenues, Expenses and Changes in Net Position.

The Statements of Cash Flows outline the cash flows resulting from the operating, investment and financing activities of VLCT.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the required financial statements. The notes provide explanations of the accounting principles followed and of key items in the statements. They include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

The Schedule of Employer Pension Information provides supplemental information about the VMERS DB pension plan as required by GASB 68 and can be found immediately following the notes to the financial statements.

In addition to the basic financial statements, the accompanying notes and the required supplementary information, this report also presents other information to provide additional financial information not included in the basic financial statements. This other information includes a Schedule of Revenues and Expenses – Budgetary Basis (unaudited) for the current fiscal year, comparing budget to actual and showing the variance from budget. The other information can be found immediately following the Schedule of Employer Pension Information.

## Vermont League of Cities and Towns

### Management's Discussion and Analysis (Unaudited) (Continued)

#### **Results and Analysis**

The following table summarizes the Statements of Net Position:

	December 31, 2020	December 31, 2019	Percentage Change	December 31, 2018	Percentage Change
<b>Assets</b>					
Current assets	\$ 1,874,131	\$ 1,570,664	19.3 %	\$ 1,413,777	11.1 %
Capital assets	<u>520,736</u>	<u>646,864</u>	(19.5)%	<u>694,083</u>	(6.8)%
Total Assets	2,394,867	2,217,528	8.0 %	2,107,860	5.2 %
<b>Deferred Outflows of Resources</b>					
Deferred pension amounts	878,482	508,163	72.9 %	576,013	(11.8)%
<b>Liabilities</b>					
Current payables and accruals	158,996	159,578	(0.4)%	109,728	45.4 %
Current deferred revenue	651,142	702,744	(7.3)%	743,278	(5.5)%
Accrued compensated absences	240,888	181,627	32.6 %	170,007	6.8 %
Non-current liabilities	<u>2,516,386</u>	<u>1,862,845</u>	35.1 %	<u>1,565,667</u>	19.0 %
Total Liabilities	<u>3,567,412</u>	<u>2,906,794</u>	22.7 %	<u>2,588,680</u>	12.3 %
<b>Deferred Inflow of Resources</b>					
Deferred pension expenses	<u>101,830</u>	<u>67,892</u>	0.5 %	<u>63,412</u>	0.1 %
<b>Net Position, End of Year</b>	<u><u>\$ (395,893)</u></u>	<u><u>\$ (248,995)</u></u>	59.0 %	<u><u>\$ 31,781</u></u>	(883.5)%

Total assets as of December 31, 2020 were \$2,394,867, up from \$2,217,528 as of December 31, 2019. This increase of \$177,339 or 8% is due to an increase in cash from operations offset by a decrease in capital assets. In 2019, total assets increased by \$109,668 or 5% primarily due to an increase in cash from operations combined with an increase in accounts receivable. In 2020, deferred outflows of pension amounts (the future value of contributions paid after the June 30th reporting date of the actuarial report) is increased by \$370,319, or 73% due to the forecasted rate increases.

As of December 31, 2020, total liabilities increased by \$660,618 or 23% from this time last year primarily due to the increase in the net pension liability. In 2019 total liabilities increased by \$318,114 or 12% from the prior year due to the increase in the net pension liability. In 2020, deferred inflows or pension expenses (future value of earnings, changes in assumptions and differences between expected and actual experience) has increased \$33,938 or 50% due primarily to the changes in assumptions, including a reduction in the investment earnings rate from 7.5% to 7%.

## Vermont League of Cities and Towns

### Management's Discussion and Analysis (Unaudited) (Continued)

#### **Results and Analysis (Continued)**

Net position decreased by \$146,898 during the year ended December 31, 2020 primarily from an adjustment of \$336,734 in the VMERS DB pension expense to account for VLCT's share of the VMERS net pension liability. VLCT's proportionate share of this liability is \$2,437,159 with \$878,482 in deferred outflows of resources and \$101,830 in deferred inflows of resources. The VMERS DB total pension expense for 2020 of \$543,812 is the estimated expense inclusive of VLCT's share of the pension fund's unfunded liability.

By comparison, net position in 2019 decreased by \$280,776 from the prior year adjustment of \$365,563 in the VMERS DB pension expense to account for VLCT's share of the VMERS net pension liability. VLCT's proportionate share of this liability is \$1,764,044 with \$508,163 in deferred outflows of resources and \$67,892 in deferred inflows of resources. The VMERS DB total pension expense for 2019 of \$558,304 is the estimated expense inclusive of VLCT's share of the pension fund's unfunded liability.

The following table summarizes operations shown in the Statements of Revenues, Expenses and Changes in Net Position for the years ended:

	December 31, 2020	December 31, 2019	Percentage Change	December 31, 2018	Percentage Change
<b>Operating Revenues</b>					
Member dues	\$ 1,159,165	\$ 1,114,827	4.0 %	\$ 1,085,445	2.7 %
Services	88,408	233,254	(62.1)%	225,822	3.3 %
Trusts	5,264,827	5,011,648	5.1 %	5,092,502	(1.6)%
Other revenue	<u>100,658</u>	<u>101,439</u>	(0.8)%	<u>105,180</u>	(3.6)%
Total operating revenues	6,613,058	6,461,168	2.4 %	6,508,949	(0.7)%
<b>Operating Expenses</b>					
Combined cost centers	6,535,650	6,561,424	(0.4)%	6,437,942	1.9 %
Capital costs	<u>230,694</u>	<u>195,190</u>	18.2 %	<u>232,298</u>	(16.0)%
Total operating expenses	6,766,344	6,756,614	0.1 %	6,670,240	1.3 %
Operating loss	(153,286)	(295,446)	48.1 %	(161,291)	(83.2)%
<b>Non-Operating Revenues</b>	<u>6,388</u>	<u>14,670</u>	(56.5)%	<u>7,669</u>	91.3 %
Change in Net Position	(146,898)	(280,776)	47.7 %	(153,622)	(82.8)%
<b>Net Position, Beginning of Year</b>	<u>(248,995)</u>	<u>31,781</u>	(883.5)%	<u>185,403</u>	(82.9)%
<b>Net Position, End of Year</b>	<u><u>\$ (395,893)</u></u>	<u><u>\$ (248,995)</u></u>	59.0 %	<u><u>\$ 31,781</u></u>	(883.5)%

## Vermont League of Cities and Towns

### Management's Discussion and Analysis (Unaudited) (Continued)

#### **Results and Analysis (Continued)**

The following table presents a budget to actual comparison in summarized form from the Statement of Revenues and Expenses Budgetary Basis (unaudited) on pages 42 - 45 for the year ended December 31, 2020:

	<u>Budget</u>	<u>Actual</u>	Percentage Over (Under) <u>Budget</u>
<b>Operating Revenues</b>			
Member dues	\$ 1,172,672	\$ 1,159,165	(1.2)%
Services	215,320	88,408	(58.9)%
Trusts	5,142,901	5,264,827	2.4 %
Other revenue	<u>102,750</u>	<u>100,658</u>	(2.0)%
Total operating revenues	6,633,643	6,613,058	(0.3)%
<b>Operating Expenses</b>			
Combined cost centers **	6,428,242	6,535,650	1.7 %
Capital costs	<u>212,361</u>	<u>230,694</u>	8.6 %
Total operating expenses	6,640,603	6,766,344	1.9 %
Operating loss	(6,960)	(153,286)	(2,102.4)%
<b>Non-Operating Revenues</b>			
	<u>6,960</u>	<u>6,388</u>	(8.2)%
<b>Change in Net Position</b>			
	<u>\$ -</u>	<u>\$ (146,898)</u>	

\*\* Refer to the Statement of Revenues and Expenses - Budgetary Basis (Unaudited) at the end of the financial statements for a breakdown of expenses by function.

