

TOWN OF WILMINGTON, VERMONT

Financial Statements and Schedules

June 30, 2016

(With Independent Auditors' Report Thereon)

Love, Cody & Company, CPAs

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Independent Auditor's Report

The Select Board
Town of Wilmington, Vermont

We have audited the accompanying financial statements of Town of Wilmington, Vermont, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 respective financial position—modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wilmington, Vermont, as of June 30, 2016, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wilmington, Vermont's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 4-9 and 37-47, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wilmington, Vermont's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2017 on our consideration of the Town of Wilmington, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Wilmington, Vermont's internal control over financial reporting and compliance.

Love, Cody & Company, CPAs, P.C.

March 9, 2017

Vt. Reg. #357

Love, Cody & Company, CPAs

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

The management's discussion and analysis of the Town of Wilmington, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2016. It focuses on the year-end results and provides an objective analysis of the various funds the Town operates in the conduct of its business from a management perspective. It discusses both the government-wide and fund-based financial statements. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Government-wide financial statements:

- The Town's combined net position was \$11,186,018 at June 30, 2016, an increase of \$221,164 from last year.
- Net position of the governmental activities amounted to \$7,371,046, while net position attributable to business-type activities was \$3,814,972.

Fund financial statements:

- The Town's governmental funds reported total fund balances of \$1,844,133. The general fund ended the fiscal year with a fund balance of \$367,934, of which \$336,853 was unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of three parts: Managements' Discussion and Analysis (this section), the basic financial statements, and additional required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements for governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities are also referred to as the Government-wide financial statements. These statements report information about the Town and its activities as a whole. These statements include all assets and liabilities using the modified cash basis of accounting.

These two statements report the Town's net position and changes in net position. You can think of the Town's net position - the difference between assets and liabilities - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, report two kinds of activities:

- Governmental activities - Most of the Town's basic services are reported here, including general administration, public safety, highways and streets, community development, and culture and recreation.
- Business-type activities - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sewer system is reported here.

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Town-wide statements.

- The Governmental Funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the schedules following each of the governmental fund financial statements.
- The Proprietary Fund - When the Town charges customers for the services it provides -whether to outside customers or to other units of the Town - these services are generally reported in Proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's General Fund budget to reported results for the year.

The following table summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain.

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide	Fund Financial Statements	
	Statements	Governmental Funds	Proprietary Funds
Scope	Entire Town (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary. Includes general fund and special revenue funds.	The activities of the Town for which a fee is charged to external users (such as wastewater treatment activities).
Required financial statements	- Statement of net position - modified cash basis	- Statement of assets, liabilities and fund balances - modified cash basis	- Statement of net position - modified cash basis
	- Statement of activities - modified cash basis	- Statement of cash receipts, cash disbursements, and changes in fund balances - modified cash basis	- Statement of cash receipts, cash disbursements, and changes in net position - modified cash basis
Accounting basis and measurement focus	Modified cash basis of accounting and economic resources measurement focus	Modified cash basis of accounting and current financial resources measurement focus	Modified cash basis of accounting and economic resources measurement focus
Type of asset/liability information	All assets and liabilities arising from cash transactions, both financial and capital, short-term and long-term	Generally, assets and liabilities arising from cash transactions; no capital assets or long-term liabilities included	All assets and liabilities arising from cash transactions, both financial and capital, short-term and long-term

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

This section summarizes information and data as related to the Statements of Net Position as of June 30, 2016 and 2015 and the Statements of Activities for the years then ended.

Government-Wide Statements

The Town's combined net position increased by \$221,164 to \$11,186,018 at June 30, 2016. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**Table 1
Net Assets
(in Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 1,848	1,942	176	2,055	2,024	3,997
Capital assets	5,875	5,738	5,371	3,287	11,246	9,025
Total assets	<u>7,723</u>	<u>7,680</u>	<u>5,547</u>	<u>5,342</u>	<u>13,270</u>	<u>13,022</u>
Deferred outflows of resources	232	67	-	-	232	67
Total assets and deferred outflows	<u>7,955</u>	<u>7,747</u>	<u>5,547</u>	<u>5,342</u>	<u>13,502</u>	<u>13,089</u>
Current liabilities	38	51	173	90	211	141
Long-term liabilities	544	246	1,559	1,597	2,103	1,843
Total liabilities	<u>582</u>	<u>297</u>	<u>1,732</u>	<u>1,687</u>	<u>2,314</u>	<u>1,984</u>
Deferred inflows of resources	2	140	-	-	2	140
Total liabilities and deferred inflows	<u>584</u>	<u>437</u>	<u>1,732</u>	<u>1,687</u>	<u>2,316</u>	<u>2,124</u>
Net position:						
Invested in capital assets, net of debt	5,675	5,503	3,639	1,600	9,314	7,103
Restricted	189	150	-	-	189	150
Unrestricted	<u>1,507</u>	<u>1,657</u>	<u>176</u>	<u>2,055</u>	<u>1,683</u>	<u>3,712</u>
Total net position	<u>\$ 7,371</u>	<u>7,310</u>	<u>3,815</u>	<u>3,655</u>	<u>11,186</u>	<u>10,965</u>

The Town's capital assets (Table 1), such as infrastructure, buildings and equipment, less outstanding debt used to acquire them, amounted to \$9.3 and \$7.1 million at June 30, 2016 and 2015, respectively. These assets represent the largest portion of the Town's net assets. Although the \$9.3 million of the Town's net capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At June 30, 2016, net assets of \$189 thousand (Table 1) have been restricted by the voters or sources external to the Town to be used for specific purposes. Approximately \$1.7 million of the Town's combined net position is unrestricted.