As shown in the tables above, VLCT ended the year with an overall deficit of \$146,898. Operating revenues decreased by \$151,890 or 2% from the prior year and were lower than projected by \$20,585 or .3%. Operating expenses increased by \$9,730 or .1% from prior year and were higher than projected by \$125,741 or 2%.

During the year ended December 31, 2019, VLCT had an overall deficit of \$280,776. Operating revenues were down 1%, a total of \$47,781 from the prior year and lower than projected by .4% or \$20,280. Operating expenses were up from the prior year by 1% or \$86,374 and higher than projected by 4% or \$260,496.

The total expense increase from 2019 to 2020 was almost negligible (\$9,730) and primarily due to the salary increase over the prior year. The addition of the new attorney position was partly offset by other minor staffing changes.

## Vermont League of Cities and Towns

### Management's Discussion and Analysis (Unaudited) (Continued)

#### **Results and Analysis (Continued)**

Expenses in 2020 exceeded budget by 2% or \$125,741 due primarily to the pension adjustment of \$336,734. Salaries exceeded budget by \$142,916 due to the unbudgeted expense of the new attorney, however, this was paid by PACIF through the trust reimbursement revenue line.

The operating revenue shortfall of \$20,585 was due to lower services revenue offset by higher than budgeted trust reimbursements. Due to COVID-19 restrictions, there were no on-site events, reducing revenue from registrations as well as consulting contracts.

The expense increase in 2019 was primarily from the annual GASB 68 pension adjustment of \$365,563. In 2019, the revenue shortfall was due to lower trust salary, benefit and depreciation expenses than estimated. The turnover mentioned was in the Risk Management Services department, resulting in savings for the trusts, thereby reducing the amount due to VLCT for the year-end true-up of the contractual direct program costs.

Other notable variances of 2020 revenues and expenses from budget or changes from the prior year include:

- Communications, supplies, travel, officers expenses, and services were all significantly under budget due to COVID-19 restrictions. With no on-site workshops and no member outreach, VLCT resorted to web trainings (most at no cost to assist members with COVID-19 guidance). These categories combined were \$227,649 less than in the previous year and \$266,071 under budget.
- Contracted services costs exceeded budget by \$7,006 or 15% due primarily to one-time recruiting costs for a new Executive Director. A consulting firm was hired for the recruitment and part of the costs were booked in 2020 with the remainder in 2021.
- Depreciation costs were over budget by \$18,333 or 9% primarily from a one-time write-off of residual salvage value. In the early years of VLCT, the policy was to hold 10% salvage value on all depreciated assets. At the end of 2020, there was approximately \$60,000 remaining in salvage value that was booked as depreciation to clean up the capital assets in conformance with current policy. Because there were software projects budgeted in 2020 that had not been implemented by year-end, there was surplus in this category to absorb much of the added depreciation.

## Vermont League of Cities and Towns

### Management's Discussion and Analysis (Unaudited) (Continued)

#### ***Outlook and Economic Factors***

The COVID-19 pandemic dominated VLCT's work in 2020, requiring all departments to adapt to remote work and reprioritizing our budget and our workplan to meet our members' pandemic-related needs. The financial impact on VLCT is estimated at about \$84,462 with workshop and consulting revenue losses more than offset by cost savings from travel and office-related expenses. We anticipate our Fiscal Year 2021 and Fiscal Year 2022 budgets to see a return to more regular workshop revenue.

VLCT ended its 2020 fiscal year with yet another decrease in total net position due to the pension adjustment which is required to comply with GASB 68 guidelines. VLCT must recognize its proportionate share of the VMERS unfunded accrued net pension liability in its financial statements. Without this adjustment, VLCT would have an additional \$336,784 in net position from operations.

Staff continues to be our most valuable asset, more so under the current circumstances, representing 80% of VLCT costs. The year 2020 has proven that having a well-qualified staff is the most important investment VLCT can make. VLCT will continue to focus on staff retention and recruitment by: undertaking a compensation and benefits survey to ensure we are offering competitive compensation packages; implanting a flexible work policy that allows nearly universal remote work; and building a talent pipeline by hosting internships and working with institutions of higher education. In early Fiscal Year 2021, VLCT's Board adopted a Social Justice and Equity Plan that included a focus on ensuring VLCT's workplace embraced the fundamental principles of diversity, equity and inclusion. Our team will continue to strive for excellence in creating an inclusive and diverse workplace and workforce.

VLCT's disaster preparedness work, along with prudent investments in information technology and equipment ahead of the pandemic, enabled our staff to operate 100 percent remotely through the pandemic with little or no disruption in customer service. The Municipal Assistance Center saw an uptick in inquiries, various staff monitored COVID-19 requirements and provided our members with timely updates, our advocacy team ensured our membership had the resources and tools they needed to govern through the pandemic, and our Trusts provided top notch customer service. During a Summer 2021 VLCT listening tour including more than 100 member participants, we heard that VLCT's service through the pandemic either met or exceeded expectations, at times even exceeding our own service levels pre-pandemic.

The pandemic has required VLCT to expand its programming. With the passage of the American Rescue Plan Act (ARPA), local governments across the country were awarded billions of dollars in pandemic assistance. Vermont's cities, towns and villages will receive approximately \$200 million in flexible federal dollars. VLCT's advocacy team worked with the Legislature to secure a \$650,000 three-year grant to create the ARPA Coordination and Assistance Program at VLCT to provide our members with technical assistance as they utilize these funds. This grant marks an important diversification in VLCT revenues for the foreseeable future, allowing VLCT to hire a senior program director and to make needed technology upgrades to better serve our members through the pandemic response.

## Vermont League of Cities and Towns

### Management's Discussion and Analysis (Unaudited) (Continued)

#### ***Outlook and Economic Factors (Continued)***

The new Executive Director has established an 18-month work plan that outlines VLCT's priorities through Fiscal Year 2022. It includes a focus on increasing member services, increasing efficiencies, and increasing/diversifying revenues.

In an effort to **increase efficiencies**, the workplan brings new focus to a two-year effort to implement an association management system. This project will enable VLCT to better manage its membership database, centralize and track member interactions, and offer easy-to-access online services to its members.

VLCT is also investing resources to create new paperless workflow systems and processes in the finance department and the human resources department in an effort to reduce the amount of clerical and repetitive data entry work, freeing up staff resources to conduct more additive work.

In Fiscal Year 2021, VLCT will also begin a space optimization project to evaluate and identify ways to reduce the increasing cost of space. We believe there are efficiencies we can realize due to the increased number of staff intending to work remotely. With our lease expiring in five years, now is the time to begin planning.

In an effort to **increase services**, VLCT is leading a statewide effort to help our members tackle the difficult and complex work around diversity, equity and inclusion. We have secured grant funding from the Vermont Community Foundation to initiate this work, and hope to provide our members with a tool kit and model policies in Fiscal Year 2021. We fully anticipate dedicating additional resources to this effort in future years.

The Pandemic has also increased pressure on our Municipal Assistance Center (MAC), which even prior to the pandemic was facing an increase in the number and complexity of inquiries. VLCT intends to dedicate additional resources to the MAC in the coming year, including hiring additional staff to help handle the increase in inquiries and to provide up-to-date tools.

VLCT's 18 Month Work Plan also includes a full-court press to **increase and diversify revenues**. In Fiscal Year 2021 and beyond, VLCT will aim to dramatically increase revenue from the Business Alliance Program – a program that launched in Fiscal year 2020 with great success.

Many members point to the successes of our Advocacy Team as one of the most valuable services offered by VLCT. The State House was dominated by the pandemic in Fiscal Year 2020. Our team successfully advocated to give our members the tools and resources they needed to respond to the pandemic, from municipal grant programs to changes in open meeting and election laws. As mentioned previously, they also successfully advocated for a \$650,000 grant to VLCT. We will look to make the State a permanent partner in our budget by seeking additional state funding in future years for the work we do that complements the work that the Agency of Commerce, Agency of Administration and Secretary of State do to help our members comply with State laws.

## Vermont League of Cities and Towns

### Management's Discussion and Analysis (Unaudited) (Continued)

#### ***Outlook and Economic Factors (Continued)***

PACIF and VERB continue to provide comprehensive and cost-effective risk management and employee benefit programs for members. Both Trusts had very high member retention in 2020 and will continue to look at programs and services to ensure they meet the needs of members, including evaluating how best to help communities prepare for and respond to cyber threats.

The unemployment insurance program (within VERB) saw a record level of claims through 2020 and into 2021 due to employee furloughs and layoffs resulting from the COVID-19 pandemic. The Trust budgeted \$431,501 in claims benefit expenses for 2020 compared to receiving \$2.25 million in claims. Federal pandemic aid reduced the 2020 claims paid to \$1.2M. Fiscal Year 2021 claims remained high in the first quarter, but have since returned to pre-pandemic levels as vaccination rates increased and the economy opened up. Federal aid continues in 2021 keeping the Trust in an adequate financial position to operate into the future.

While PACIF saw some COVID-19 related workers compensation claims in 2020, the impact to PACIF was minimal, and no major disruptions occurred or are expected to occur in the coming year. Both claim frequency and severity are down overall as members shifted to a remote workforce and furloughed employees. The Trust's financial position remains very strong, and staff expects that to continue through 2021.

The major revenue sources that fund VLCT's operations include dues, charges for services, reimbursements from the trusts, and other sources, including grants from federal or state sources. Work continues on updating the VLCT dues formula, sponsorship activities and branding the organization and all of its connected entities. The 18 month workplan includes multiple initiatives to increase non-dues and non-trust revenues.

#### ***Requests for Information***

This financial report is designed to provide a general overview of the Vermont League of Cities and Towns' finances for all those with an interest in the League's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer at the Vermont League of Cities and Towns, 89 Main Street, Suite 4, Montpelier, Vermont, 05602-2948, or by calling 802-229-9111.

Vermont League of Cities and Towns

Statements of Net Position

	As of December 31,	
	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,499,773	\$ 1,292,076
Accounts receivable	129,967	119,170
Amounts due from trusts	59,836	-
Prepaid expenses	<u>184,555</u>	<u>159,418</u>
Total current assets	1,874,131	1,570,664
Non-Current Assets		
Capital assets (net of accumulated depreciation)	<u>520,736</u>	<u>646,864</u>
Total Assets	2,394,867	2,217,528
<b>Deferred Outflows of Resources</b>		
Deferred pension amounts	<u>878,482</u>	<u>508,163</u>
Total Deferred Outflows of Resources	878,482	508,163
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	90,650	75,181
Amounts due to trusts	168	28,111
Line of credit	-	5,311
Accrued payroll	68,178	50,975
Accrued compensated absences	240,888	181,627
Deferred revenue	606,046	565,917
Deferred revenue - trusts	<u>45,096</u>	<u>136,827</u>
Total current liabilities	1,051,026	1,043,949
Non-Current Liabilities		
Line of credit	7,055	7,147
Deferred revenue - trusts	72,172	91,654
Net pension liability	<u>2,437,159</u>	<u>1,764,044</u>
Total non-current liabilities	<u>2,516,386</u>	<u>1,862,845</u>
Total Liabilities	<u>3,567,412</u>	<u>2,906,794</u>
<b>Deferred Inflow of Resources</b>		
Deferred pension expenses	<u>101,830</u>	<u>67,892</u>
Total Deferred Inflow of Resources	101,830	67,892
<b>Net Position</b>		
Net investment in capital assets	396,413	405,925
Unrestricted	<u>(792,306)</u>	<u>(654,920)</u>
Total Net Position	<u>\$ (395,893)</u>	<u>\$ (248,995)</u>

See accompanying notes to the financial statements.

## Vermont League of Cities and Towns

### Statements of Revenues, Expenses and Changes in Net Position

	Years ended December 31,	
	2020	2019
<b>Operating Revenues</b>		
Dues - regular	\$ 1,022,265	\$ 987,796
Dues - associate	124,164	117,431
Dues - contributing	12,736	9,600
Town fair	28,829	86,445
Publications	5,374	7,535
Workshops	20,441	74,701
Professional services	30,343	56,524
Administrative services	71,283	81,822
Newsletter advertising	3,421	8,049
Trust contracts	5,068,584	4,858,095
PACIF loss prevention contract	55,000	55,000
Equipment revenue from trusts	141,243	98,553
Net gain on sale of equipment	75	400
Other revenues	29,300	19,217
Total operating revenues	6,613,058	6,461,168
<b>Operating Expenses</b>		
Salaries	3,866,991	3,704,895
Employee benefits	1,588,393	1,569,501
Office space	494,065	483,955
Office equipment	329,809	332,779
Communications	76,191	111,433
Printing and supplies	14,125	25,747
Travel and training	23,440	65,142
Officers' costs	21,729	36,476
Contracted services	55,006	41,199
Dues and subscriptions	45,707	46,242
Town fair	5,872	59,259
Workshops	8,999	67,188
Administrative services	2,574	15,328
Depreciation	230,694	195,190
Other expenses	2,749	2,280
Total operating expenses	6,766,344	6,756,614
Operating loss	(153,286)	(295,446)

*See accompanying notes to the financial statements.*

## Vermont League of Cities and Towns

### Statements of Revenues, Expenses and Changes in Net Position (Continued)

	Years ended December 31,	
	<u>2020</u>	<u>2019</u>
<b>Non-Operating Revenues</b>		
Investment income	<u>6,388</u>	<u>14,670</u>
Change in Net Position	(146,898)	(280,776)
Net Position, Beginning of Year	<u>(248,995)</u>	<u>31,781</u>
Net Position, End of Year	<u><u>\$ (395,893)</u></u>	<u><u>\$ (248,995)</u></u>

*See accompanying notes to the financial statements.*

## Vermont League of Cities and Towns

### Statements of Cash Flows

	Years ended 2020	December 31, 2019
<b>Cash Flows from Operating Activities</b>		
Receipts from membership dues	\$ 1,199,294	\$ 1,129,899
Receipts from trusts	5,065,835	5,234,113
Other receipts	178,194	280,412
Payments for salaries and benefits	(5,042,186)	(4,874,788)
Payments to vendors	(1,089,934)	(1,306,643)
Net cash provided by operating activities	311,203	462,993
<b>Cash Flows from Financing Activities</b>		
Receipts from sales of capital assets	75	400
Purchase of capital assets	(104,566)	(147,971)
Payments on line of credit	(5,403)	(5,199)
Net cash used in financing activities	(109,894)	(152,770)
<b>Cash Flows from Investing Activities</b>		
Net receipts for interest	6,388	14,670
Net Change in Cash and Cash Equivalents	207,697	324,893
Cash and Cash Equivalents, Beginning of Year	1,292,076	967,183
Cash and Cash Equivalents, End of Year	\$ 1,499,773	\$ 1,292,076