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

**Table 2
Changes in Net Position
(in Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 287	316	279	295	566	611
Grants and contributions	362	683	205	-	567	683
General revenues:						
Property taxes	3,329	3,003	-	-	3,329	3,003
Other general revenues	761	612	18	2	779	614
Total revenues	<u>4,739</u>	<u>4,614</u>	<u>502</u>	<u>297</u>	<u>5,241</u>	<u>4,911</u>
Program expenses:						
General government	1,449	1,864	-	-	1,449	1,864
Highways and roads	2,131	1,478	-	-	2,131	1,478
Public safety	725	731	-	-	725	731
Culture and recreation	204	88	-	-	204	88
Cemeteries	34	32	-	-	34	32
Solid waste disposal	134	137	-	-	134	137
Interest on long-term debt	6	6	-	-	6	6
Sewer	-	-	337	319	337	319
Total expenses	<u>4,683</u>	<u>4,336</u>	<u>337</u>	<u>319</u>	<u>5,020</u>	<u>4,655</u>
Excess (deficiency) before transfers and adjustments	56	278	165	(22)	221	256
Transfers	5	5	(5)	(5)	-	-
Prior period adjustment	-	(117)	-	-	-	(117)
Increase (decrease) in net position	<u>\$ 61</u>	<u>166</u>	<u>160</u>	<u>(27)</u>	<u>221</u>	<u>139</u>

Net position of the Town's governmental activities (Table 2) increased by approximately 0.9% or \$61 thousand as reported in Table 2 for the year ended June 30, 2016, including net operating transfers from business-type activities of \$4,750.

The net position related to business-type activities increased by approximately \$160 thousand for the year ended June 30, 2016.

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

**Table 3
Governmental Activities
(in Thousands)**

	<u>2016</u>		<u>2015</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 1,449	1,186	1,864	1,287
Highways and roads	2,131	1,891	1,478	1,290
Public safety	725	650	731	563
Culture and recreation	204	205	88	88
Cemeteries	34	34	32	32
Solid waste disposal	134	62	137	71
Interest on long-term debt	6	6	6	6
	<u>\$ 4,683</u>	<u>4,034</u>	<u>4,336</u>	<u>3,337</u>

The costs of providing governmental services (Table 3) amounted to approximately \$4.7 and \$4.3 million for the years ended June 30, 2016 and 2015, respectively. The cost of providing services is offset by charges for services and program-specific operating and capital grants, resulting in a net cost of services amounting to approximately \$4.0 and \$3.3 million for the years ended June 30, 2016 and 2015. The net cost of services is funded by property taxes, investment earnings and grants and contributions not restricted to specific programs.

**Table 4
Capital Assets at Year-end
(Net of Depreciation, in Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land and antiques/art	\$ 253	260	2	2	255	262
Deposit on equipment	212	-	-	-	212	-
Construction in progress	-	-	2,297	125	2,297	125
Buildings and improvements	1,401	1,455	129	141	1,530	1,596
Infrastructure	2,216	2,245	-	-	2,216	2,245
Office equipment and software	83	95	-	1	83	96
Vehicles and equipment	1,710	1,683	176	198	1,886	1,881
Collection and treatment sys.	-	-	2,767	2,820	2,767	2,820
Totals	<u>\$ 5,875</u>	<u>5,738</u>	<u>5,371</u>	<u>3,287</u>	<u>11,246</u>	<u>9,025</u>

The Town recently completed a 2.5 million dollar capital refurbishment project at the Wastewater Treatment Plant. The Project included the construction of a new primary treatment building, the demolition of the old building, adding state-of-the-art biological contactors, and other equipment, the refurbishment of a second building, all new electrical controls, new heating and ventilation systems, and a new backup generator.

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

**Table 5
Outstanding Debt, at Year-end
(in Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 200	235	135	90	335	325
Bond anticipation note	-	-	1,597	1,597	1,597	1,597
Totals	\$ 200	235	1,732	1,687	1,932	1,922

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town's financial position showed overall stability as the Total net position increased by approximately 2% with an increase in Total assets of 3.1%. Revenues also increased by approximately 6.7% and the net position of the Town's governmental activities by almost 1%. The General Fund budget, the Highway budget, and the Wastewater budget expenses all came in below their respective budgeted amounts, which reflected good stewardship from all departments.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the finances of the Town and to demonstrate the Town's accountability with the funds it receives. If you have any questions about this report or need any additional financial information, please contact:

Mr. Scott Murphy, Town Manager
2 East Main Street
Wilmington, VT 05363

TOWN OF WILMINGTON, VERMONT
Statement of Net Position - Modified Cash Basis
June 30, 2016

Exhibit A

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 1,721,783	215,128	1,936,911
Investments	82,571	-	82,571
Internal balances	39,431	(39,431)	-
Due from Fiduciary Funds	3,780	-	3,780
Capital assets:			
Land	252,077	1,550	253,627
Antiques and works of art	1,200	-	1,200
Deposit on equipment	211,523	-	211,523
Other capital assets, net of accumulated depreciation	5,410,480	5,369,460	10,779,940
Total assets	7,722,845	5,546,707	13,269,552
Deferred outflows of financial resources:			
VMERS pension plan	232,512	-	232,512
Total assets and deferred outflows of financial resources	\$ 7,955,357	5,546,707	13,502,064
Liabilities:			
Due to State of Vermont	\$ 3,432	-	3,432
Bonds payable:			
Due within one year	35,000	172,508	207,508
Due in more than one year	165,000	1,559,227	1,724,227
Net pension liability	379,287	-	379,287
Total liabilities	582,719	1,731,735	2,314,454
Deferred inflows of financial resources:			
VMERS pension plan	1,592	-	1,592
Total liabilities and deferred inflows of financial resources	\$ 584,311	1,731,735	2,316,046
Net position:			
Invested in capital assets, net of related debt	\$ 5,675,280	3,639,275	9,314,555
Restricted	188,422	-	188,422
Unrestricted	1,507,344	175,697	1,683,041
Total net position	\$ 7,371,046	3,814,972	11,186,018

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Activities - Modified Cash Basis
June 30, 2016

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,448,624	179,602	82,594	-	(1,186,428)	-	(1,186,428)
Highways and roads	2,130,647	180	239,821	-	(1,890,646)	-	(1,890,646)
Public safety	724,992	34,499	40,051	-	(650,442)	-	(650,442)
Culture and recreation	204,613	-	-	-	(204,613)	-	(204,613)
Cemeteries	34,092	-	-	-	(34,092)	-	(34,092)
Solid waste disposal	134,505	72,528	-	-	(61,977)	-	(61,977)
Interest on long-term debt	5,932	-	-	-	(5,932)	-	(5,932)
Total governmental activities	4,683,405	286,809	362,466	-	(4,034,130)	-	(4,034,130)
Business-type activities:							
Sewer	337,576	279,297	205,039	-	-	146,760	146,760
Total business-type activities	337,576	279,297	205,039	-	-	146,760	146,760
Total primary government	\$ 5,020,981	566,106	567,505	-	(4,034,130)	146,760	(3,887,370)
General revenues:							
Property taxes					3,329,472	-	3,329,472
Interest and penalties on delinquent taxes					105,090	-	105,090
Payment in lieu of taxes					10,111	-	10,111
Local options tax					402,258	-	402,258
Investment earnings					12,581	17,950	30,531
Miscellaneous					231,072	-	231,072
Transfers					4,750	(4,750)	-
Total general revenues and transfers					4,095,334	13,200	4,108,534
Change in net position					61,204	159,960	221,164
Net position - beginning					7,309,842	3,743,328	11,053,170
Prior period adjustment					-	(88,316)	(88,316)
Net position - ending					\$ 7,371,046	3,814,972	11,186,018

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2016

	General Fund	Town Roads Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,588,376	-	133,407	1,721,783
Investments	-	-	82,571	82,571
Due from other funds	-	-	1,291,794	1,291,794
Total assets	\$ 1,588,376	-	1,507,772	3,096,148
Liabilities:				
Due to State of Vermont	3,432	-	-	3,432
Due to other funds	1,217,010	31,573	-	1,248,583
Total liabilities	1,220,442	31,573	-	1,252,015
Fund Balances:				
Nonspendable	\$ -	-	426	426
Restricted	-	-	187,996	187,996
Committed	-	-	713,497	713,497
Assigned	31,081	-	607,321	638,402
Unassigned	336,853	(31,573)	(1,468)	303,812
Total fund balances	367,934	(31,573)	1,507,772	1,844,133
Total liabilities and fund balances	\$ 1,588,376	-	1,507,772	3,096,148

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Reconciliation of the Statement of Assets, Liabilities and Fund Balances -
Modified Cash Basis - Governmental Funds to the Statement of
Net Position - Modified Cash Basis
June 30, 2016

Exhibit D

Total fund balances - governmental funds (from page 12)	\$	1,844,133
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,875,280
Deferred outflows of financial resources related to pension activities are not recognized in the funds		232,512
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(579,287)
Deferred inflows of financial resources related to pension activities are not recognized in the funds		(1,592)
Net position of governmental activities (page 10)	\$	<u><u>7,371,046</u></u>

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Balances - Modified Cash Basis
Governmental Funds
Year Ended June 30, 2016