*See accompanying notes to the financial statements.*

Vermont League of Cities and Towns

Statements of Cash Flows (Continued)

	Years ended December 31,	
	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Operating Loss to Net Cash Provided By Operating Activities</b>		
Operating loss	\$ (153,286)	\$ (295,446)
Add (deduct) items not affecting cash:		
Depreciation expense	230,694	195,190
Net loss on sale of equipment	(75)	(400)
Changes in statement of net position accounts:		
Accounts receivable	(10,797)	(53,881)
Amounts due from trusts	(59,836)	240,616
Prepaid expenses	(25,137)	(18,729)
Deferred pension amounts	(370,319)	67,850
Accounts payable	15,469	(886)
Amounts due to trusts	(27,943)	28,111
Accrued payroll	17,203	22,425
Accrued compensated absences	59,261	11,620
Deferred revenue	40,129	15,072
Deferred revenue - trusts	(111,213)	(46,262)
Net pension liability	673,115	293,233
Deferred pension expenses	<u>33,938</u>	<u>4,480</u>
Net cash provided by operating activities	<u>\$ 311,203</u>	<u>\$ 462,993</u>

See accompanying notes to the financial statements.

# Vermont League of Cities and Towns

## Notes to the Financial Statements

Years ended December 31, 2020 and 2019

### **Note A - Organization and Nature of Operations**

Vermont League of Cities and Towns (VLCT) is the official cooperative association of Vermont's cities and towns. VLCT was founded in 1967 as a nonprofit, nonpartisan organization that serves the needs and best interests of Vermont municipalities. VLCT represents cities and towns (the members) working together to promote legislation, strengthen local government and provide information and other resources to assist municipal officials in their efforts to improve the quality of services provided to their citizens.

The reporting entity consists of the primary government (VLCT), and organizations for which VLCT is financially accountable. It also includes other organizations for which the nature and significance of their relationship with VLCT is such that their exclusion would cause the financial statements to be misleading or incomplete. Component units are legally separate organizations for which the officials of VLCT are financially accountable. VLCT is financially accountable if it is able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to or burdens on VLCT. VLCT may also be financially accountable if an organization is fiscally dependent on VLCT. Included within VLCT is the Municipal Assistance Center (MAC), which has a distinct revenue stream. MAC provides certain services, including workshops and consulting, to members of VLCT. MAC is not a legally separate organization from VLCT. There are no agencies or entities that should be combined with the financial statements of VLCT.

The Board of Directors (the Board) is elected by the members and consists of thirteen municipal officials from the municipalities that are VLCT's members. The Executive Director is appointed by the Board to manage the general affairs of VLCT.

### **Note B - Summary of Significant Accounting Policies**

#### *Basis of Accounting*

The financial statements of VLCT have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. VLCT also follows all statements in accordance with the Governmental Accounting Standards Board (GASB). VLCT uses the economic resources measurement focus and the accrual basis of accounting and is accounted for as a proprietary enterprise fund.

#### *Subsequent Events*

VLCT has evaluated the financial statements for subsequent events through [Date TBD], the date that the financial statements were available to be issued.

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note B - Summary of Significant Accounting Policies (Continued)**

##### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates. As of December 31, 2020 and 2019, significant estimates included in these financial statements primarily relate to the net pension liability (including the discount rate used and other assumptions) and the related deferred inflows and outflows of resources, as more fully described in Note I.

##### *Membership Dues*

Membership dues are recognized on a straight-line basis over the membership year to which they relate, with any unearned amounts recorded as deferred revenue as more fully described in Note F.

##### *Trust Contract Revenue*

VLCT provides administrative services, office space and equipment usage to VLCT Employment Resource and Benefits Trust, Inc. (VERB) and VLCT Property and Casualty Intermunicipal Fund, Inc. (PACIF), collectively, the Trusts. In 2020, PACIF also reimbursed for specific claims handling services provided by an employee of VLCT. Revenues are deferred for services or events to take place in subsequent years as more fully described in Notes E and F.

##### *Other Revenues*

Other revenues are recognized when earned.

##### *Cash and Cash Equivalents*

VLCT's cash and cash equivalents are considered to be cash on hand and demand deposits. All cash and cash equivalents are held at People's United Bank. The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits as prescribed by law. VLCT holds funds in excess of the FDIC insured amount. These excess funds are collateralized by U.S. government securities held by People's United Bank's trust department, with a security interest granted to VLCT. VLCT has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

VLCT's carrying amount of cash deposits and the bank balance consist of the following at December 31:

	2020		2019	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured/FDIC	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Unsecured and collateralized	1,249,473	1,389,969	1,041,876	1,042,738
Petty cash	300	-	200	-
Total	<u>\$ 1,499,773</u>	<u>\$ 1,639,969</u>	<u>\$ 1,292,076</u>	<u>\$ 1,292,738</u>

# Vermont League of Cities and Towns

## Notes to the Financial Statements (Continued)

### **Note B - Summary of Significant Accounting Policies (Continued)**

The difference between the carrying amount of cash deposits and the bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amounts collateralized by the bank during 2020 and 2019 may be substantially higher than at year end.

#### *Prepaid Expenses*

VLCT has made payments to vendors which reflect costs that are applicable to future accounting periods. These amounts are recorded as prepaid expenses. Prepaid expenses are reduced as the related costs are incurred.

#### *Accounts Receivable*

Accounts receivable are stated at net realizable value. VLCT uses the allowance method to determine the uncollectible accounts receivable, which are based on management's judgment, experience and review of the current status of existing receivables. All receivables are deemed collectible by management at December 31, 2020 and 2019, and VLCT did not write off any amounts during 2020 and 2019.

#### *Capital Assets*

Capital asset acquisitions greater than \$5,000 are capitalized at cost. Capital assets are depreciated or amortized using the straight-line basis over their estimated useful lives. The estimated useful lives of capital assets are as follows for the years ended December 31, 2020 and 2019:

	<u>Estimated Useful Life (Years)</u>
Leasehold improvements	7
Computer equipment	5
Other equipment	5
Furniture	10
Vehicles	4

#### *Accrued compensated absences*

VLCT permits employees to accumulate earned but unused vacation time. The accrual is recorded in the financial statements as a liability based on current rates. No employee may carry vacation leave at the end of the calendar year in excess of the amount earned in that calendar year. Unused vacation time is paid to the employee upon termination of their employment. No liability is recorded for earned but unused sick time because it is not a vested benefit.

#### *Income Taxes*

VLCT is an unincorporated nonprofit association. VLCT is considered an instrumentality of the political subdivisions and, therefore, is exempt from taxation under the Internal Revenue Code Section 115. Accordingly, the accompanying financial statements do not include a provision for federal or state income taxes.