	General Fund	Town Roads Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 1,962,374	1,367,098	-	3,329,472
Penalties, interest and collection costs of delinquent taxes	105,090	-	-	105,090
Intergovernmental	224,016	239,821	603,932	1,067,769
Charges for services	111,127	-	-	111,127
Investment income	7,485	291	4,805	12,581
Licenses and permits	68,475	180	360	69,015
Donations	-	-	274	274
Other	33,194	1,032	59,386	93,612
Total revenues	2,511,761	1,608,422	668,757	4,788,940
Expenditures:				
General government	1,112,279	-	284,977	1,397,256
Highways and streets	-	1,422,338	384,724	1,807,062
Public safety	600,355	-	48,848	649,203
Culture and recreation	182,150	-	7,953	190,103
Cemeteries	-	-	34,092	34,092
Sanitation	134,505	-	-	134,505
Capital outlay:				
General government	-	-	-	-
Highways and streets	345,825	-	-	345,825
Public safety	64,691	-	211,523	276,214
Debt service:				
Principal	35,000	-	-	35,000
Interest	5,932	-	-	5,932
Total expenditures	2,480,737	1,422,338	972,117	4,875,192
Excess (deficiency) of cash receipts over cash disbursements	31,024	186,084	(303,360)	(86,252)
Other financing sources (uses):				
Operating transfers in (out)	(188,250)	(225,000)	418,000	4,750
Total other financing sources (uses)	(188,250)	(225,000)	418,000	4,750
Net change in fund balances	(157,226)	(38,916)	114,640	(81,502)
Fund balance, July 1, 2015	525,160	7,343	1,393,132	1,925,635
Fund balance, June 30, 2016	\$ 367,934	(31,573)	1,507,772	1,844,133

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Reconciliation of the Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Balances - Modified Cash Basis - Governmental Funds
to the Statement of Activities - Modified Cash Basis
Year Ended June 30, 2016

Exhibit F

Net change in fund balances - total governmental funds (from page 14)	\$	(81,502)
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		186,374
When recognizing the sale or disposal of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported on the Statement of Net Assets.		(49,081)
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		35,000
The change in the net pension liability and related deferred inflows and deferred outflows of financial resources is not recognized in the funds		(29,587)
Change in net assets of governmental activities (page 11)	\$	61,204

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Net Position - Modified Cash Basis
Proprietary Fund
June 30, 2016

	Sewer Fund
Assets:	
Current assets:	
Cash	\$ 215,128
Total current assets	215,128
Capital assets:	
Property, Plant and Equipment (net of accumulated depreciation)	5,371,010
Total non-current assets	5,371,010
Total assets	\$ 5,586,138
Liabilities:	
Due to other funds	\$ 39,431
Current portion of notes payable	172,508
	211,939
Notes payable, less current portion	1,559,227
Total liabilities	1,771,166
Net position:	
Invested in capital assets, net of related debt	3,639,275
Unrestricted	175,697
Total net position	3,814,972
Total liabilities and net position	\$ 5,586,138

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Cash Receipts, Cash Disbursements, and
Changes in Net Position - Modified Cash Basis
Proprietary Fund
Year Ended June 30, 2016

	Sewer Fund
<i>Operating receipts:</i>	
Sewer Rents	\$ 246,996
Penalties and Interest on Delinquents	4,465
Fees	27,836
Total operating receipts	279,297
<i>Operating disbursements:</i>	
Wages and Benefits	167,222
Operations and Maintenance	45,358
Utilities	37,780
Depreciation	87,216
Total operating expenses	337,576
<i>Operating income</i>	(58,279)
<i>Nonoperating receipts:</i>	
USDA Grant	205,039
Interest Income	17,950
Total nonoperating receipts	222,989
<i>Income before transfers</i>	164,710
Transfers to General Fund	(4,750)
	(4,750)
<i>Change in modified cash basis net position</i>	159,960
<i>Total net position - beginning</i>	3,743,328
<i>Prior period adjustment</i>	(88,316)
<i>Total net position - ending</i>	\$ 3,814,972

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2016

Exhibit I

	Health Trust Fund	Agency Funds
Assets:		
Cash	\$ 6,507	-
Deposits	8,991	-
Due from other funds	-	22,043
Total assets	\$ 15,498	22,043
Liabilities		
Due to taxpayers	\$ -	22,043
Due to other funds	25,823	-
Total liabilities	\$ 25,823	22,043
Fiduciary net position	\$ (10,325)	

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fiduciary Net Position - Modified Cash Basis
Year Ended June 30, 2016

	Health Trust Fund
Receipts:	
Employer contributions	\$ 29,021
Member contributions	7,177
Total receipts	36,198
Disbursements:	
Benefits paid	35,211
Administrative expense	48
Total disbursements	35,259
 Change in modified cash basis fiduciary net position	 939
Total net position - beginning	(11,264)
Total net position - ending	\$ (10,325)

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The Town of Wilmington, Vermont (the "Town") is a unit of local government chartered by the State of Vermont. The Town operates under a Select Board - Manager form of government and provides services as outlined in its charter.

The accompanying financial statements of the Town of Wilmington, Vermont include all of the financial activity of the Town. The reporting entity consists of the Town; organizations for which the Town is financially accountable; and other organizations for which the nature and significance of their relationship with the Town are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the Town are financially accountable. The Town is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the Town. The Town may be financially accountable if an organization is fiscally dependent on the Town. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

As discussed further in Note 1 (d), these financial statements are presented on the modified cash basis and cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

(b) Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town. The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(1) *Summary of Significant Accounting Policies (continued)*

(b) *Basis of Presentation (continued)*

Government-wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the Town. Eliminations have been made to minimize the effect of internal transactions between funds. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the Town's funds. Separate statements for each fund category (governmental and proprietary) are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

The financial activities of the Town that are reported in the accompanying financial statements have been classified in the major funds described in the following paragraphs.

Governmental Funds

General Fund - The General Fund is used to account for all revenues and expenditures applicable to the general operations of the governmental agencies of the Town. All general operating revenues which are not restricted as to use by sources external to the Town are recorded in the General Fund.

Special Revenue Funds - The Special Revenue Funds are operating funds, for which the use of revenues is restricted, generally by Federal and state governments. The Town uses one major Special Revenue Fund: the Town Roads Fund.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town uses one Enterprise Fund: the Sewer Fund.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(b) **Basis of Presentation (continued)**

Fiduciary Funds - These funds account for monies maintained for the health care flex plan (trust fund) and excess tax sale monies (agency fund).

(c) **Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted modified cash basis net position and unrestricted modified cash basis net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) are considered a measure of available spendable resources and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

(d) **Basis of Accounting**

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The Town's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred except that the Town reports capital assets, lines of credit and long-term debt in the government-wide and proprietary fund financial statements and reports investments, payroll withholdings, prepaid fees and fees owed to the State of Vermont in all financial statements. General capital asset acquisitions are reported as expenditures in the governmental fund financial statements. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources in the governmental fund financial statements. When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

(e) **Budgets and Budgetary Accounting**

Budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(1) *Summary of Significant Accounting Policies (continued)*

(f) Internal Balances and Transfers

Internal balances arise primarily as a result of the Town's pooling of cash deposits. Internal transfers represent administrative charges paid by the enterprise funds and community development fund to the general governmental activities fund.

(g) Capital Assets

Property and equipment is stated at known or estimated historical cost. Net interest costs are capitalized on projects during the construction period. Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows: office furniture and equipment – 3 to 10 years, motor vehicles and equipment – 5 to 10 years, buildings and building improvements – 50 to 100 years, collection and treatment systems – 50 to 100 years and infrastructure – 15 to 30 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments. GASB No. 34 requires the Town to report and depreciate new infrastructure assets effective with the statement's implementation.

(h) Cash and Cash Equivalents

For purposes of the statement of cash flows presented for the proprietary funds, cash equivalents include all short-term highly liquid investments which are readily convertible to known amounts of cash and have original maturities of three months or less.

(i) Investments

The Town invests in investments as allowed by State statute. Investments are reported at cost.

(j) Long-term Debt and Deferred Charges

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(1) *Summary of Significant Accounting Policies (continued)*

(k) *Governmental Fund Balance/Net Assets*

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance is either not in spendable form (such as inventory), or is required to be maintained intact legally or contractually.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the Town itself, through formal action of the voters.

Assigned fund balance—amounts the Town intends to use for a specific purpose. Intent can be expressed by the Selectboard or by an official or body to which the Selectboard Council delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted resources are used first to fund appropriations when there are both restricted and unrestricted resources available.

Unrestricted – This category includes both designated and undesignated net assets of the Town. Designated net assets include reserves that were established by the Board, which are considered internally designated. Undesignated net assets are not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund is maintained.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

(l) Encumbrance Accounting

Encumbrances outstanding at year-end are recorded as a reservation of fund balance in the Town's governmental funds, since they do not constitute expenditures or liabilities

(m) Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Explanation of Certain Differences Between Governmental Fund Statements and the Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities (within the limitations of the modified cash basis of accounting), compared with the current financial resources focus (also within the limitations of the modified cash basis of accounting) of the governmental funds.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas, government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as an other financing source, whereas, government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report debt proceeds as other financing sources and principal payments as expenditures, whereas, government-wide statements report those transactions as increases and decreases in liabilities.

(3) Cash and Investments

Cash and investments are placed in the custody of the Town Treasurer who is elected and consisted of the following at June 30, 2016:

Cash:	
Deposits with Financial Institutions	\$ <u>1,943,418</u>
Investments:	
Certificates of Deposit	34,388
Money Market Mutual Funds	<u>48,183</u>
Total Investments	<u>82,571</u>
Total Cash and Investments	\$ <u><u>2,025,989</u></u>

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(3) Cash and Investments (continued)

The objective of the Town’s investment policy is to ensure the safety, liquidity, and yield of the Town’s investments, in that order of priority. In order to maximize investment opportunities, accurate, ongoing cash flow analysis will be maintained. The Treasurer shall act responsibly as custodian of the public trust and avoid any transaction that might impair public confidence. The Treasurer may invest and reinvest the Town funds as statutorily allowed in fully insured certificates of deposit or bank money market accounts without the prior approval of the legislative body. However, when possible, the Treasurer will discuss options with the Town Manager prior to investment. Investments in any other instruments other than those listed here will require prior approval of the legislative body.

Custodial Credit Risk of Bank Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town’s mutual funds are open-ended and are not exposed to custodial credit risk. The Town’s cash and certificates of deposits are exposed to custodial credit risk as outlined in the following table:

	Book Balance	Bank Balance
FDIC Insured	\$ 542,401	\$ 542,253
Uninsured, Collateralized by U.S. Government Securities Held by the Bank's Trust Department with a Security Interest Granted to the Town	1,435,405	1,593,247
Total Cash and Certificates of Deposit	\$ 1,977,806	\$ 2,135,500

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

Cash and certificates of deposit are comprised of the following:

Cash - Deposits with Financial Institutions	\$ 1,943,418
Investments - Certificates of Deposit	34,388
Total	\$ 1,977,806

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The certificates of deposit are due within one year. The money market mutual funds holdings have an average maturity of less than one year. Interest rate risk information for the mutual fund holdings in stocks and bonds is unavailable.