# Vermont League of Cities and Towns

## Notes to the Financial Statements (Continued)

### **Note B - Summary of Significant Accounting Policies (Continued)**

#### *Net Position*

Unrestricted net position represents resources that have met all applicable restrictions and are considered to be available for unrestricted use. Net positions are classified based upon any restrictions that have been placed on those balances. Restrictions of net positions represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract or other binding agreement. There are no restrictions on net position as of December 31, 2020 and 2019.

#### *Classification of Revenues and Expenses*

VLCT reports itself as a business-type activity as defined in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Business-type activities are financed in whole or in part by fees charged to external parties and distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of VLCT include member dues, and fees received for providing services and reimbursement from the trusts for administrative services provided. Operating expenses include salaries and benefits, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note C - Capital Assets**

Capital asset activity for the year ended December 31, 2020 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets at cost:				
Leasehold improvements	\$ 47,295	\$ -	\$ -	\$ 47,295
Computer equipment	1,446,908	104,566	-	1,551,474
Other equipment	190,874	-	-	190,874
Furniture & fixtures	348,000	-	-	348,000
Vehicles	200,017	-	(48,294)	151,723
Total capital assets at cost	2,233,094	104,566	(48,294)	2,289,366
Less: accumulated depreciation	(1,586,230)	(230,694)	48,294	(1,768,630)
Total net capital assets	<u>\$ 646,864</u>	<u>\$ (126,128)</u>	<u>\$ -</u>	<u>\$ 520,736</u>

Capital asset activity for the year ended December 31, 2019 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets at cost:				
Leasehold improvements	\$ 47,295	\$ -	\$ -	\$ 47,295
Computer equipment	1,307,054	147,971	(8,117)	1,446,908
Other equipment	190,874	-	-	190,874
Furniture & fixtures	348,000	-	-	348,000
Vehicles	200,017	-	-	200,017
Total capital assets at cost	2,093,240	147,971	(8,117)	2,233,094
Less: accumulated depreciation	(1,399,157)	(195,190)	8,117	(1,586,230)
Total net capital assets	<u>\$ 694,083</u>	<u>\$ (47,219)</u>	<u>\$ -</u>	<u>\$ 646,864</u>

# Vermont League of Cities and Towns

## Notes to the Financial Statements (Continued)

### Note D - Leases

#### *Operating Leases*

Effective January 1, 2014, VLCT entered into a twelve-year lease agreement with City Center Montpelier, LLC for office space. Monthly rental payments were \$28,227 and \$27,405 for the years ended December 31, 2020 and 2019, respectively, and are included in office space expense on the statements of revenues, expenses and changes in net position. As of December 31, 2020, future minimum lease payments are as follows:

	<u>Amount</u>
2021	\$ 348,885
2022	359,351
2023	370,132
2024	381,236
2025	392,673
2026	<u>404,453</u>
Total	<u>\$ 2,256,730</u>

### Note E - Affiliated Organizations and Related Party Transactions

Per contractual agreements, VLCT provides administrative services, office space and equipment usage to VERB and PACIF.

Some members of VLCT are also members and insureds of PACIF and/or members of VERB.

Certain Board members and officers of VLCT are also Board members and officers of PACIF and/or VERB. Certain employees of VLCT are officers of PACIF and/or VERB.

The allocation of operating costs to the trusts is based on actual direct costs incurred and budgeted indirect costs. Direct costs include salaries and benefits for those employees working directly for a specific trust and other expenses that can be charged to a specific trust. Indirect costs include salaries and benefits for administrative support staff and other operating costs and are allocated at a fixed rate based on budgeted functions within the individual cost centers. On a quarterly basis, the trusts pay VLCT for operating costs based on budgeted direct and indirect expenses.

A reconciliation is performed quarterly to calculate the actual direct costs incurred. Any over/under accruals for direct costs are recorded on a quarterly basis and collected or billed at year end.

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note E - Affiliated Organizations and Related Party Transactions (Continued)**

The final allocation to the trusts by expense category for the year ended December 31, 2020 is as follows:

	<u>VERB</u>	<u>PACIF</u>	<u>Total</u>
Salaries - allocated directly	\$ 156,607	\$ 1,748,975	\$ 1,905,582
Salaries - administration	39,880	768,803	808,683
Employee benefits - allocated directly	59,564	654,855	714,419
Employee benefits - administration	13,491	306,114	319,605
Office space	18,310	388,587	406,897
Office equipment	7,774	306,640	314,414
Communications	2,202	58,194	60,396
Printing and supplies	2,801	48,178	50,979
Travel and training	2,360	46,368	48,728
Officers' costs	1,205	29,179	30,384
Contracted services	1,632	38,769	40,401
Dues and subscriptions	1,284	44,389	45,673
Miscellaneous	1,443	48,678	50,121
Other	4,814	102,164	106,978
Claims handling (separate charge)	<u>-</u>	<u>165,324</u>	<u>165,324</u>
 Total trust contracts revenue	 <u>\$ 313,367</u>	 <u>\$ 4,755,217</u>	 <u>\$ 5,068,584</u>

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note E - Affiliated Organizations and Related Party Transactions (Continued)**

The final allocation to the trusts by expense category for the year ended December 31, 2019 is as follows:

	VERB	PACIF	Total
Salaries - allocated directly	\$ 176,963	\$ 1,592,222	\$ 1,769,185
Salaries - administration	103,774	899,530	1,003,304
Employee benefits - allocated directly	67,294	596,633	663,927
Employee benefits - administration	31,741	269,754	301,495
Office space	35,808	365,486	401,294
Office equipment	14,037	271,692	285,729
Communications	10,870	86,168	97,038
Printing and supplies	3,837	22,540	26,377
Travel and training	6,823	49,179	56,002
Officers' costs	3,357	31,350	34,707
Contracted services	3,509	35,032	38,541
Dues and subscriptions	2,824	43,807	46,631
Miscellaneous	5,640	29,961	35,601
Other	8,768	89,496	98,264
 Total trust contracts revenue	 \$ 475,245	 \$ 4,382,850	 \$ 4,858,095

VLCT's net receivable from the trusts consists of the following as of December 31, 2020:

	VERB	PACIF	Total
Amounts due from trusts	\$ -	\$ 59,836	\$ 59,836
Amounts due to trusts	(168)	-	(168)
 Net amounts due (to) from trusts	 \$ (168)	 \$ 59,836	 \$ 59,668

VLCT's net payable from the trusts consists of the following as of December 31, 2019:

	VERB	PACIF	Total
Amounts due from trusts	\$ -	\$ -	\$ -
Amounts due to trusts	-	(28,111)	(28,111)
 Net amounts due from (to) trusts	 \$ -	 \$ (28,111)	 \$ (28,111)

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note E - Affiliated Organizations and Related Party Transactions (Continued)**

VLCT has a loss prevention contract with PACIF whereby PACIF subsidizes the cost of the workshops held by VLCT and pays for VLCT's staff to assist with special projects developed in conjunction with PACIF's claims staff. Revenue recognized from this agreement amounted to \$55,000 in both 2020 and 2019.

VLCT purchases unemployment insurance for its employees through VERB. Contributions paid by VLCT to VERB for unemployment insurance amounted to \$8,084 and \$8,829 for the years ended December 31, 2020 and 2019, respectively, and are included in employee benefits on the statements of revenues, expenses and changes in net position.