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(4) Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Governmental Activities				
Land	\$ 258,995	-	(6,918)	252,077
Antiques and Works of Art	1,200	-	-	1,200
Deposit on equipment	-	211,523	-	211,523
Buildings	2,094,756	-	-	2,094,756
Infrastructure	3,221,896	160,500	-	3,382,396
Office Equipment and Software	218,730	-	-	218,730
Vehicles and Equip.- General	7,499	-	-	7,499
Vehicles and Equip. - Roads	1,754,822	185,325	(101,735)	1,838,412
Vehicles and Equip. - Police Department	206,780	64,691	(24,655)	246,816
Vehicles and Equip. - Fire Department	1,040,239	-	-	1,040,239
Vehicles and Equip. - Culture and Recreation	147,462	-	-	147,462
Total Assets	8,952,379	622,039	(133,308)	9,441,110
Less: Accumulated Depreciation				
Buildings	(639,829)	(53,885)	-	(693,714)
Infrastructure	(976,583)	(189,595)	-	(1,166,178)
Office Equipment and Software	(123,758)	(11,609)	-	(135,367)
Vehicles and Equip.- General	(4,264)	(485)	-	(4,749)
Vehicles and Equip. - Roads	(852,696)	(110,571)	76,735	(886,532)
Vehicles and Equip. - Police Department	(124,921)	(21,288)	7,492	(138,717)
Vehicles and Equip. - Fire Department	(476,117)	(41,414)	-	(517,531)
Vehicles and Equip. - Culture and Recreation	(16,224)	(6,818)	-	(23,042)
Total Accumulated Depreciation	(3,214,392)	(435,665)	84,227	(3,565,830)
Governmental Activities Capital Assets, Net	\$ 5,737,987	186,374	(49,081)	5,875,280
Business-Type Activities				
Land	\$ 1,550	-	-	1,550
Construction in Progress	125,389	2,171,434	-	2,296,823
Office Equipment	16,253	-	-	16,253
Buildings and Buildings Improvements	399,703	-	-	399,703
Vehicles and Equipment	607,025	-	-	607,025
Collection and Treatment System	3,775,250	-	-	3,775,250
Total	4,925,170	2,171,434	-	7,096,604
Less: Accumulated Depreciation				
Office Equipment	(15,612)	(108)	-	(15,720)
Buildings and Buildings Improvements	(258,450)	(12,202)	-	(270,652)
Vehicles and Equipment	(409,474)	(21,618)	-	(431,092)
Collection and Treatment System	(954,842)	(53,288)	-	(1,008,130)
Total Accumulated Depreciation	(1,638,378)	(87,216)	-	(1,725,594)
Business-Type Activities Capital Assets, Net	\$ 3,286,792	2,084,218	-	5,371,010

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(4) Capital Assets (continued)

Depreciation was charged as follows:

Governmental Activities:	
General government	\$ 21,781
Highways and streets	323,585
Public safety	75,789
Culture and recreation	14,510
	\$ 435,665

(5) Internal Balances

Internal balances at June 30, 2016 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ -	1,217,010
Town Roads Fund	-	31,573
Other Governmental Funds	1,291,794	-
Sewer Fund	-	39,431
Agency Fund - Tax Sale Fund	22,043	-
Agency Fund - Health Care Flex Plan Fund	-	25,823
Total	\$ 1,313,837	1,313,837

Internal transfers for the year ended June 30, 2016 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Cemetery Fund	\$ 38,000	Annual contribution
General Fund	Playground Capital	1,000	Annual contribution
General Fund	Memorial Hall Capital Fund	25,000	Annual contribution
General Fund	Fire Department Equipment Fund	150,000	Annual contribution
General Fund	Library Capital Reserve Fund	12,000	Annual contribution
General Fund	Town Hall Capital Fund	5,000	Annual contribution
Town Roads Fund	Bridge Rehabilitation Fund	25,000	Annual contribution
Town Roads Fund	Town Road Equipment Fund	200,000	Annual contribution
Tax Fund	General Fund	38,000	Fund appropriations
Sewer	General Fund	4,750	Administrative fee
		\$ 498,750	

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

Bonds payable:

General obligation bonds payable, secured by the general revenue raising powers of the Town, consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Principal Due within One Year
Governmental Activities					
Bond Payable, Vermont Municipal Bond Bank, Town Garage Construction, Interest Ranging from 0.804% to 3.514% Payable May and November, Annual Principal Payments of \$35,000 Beginning November 2012, Due November 2021.	\$ 235,000	-	(35,000)	200,000	35,000
Total Governmental Activities	\$ 235,000	-	(35,000)	200,000	35,000
Business-type Activities					
Loan Payable, Vermont Municipal Bond Bank, Preliminary Engineering for Wastewater Treatment Facility Upgrade, 0% Interest, annual principal payments beginning November 2019, Due November 2023. Total loan available \$135,500, \$134,735 drawn down as of June 30, 2016.	\$ 90,401	44,334	-	134,735	-
Bond Anticipation Note Payable, Peoples United Bank, N.A., 1.20% Interest, due June 17, 2016.	1,597,000	-	(1,597,000)	-	-
USDA Rural Development Loan, 2.25% interest, payable in semi- annual installments of \$36,747 including principal and interest, due June 15, 2046.	-	1,597,000	-	1,597,000	37,773
Total Business-type Activities	\$ 1,687,401	1,641,334	(1,597,000)	1,731,735	37,773

The loan payable to Vermont Municipal Bond Bank in the amount of \$134,735 was paid off on December 29, 2016 and is therefore not reflected in the maturities schedule that follows.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(6) Long-term Liabilities (continued)

Maturities of bonds and notes payable are as follows:

Year ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 35,000	5,301	40,301	37,773	35,721	73,494
2018	35,000	4,529	39,529	38,627	34,867	73,494
2019	35,000	3,620	38,620	39,501	33,993	73,494
2020	35,000	2,593	37,593	40,395	33,099	73,494
2021	30,000	1,553	31,553	41,309	32,185	73,494
2022-2026	30,000	527	30,527	220,997	146,473	367,470
2027-2031	-	-	-	247,156	120,314	367,470
2032-2036	-	-	-	276,412	91,058	367,470
2037-2041	-	-	-	309,131	58,339	367,470
2042-2046	-	-	-	345,699	21,748	367,447
	\$ 200,000	18,123	218,123	1,597,000	607,797	2,204,797

(7) Governmental Fund Balances/Net Assets

At June 30, 2016 the town's fund balances were nonspendable, restricted, committed or assigned as follows:

Special Revenue Fund, Nonspendable:		
Davenport Legacy Fund		\$ <u>426</u>
Town Road Fund, Restricted:		
Highway Expenditures		\$ <u>-</u>
Special Revenue Fund, Restricted:		
Maintenance of Cemeteries		\$ 85,967
Restoration and Preservation of Municipal records		47,168
FEMA Expenditures		43,903
Beautification Donations		<u>2,240</u>
Total special revenue funds, restricted		\$ <u>179,278</u>
Capital Projects Fund, Restricted:		
Energy Efficient Improvements Grants		\$ <u>8,718</u>
Total restricted fund balances		\$ <u>187,996</u>
Special Revenue Fund, Committed:		
Police Officer Salary Fund		\$ 5,647
Housing and Economic Development		<u>690,131</u>
Total special revenue fund, committed		\$ <u>695,778</u>
Capital Projects Fund, Committed:		
Memorial Hall Maintenance and Improvement		\$ <u>17,719</u>
Total committed fund balances		\$ <u>713,497</u>

continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(7) Governmental Fund Balances/Net Assets (continued)

General Fund, Assigned:	
Animal Control	\$ 18,658
Town Trails	406
Green Mountain Beach	3,607
Playground	7,423
Revenue Sharing	987
Total general funds, assigned	<u>\$ 31,081</u>
Special Revenue Fund, Assigned:	
Cemetary Fund	\$ 18,849
Reappraisal Fund	1
Police Department	7
Town Gathering Place	965
Revolving Loan Fund	15,442
Total special revenue fund, assigned	<u>\$ 35,264</u>
Capital Projects Fund, Assigned:	
Dry Hydrant Grant	\$ 1,871
Town Hall	15,532
School Field	1,023
Town Road Equipment	229,301
Fire House	10,609
Fire Department Equipment	310,956
Library Capital Reserve Fund	37
Housing Capital Reserve Fund	2,728
Total capital project funds, assigned	<u>\$ 572,057</u>
Total assigned fund balances	<u><u>\$ 638,402</u></u>

(8) Benefit Plans

All employees of the Town of Wilmington are covered under the State of Vermont Municipal Employees' Retirement System. This system requires that both the Town and employee contribute to the plan which provides retirement, disability and death benefits. All employees contribute to Plan B which requires withholdings of 4.875% of gross wages from each employee. The Town contributes 5.50% to Plan B.

The Town of Wilmington pays all costs accrued each year for the plan. The premise of this plan is to provide a retirement plan covering municipal employees at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in this plan is done in the aggregate, not by municipality. Due to the nature of this pension plan, net assets available for benefits as well as the present value of vested and nonvested plan benefits by municipality are not available.

Total payroll for the year was \$1,421,552 while covered payroll by the Plan was \$1,315,382. The Town's contribution to the plan for the year ending June 30, 2016 was \$71,695.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(8) Benefit Plans (continued)

Additional information regarding the State of Vermont Municipal Employees' Retirement System is available upon request from the State of Vermont.

The Town administers a Section 125 cafeteria plan for all full time employees. The plan allows employees to pay for health related expenses and life insurance premiums pre-tax and pre-social security.

The Town also offers its employees a deferred compensation plan through the State of Vermont in accordance with Internal Revenue Code Section 457. The plan permits employees to defer up to 100% of their current salary (not to exceed Internal Revenue Service limits) until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All of the investments are self-directed by each employee. The plan is administered by Great West Life and Annuity Insurance Company.

(9) Property Taxes

Taxes are payable in two installments which were due for the 2015-2016 fiscal year on August 19, 2015 and February 24, 2016. Interest of 1% for three (3) months and 1-½% thereafter with an 8% penalty is charged for delinquent payments for each installment. The tax rate for the year is as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	0.5022	0.4493
Education - Local Share	1.7573	1.4877
Total	<u>2.2595</u>	<u>1.9370</u>

(10) Risk Management

The Town of Wilmington is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Town must remain a member for the minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. The Town paid no unemployment claims during fiscal year 2016.