#### **Note F - Deferred Revenue**

The components of deferred revenue are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Deferred membership dues	\$ 602,488	\$ 564,641
Deferred revenue - trusts	117,268	228,481
Other deferred revenue	<u>3,558</u>	<u>1,276</u>
Total deferred revenue	<u>\$ 723,314</u>	<u>\$ 794,398</u>

Members pay dues on an annual basis with a July 1 renewal date. Member dues are recognized as revenue over the membership year to which they relate, with any unearned amounts recorded as deferred revenue. Deferred revenue is reduced as membership dues are earned throughout the year.

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note F - Deferred Revenue (Continued)**

Deferred revenue attributable to the trusts represents the book value of capital assets purchased by VLCT on behalf of the trusts and reimbursed to VLCT by the trusts. The value of the capital assets is classified as an asset and depreciated over the capital assets' estimated useful lives. The reimbursement from the trusts is classified as a liability (deferred revenue) and recognized as income over the same useful lives.

The components of deferred revenue attributable to the trusts are as follows at December 31:

	2020	2019
Deferred revenue - trusts, beginning of year	\$ 228,481	\$ 274,743
Add: reimbursement for new assets	30,030	52,291
Less: remaining depreciation on disposed assets	-	-
Less: current depreciation	(141,243)	(98,553)
Less: net gain on sale of assets	-	-
Deferred revenue - trusts, end of year	\$ 117,268	\$ 228,481

#### **Note G - Net Position**

The net investment in capital assets is as follows as of December 31:

	2020	2019
Capital assets at cost	\$ 2,291,145	\$ 2,233,094
Less: accumulated depreciation	(1,770,409)	(1,586,230)
Line of credit	(7,055)	(12,458)
Deferred revenue - trusts	(117,268)	(228,481)
Net investment in capital assets	\$ 396,413	\$ 405,925

There are no restricted uses of net positions as of December 31, 2020 and 2019.

# Vermont League of Cities and Towns

## Notes to the Financial Statements (Continued)

### **Note H - Line of Credit**

During 2016, VLCT entered into an agreement with People's United Bank for a \$100,000 closed-end line of credit, with interest being charged at the lender's cost of funds plus 1.5%, adjusting daily, with a floor of 3%. The line of credit is to be secured by VLCT's capital assets that are purchased with the borrowed funds, and borrowed funds are not to exceed 80% of the cost of the capital assets purchased. During 2017, VLCT borrowed funds of \$25,837 on the line of credit. Principal and interest payments totaling \$474 are due monthly through March 29, 2022. As of December 31, 2020 and 2019, outstanding borrowings on the line of credit are \$7,055 and \$12,458, respectively.

### **Note I - Benefit Plans**

#### VMERS Defined Contribution Plan:

VLCT participates in the VMERS defined contribution plan (Plan DC). Plan DC requires a 5% contribution by the employee for plan years ending June 30, 2021 and 2020, and a 5.125% contribution by the employer for the plan years ending June 30, 2021 and 2020. Eligible employees have the option to elect Plan DC during their first sixty days of employment. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets and for such assets to be portable if the employees leave for other employment. Employees will receive the value of their account upon retirement. For the year ended December 31, 2020, covered payroll was \$185,963 and VLCT's contribution was \$9,912. For the year ended December 31, 2019, covered payroll was \$189,110 and VLCT's contribution was \$9,692.

#### VMERS Defined Benefit Plan:

##### *Plan Description*

VLCT also participates in the VMERS defined benefit plan (Plan DB). Plan DB requires a 5.375% and 5.125% contribution by the employee for plan years ending June 30, 2021 and 2020, respectively, and a 6.000% and 5.750% contribution by the employer for the plan years ending June 30, 2021 and 2020, respectively. Plan DB is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the Vermont State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees. An employee of any employer that becomes affiliated with the system is eligible to participate. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system.

Plan DB was established effective July 1, 1975 and is governed by Title 24, VSA Chapter 125 of the Vermont Statutes. During the plan years ended June 30, 2020 and 2019, the retirement system consisted of 353 and 379 participating employers, respectively.

# Vermont League of Cities and Towns

## Notes to the Financial Statements (Continued)

### Note I - Benefit Plans (Continued)

The general administration and responsibility for formulating administrative policy and procedures of VMERS for its members and their beneficiaries is vested in the Board of Trustees, which consists of five members. They are the State Treasurer, two employee representatives elected by the membership of the system and two employer representatives, one elected by the governing bodies of participating employers of the system and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association. The Executive Director of VLCT served as an employer representative on the VMERS Board of Trustees in 2019 and 2020.

Plan DB is divided into four membership groups:

- Group A – general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B & C – general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D – sworn police officers, firefighters and emergency medical personnel

VLCT participates in Group B of Plan DB only.

#### *Summary of Significant Accounting Policies*

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense reported by Plan DB have been determined using the accrual basis of accounting in conformity with GAAP as applied to governmental entities. Invested assets are reported at fair value.

#### *Summary of System Provisions and Benefits*

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation and years of creditable service and are summarized below:

<u>System Provisions and Benefits</u>	<u>Group B</u>
Membership	Full time employees of participating municipalities
Creditable service	Service as a member plus purchased service
Normal service retirement eligibility	Age 62 with 5 years of service, or age 55 with 30 years of service
Average Final Compensation (AFC)	Average annual compensation during highest 3 consecutive years
Benefit formula - normal service retirement (no reduction)	1.7% x creditable service x AFC + previous service: 1.4% x Group A service x AFC
Maximum Benefit Payable	60% of AFC
Post-Retirement COLA	50% of CPI, up to 3% per year

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### Note I - Benefit Plans (Continued)

Vested	5 years of service
Early Retirement Eligibility	Age 55 with 5 years of service
Early Retirement Reduction	6% per year from age 62**
Disability Retirement Eligibility	5 years of service and disability as determined by Retirement Board
Disability Retirement Amount	Immediate allowance based on AFC and service to date of disability
Death Benefit Eligibility	Death after 5 years of service
Death Benefit Amount	Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death
Optional Benefit and Death after Retirement	Lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded
Post-Retirement Adjustments	Allowances in payment for at least one year increased on each January 1 by one-half of the percentage increase in the consumer price index but not more than 3%
Retirement Stipend	\$25 per month payable at the option of the Board of Trustees to retirees

\*\* A special early retirement factor of 3% per year only for municipal police officers who have attained age 60.

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowances subject to meeting various eligibility requirements.

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note I - Benefit Plans (Continued)**

The State legislature has sole authority to amend plan benefit provisions. There were no changes to benefit terms that affected measurement of the total pension liability since the prior measurement date of June 30, 2020 and June 30, 2019.

#### *Contributions*

Title 24, VSA Chapter 125 of the Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund, and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees.

For the plan year ended June 30, 2020, Plan DB requires a 5.375% contribution by the employee and a 6.000% contribution by the employer for Group B. For the plan year ended June 30, 2019, Plan DB requires a 5.000% contribution by the employee and a 5.625% contribution by the employer for Group B.

GASB 68 requires participating employers in VMERS to recognize their proportionate share of the collective net pension liability, collective deferred inflows of resources, collective deferred outflows of resources and collective pension expense. The employer allocation percentages are based on the ratio of each employer's contributions to VMERS to the total employer contributions during the measurement period. Contributions from employers are recognized when due, based on statutory requirements. Actuarially determined contributions are calculated as of the first day of each plan year (i.e., July 1).

The schedule of VLCT's contributions to the plan is as follows as of and for the years ended December 31:

	2020	2019
Contractually required contributions	\$ 199,669	\$ 195,360
Contributions in relation to the contractually required contributions	207,078	192,741
Contribution deficiency (excess)	\$ (7,409)	\$ 2,619
VLCT's covered payroll	\$ 3,525,162	\$ 3,388,735
Contributions as a percentage of covered payroll	5.87 %	5.69 %

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note I - Benefit Plans (Continued)**

##### *Net Pension Liability*

As of and for the year ended December 31, 2020, VLCT reported a liability of \$2,437,159 and a pension expense of \$543,812, which is included in employee benefits, for its proportionate share of the VMERS Plan DB net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The pension expense is included as a component of employee benefits on the statement of revenues, expenses and changes in net position.

As of and for the year ended December 31, 2019, VLCT reported a liability of \$1,764,044 and a pension expense of \$558,304 for its proportionate share of the VMERS Plan DB net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VLCT's proportion of the net pension liability is based on a projection of VLCT's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, VLCT's proportion was 0.96340%, which was a decrease of 0.05340 percentage points from its proportion measured as of June 30, 2019. At June 30, 2019, VLCT's proportion was 1.01680%, which was an increase of 0.02853 percentage points from its proportion measured as of June 30, 2018.

##### *Deferred Outflows and Inflows of Resources*

As of and for the years ended December 31, 2020 and 2019, VLCT reported its proportionate share of Plan DB's deferred outflows of resources related to pensions from the following sources:

<u>Sources of Deferred Outflows of Resources</u>	<u>2020</u>	<u>2019</u>
Difference between expected and actual economic experience	\$ 219,493	\$ 228,549
Changes in assumptions and other inputs	326,746	58,897
Net difference between projected and actual earnings on plan investments	233,094	120,151
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>1,415</u>	<u>2,831</u>
Total allocated deferred pension amounts	780,748	410,428
Contributions paid to Plan DB subsequent to the measurement date	<u>97,734</u>	<u>97,735</u>
Total deferred pension amounts	<u>\$ 878,482</u>	<u>\$ 508,163</u>

# Vermont League of Cities and Towns

## Notes to the Financial Statements (Continued)

### Note I - Benefit Plans (Continued)

There were deferred inflows of resources related to differences between expected and actual experience of \$7,224 and changes in proportion and differences between employer contributions and proportionate share of contributions of \$94,606 as of December 31, 2020. There were deferred inflows of resources related to differences between expected and actual experience of \$15,248 and changes in proportion and differences between employer contributions and proportionate share of contributions of \$52,644 as of December 31, 2019.

The net amounts of VLCT's balances of net deferred outflows of resources as of December 31, 2020 related to pensions will be recognized as pension expense as follows during the years ended December 31:

	Pension Expense Amount
2021	\$ 187,747
2022	195,483
2023	172,868
2024	<u>122,819</u>
Total	<u>\$ 678,917</u>

#### *Actuarial Methods and Assumptions*

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 with update procedures used to roll forward the total pension liability to June 30, 2020. The assumptions used in the actuarial valuation were selected on the basis of the experience study that was performed for the four-year period ending June 30, 2014.

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 with update procedures used to roll forward the total pension liability to June 30, 2019. The assumptions used in the actuarial valuation were selected on the basis of the experience study that was performed for the four-year period ending June 30, 2014.

The significant assumptions and methods used in the actuarial valuation for the June 30, 2020 measurement period are as follows:

Investment rate of return:	7.00%
Salary increases:	4.50% per year
Deaths:	40% of PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using Scale MP-2019.

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note I - Benefit Plans (Continued)**

Future expenses:	An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.
Actuarial cost method:	Projected benefit cost method. Normal contribution rates for each Group are equal to rates from the prior year, adjusted for increases or decreases in rates due to assumption changes or plan provision changes.
Cost-of-living adjustments to benefits of terminated vested and retired participants:	Assumed to occur at the rate of 1.20% per annum.
Inflation:	The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 2.30% per year.
Significant changes in assumptions	Significant changes in assumptions include and are not limited to a change in investment return from 7.5% to 7%, a reduction in inflation assumption from 2.5% to 2.3% and COLA assumption from 1.3% to 1.2%.

#### *Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note I - Benefit Plans (Continued)**

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized as follows:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	29.00 %	7.07 %
US Equity - Large Cap	4.00 %	6.19 %
US Equity - Small/Mid Cap	3.00 %	6.93 %
Non-US Equity - Large Cap	5.00 %	7.01 %
Non-US Equity - Small Cap	2.00 %	7.66 %
Emerging Markets Debt	4.00 %	3.66 %
Core Bond	20.00 %	0.39 %
Private and Alternate Credit	10.00 %	6.03 %
US TIPS	3.00 %	(0.20)%
Core Real Estate	5.00 %	4.06 %
Non-Core Real Estate	3.00 %	6.43 %
Private Equity	10.00 %	11.27 %
Infrastructure Farmland	2.00 %	5.44 %
Total	100.00 %	

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.3%.

#### *Discount Rate*

The discount rate used to measure the total pension liability as of June 30, 2020 and 2019 was 7.00% and 7.50%, respectively. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions from future plan members, are not included. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefits payments of current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Vermont League of Cities and Towns

### Notes to the Financial Statements (Continued)

#### **Note I - Benefit Plans (Continued)**

##### *Discount Rate Sensitivity Analysis*

The following presents VLCT's proportionate share of the net pension liability, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate at June 30, 2020:

	1% Rate Decrease (6.0%)	Current Discount Rate (7.0%)	1% Rate Increase (8.0%)
VLCT's Proportionate Share of the Net Pension Liability:	<u>\$ 3,723,485</u>	<u>\$ 2,437,159</u>	<u>\$ 1,378,785</u>

##### *Additional Information*

Additional information regarding VMERS is available upon request from the State of Vermont Office of the State Treasurer or on VMERS' website at:

<http://www.vermonttreasurer.gov/content/retirement/municipal>

VMERS does not issue stand-alone financial reports, and Plan DB is instead included as a fiduciary fund in the State of Vermont's Comprehensive Annual Financial Report (CAFR). Plan DB's fiduciary net position has been determined on the same basis of accounting as it is reported by Plan DB. Detailed information about Plan DB's fiduciary net position is available in the CAFR, which can be viewed on the State's Department of Finance & Management website at:

<http://finance.vermont.gov/reports-and-publications/cafr>

##### ICMA Plans:

VLCT does not participate in the social security program, instead offering employees a defined contribution plan through the ICMA Retirement Corporation in accordance with IRS Revenue Code Section 401(a). The ICMA plan requires a 4.5% contribution by the employee and a 7.1% contribution by VLCT. For the year ended December 31, 2020, covered payroll under this plan was \$3,681,366 and VLCT's contribution was \$261,448. For the year ended December 31, 2019, covered payroll under this plan was \$3,526,405 and VLCT's contribution was \$250,367. For the year ended December 31, 2018, covered payroll under this plan was \$3,534,711 and VLCT's contribution was \$250,899.

VLCT also offers a voluntary deferred compensation plan through the ICMA Retirement Corporation in accordance with Internal Revenue Code Section 457. Deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

## **Required Supplementary Information**

## Vermont League of Cities and Towns

### Schedule of Employer Pension Information (Unaudited)

The following unaudited schedule presents VLCT's proportionate share of the Plan's net pension liability and related ratios for multiple years.

Plan years ended <u>June 30,</u>	% Proportionate share of the collective net pension liability	Proportionate share of the collective net pension liability	Covered payroll	Proportionate share of the collective net pension liability as a % of covered payroll	Plan's fiduciary net position as a % of total pension liability
2017	1.1104%	\$ 1,345,333	\$ 3,222,390	41.75%	83.64%
2018	1.0453%	\$ 1,470,811	\$ 3,484,249	42.21%	82.60%
2019	1.0168%	\$ 1,764,044	\$ 3,436,492	51.33%	80.35%
2020	0.9634%	\$ 2,437,159	\$ 3,472,503	70.18%	74.52%

The following unaudited schedule presents VLCT's employer contributions to the Plan and related ratios for multiple years.

Fiscal years ended <u>December 31,</u>	Actuarially determined contribution	Actual contribution	Contribution deficiency (excess)	Covered payroll	Actual contribution as a % of covered payroll
2017	\$ 181,342	\$ 177,231	\$ 4,111	\$ 3,222,390	5.50%
2018	\$ 183,132	\$ 193,863	\$ (10,731)	\$ 3,484,249	5.56%
2019	\$ 195,360	\$ 192,741	\$ 2,619	\$ 3,388,735	5.69%
2020	\$ 199,669	\$ 207,078	\$ (7,409)	\$ 3,525,162	5.87%

## **Other Information**

## Vermont League of Cities and Towns

### Statement of Revenues and Expenses - Budgetary Basis (Unaudited)

Year ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Over/(Under) Budget</u>
<b>Revenues</b>			
Dues			
Regular members	\$ 1,021,719	\$ 1,022,265	\$ 546
Associate members	120,353	124,164	3,811
Contributing members	<u>30,600</u>	<u>12,736</u>	<u>(17,864)</u>
Total dues	1,172,672	1,159,165	(13,507)
Services			
Town fair	78,750	28,829	(49,921)
Publications	4,000	5,374	1,374
Workshops	82,400	20,441	(61,959)
Professional services	39,170	30,343	(8,827)
Newsletter advertising	<u>11,000</u>	<u>3,421</u>	<u>(7,579)</u>
Total services	215,320	88,408	(126,912)
Administrative services			
Administrative contracts	9,327	11,423	2,096
Grant administration	<u>70,000</u>	<u>59,860</u>	<u>(10,140)</u>
Total administrative services	79,327	71,283	(8,044)
Trust reimbursements			
Trust contracts	5,008,916	4,903,257	(105,659)
PACIF loss prevention contract	55,000	55,000	-
Equipment revenue from trusts	78,985	141,243	62,258
Claims handling services	<u>-</u>	<u>165,327</u>	<u>165,327</u>
Total trust reimbursements	5,142,901	5,264,827	121,926
Other revenues	23,423	29,375	5,952
Investment income	<u>6,960</u>	<u>6,388</u>	<u>(572)</u>
<b>Total Revenues</b>	<b>6,640,603</b>	<b>6,619,446</b>	<b>(21,157)</b>

\*\* Some accounts have been reclassified in the audited financial statements for presentation purposes.

## Vermont League of Cities and Towns

### Statement of Revenues and Expenses - Budgetary Basis (Unaudited)

Year ended December 31, 2020

	Budget	Actual	Over/(Under) Budget
<b>Expenses</b>			
Salaries			
Salaries	\$ 3,667,682	\$ 3,810,598	\$ 142,916
Temp services	5,000	792	(4,208)
Payroll taxes	53,181	55,601	2,420
Total salaries	3,725,863	3,866,991	141,128
Employee benefits			
VMERS Plan DB	200,015	543,812	343,797
VMERS Plan DC	9,808	9,912	104
401(a) employer contributions	255,308	261,448	6,140
Health insurance	744,816	701,322	(43,494)
Long-term care insurance	8,453	8,463	10
Dental insurance	21,097	18,521	(2,576)
Life and disability insurance	43,702	34,652	(9,050)
Unemployment insurance	9,000	8,084	(916)
Employee assistance	1,080	990	(90)
Benefit plan administration	1,155	1,189	34
Total employee benefits	1,294,434	1,588,393	293,959
Office expenses			
Lease payments	338,723	338,723	-
Electricity	21,000	18,013	(2,987)
Building maintenance	20,140	17,247	(2,893)
Insurance - office	101,600	95,458	(6,142)
Property taxes	22,000	22,725	725
Parking	3,840	1,899	(1,941)
Total office expenses	507,303	494,065	(13,238)
Equipment expenses			
Equipment maintenance/lease	5,560	3,518	(2,042)
Non-capital equipment purchases	16,800	17,363	563
Equipment interest expense	836	388	(448)
Copier contracts	27,000	4,624	(22,376)
Software maintenance	301,071	299,715	(1,356)
Software purchases	12,600	4,201	(8,399)
Total equipment expenses	363,867	329,809	(34,058)

## Vermont League of Cities and Towns

### Statement of Revenues and Expenses - Budgetary Basis (Unaudited)

Year ended December 31, 2020

	Budget	Actual	Over/(Under) Budget
<b>Expenses (continued)</b>			
Communications			
Postage	42,000	24,499	(17,501)
Postage meter rental	1,000	962	(38)
Job printing	43,000	23,145	(19,855)
Telecommunications	37,294	27,585	(9,709)
Total communications	123,294	76,191	(47,103)
Printing and supplies			
Paper purchases	10,000	4,432	(5,568)
Supplies	28,400	9,693	(18,707)
Total printing and supplies	38,400	14,125	(24,275)
Travel and training			
Vehicle expense	25,058	15,035	(10,023)
Staff travel/training	41,995	7,794	(34,201)
Member outreach	17,800	611	(17,189)
Total travel and training	84,853	23,440	(61,413)
Officers' expenses			
Board costs	32,350	19,929	(12,421)
President's stipend	1,800	1,800	-
Total officers' expenses	34,150	21,729	(12,421)
Contracted services			
Auditing and accounting	23,500	20,651	(2,849)
Bank services	4,500	4,642	142
Legal services	5,000	891	(4,109)
Legal insurance deductible	-	2,561	2,561
Consultants	5,000	4,962	(38)
Recruiting	10,000	21,299	11,299
Total contracted services	48,000	55,006	7,006
Dues and subscriptions			
National League of Cities	19,761	18,171	(1,590)
Professional associations	47,216	27,536	(19,680)
Total dues and subscriptions	66,977	45,707	(21,270)

Vermont League of Cities and Towns

Statement of Revenues and Expenses - Budgetary Basis (Unaudited)

Year ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Over/(Under) Budget</u>
<b>Expenses (continued)</b>			
Services			
Town fair	77,000	5,872	(71,128)
Workshops	51,300	8,999	(42,301)
Consulting	<u>10,000</u>	<u>2,574</u>	<u>(7,426)</u>
Total services	138,300	17,445	(120,855)
Miscellaneous			
Miscellaneous	2,801	2,749	(52)
Depreciation expense	<u>212,361</u>	<u>230,694</u>	<u>18,333</u>
Total miscellaneous	<u>215,162</u>	<u>233,443</u>	<u>18,281</u>
<b>Total Expenses</b>	<u>6,640,603</u>	<u>6,766,344</u>	<u>125,741</u>
<b>Change in Net Position</b>	<u>\$ -</u>	<u>\$ (146,898)</u>	<u>\$ (146,898)</u>

\*\* Some accounts have been reclassified in the audited financial statements for presentation purposes.