(11) Windham Solid Waste District

The Town is a participating member of the Windham Solid Waste District. The Town could be subject to a portion of the District's debt if the District experiences financial difficulties.

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(12) Contingent Liabilities

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources

Pension Plan Description and Benefits Provided

A detailed description of the Vermont Municipal Employees Retirement System (VMERS) is included in Note 8 to the financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Town reported the following liability for its proportionate share of the net pension liability for VMERS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportion of the net liability was based on a projection of the Town's long-term share of contributions to VMERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by VMERS reports provided to the Town.

Actuarial valuation date	June 30, 2015
Town of Wilmington's portion of the Plan's	
Total net pension liability	\$ 379,287

For the year ended June 30, 2016, the Town recognized pension expense of \$101,282. At June 30, 2016 the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 73,276	-
Changes in assumptions	75,535	
Difference between expected and actual experience	11,989	
Changes in proportion and differences between Town contributions and proportionate share of contributions	17	1,592
Town contributions subsequent to the measurement date	71,695	-
	<u>\$ 232,512</u>	<u>1,592</u>

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)

The Town’s contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2018	31,155
June 30, 2019	31,155
June 30, 2020	65,760
Thereafter	-
	\$ 159,225

Significant Actuarial Assumptions and Methods

Interest Rate: A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year:

Year 1	6.25%	Year 10	8.50%
Year 2	6.75%	Year 11	8.50%
Year 3	7.00%	Year 12	8.50%
Year 4	7.50%	Year 13	8.50%
Year 5	7.75%	Year 14	8.50%
Year 6	8.25%	Year 15	8.50%
Year 7	8.25%	Year 16	8.75%
Year 8	8.25%	Year 17	
Year 9	8.50%	and later	9.00%

Salary Increases: 5% per year

Deaths:

Active participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females

Non-disabled retirees and terminated vested participants – The 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females

Disabled retirees – RP-2000 Disabled Life Tables

Beneficiaries – 1995 Buck Mortality Tables for males and females

Spouse’s Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants:

Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)
Significant Actuarial Assumptions and Methods (continued)

Actuarial Cost Method: Entry Age Normal - Level Percentage of Pay.

Asset Valuation Method: Invested assets are reported at fair value.

Note - For funding purposes - A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%. (Not for GASB 68)

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Long-Term Expected Rate of Return:

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	31.50%	8.61%
Fixed Income	33.00%	1.91%
Alternatives	15.50%	6.93%
Multi-strategy	20.00%	4.88%

Discount Rate

The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(13) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)

Significant Actuarial Assumptions and Methods (continued)

The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

1% Decrease (6.95%)	Discount Rate (7.95%)	1% Increase (8.95%)
\$ 757,601	\$ 379,287	\$ 62,152

(14) Prior Period Adjustment

A prior period adjustment has been recorded to correct the balance of notes payable reported in the Sewer Fund as of June 30, 2015. Advances received on a note payable were recorded as revenue rather than increasing the balance of notes payable. The correction decreases the opening net position in the Sewer Fund by \$88,316 and increases notes payable as of June 30, 2015 by the same amount.

(15) Subsequent Events

The Town has evaluated subsequent events through March 9, 2017, the date on which the financial statements were available to be issued.

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tax Collections	\$ 2,054,778	1,978,082	(76,696)
Delinquent Taxes - Interest	44,000	54,900	10,900
Delinquent Taxes - Penalty	54,300	50,190	(4,110)
Miscellaneous Grants	20,000	80,094	60,094
Municipal Planning Grant	15,000	6,575	(8,425)
Glebe Land	25,500	24,706	(794)
Licenses	2,800	3,317	517
Zoning Fees	25,200	27,419	2,219
Permit Recording Fee	400	408	8
Land Sale/Redemptions	10,000	9,572	(428)
Miscellaneous Administrative	100	100	-
Miscellaneous Income	-	1,771	1,771
Act 60 Grand List Administrative	3,200	3,126	(74)
PILOT Payment	8,000	10,111	2,111
State Education Fund	19,200	22,292	3,092
Listers Income	415	-	(415)
Reappraisal - State/Parcel Payment	30,000	26,571	(3,429)
Land Use	31,700	32,782	1,082
Administrative WWTP	4,750	4,750	-
Town Clerk Fees	32,500	37,331	4,831
Surplus	102,000	-	(102,000)
Police Department:			
Fees and Fines	48,000	27,472	(20,528)
Sale of Cruiser	4,000	4,001	1
Miscellaneous	500	14,199	13,699
Outside Employment	12,000	10,375	(1,625)
Alarm Registration Fees	2,600	4,326	1,726
DUI Enforcement Grant	-	2,309	2,309
Governor's Highway Safety Grant	-	10,270	10,270
Fire Department:			
Town of Searsburg	16,798	16,798	-
Somerset	2,000	3,000	1,000
Miscellaneous	400	-	(400)

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts (continued):			
Metal Recycling	\$ 2,800	-	(2,800)
Landfill User Fees	71,500	72,528	1,028
Library Repayment	2,265	3,551	1,286
MHS Fees	650	865	215
Memorial Hall Rent	1,000	2,500	1,500
Memorial Hall Event Donations	1,800	735	(1,065)
Investment Income	8,500	7,485	(1,015)
Total cash receipts	<u>2,658,656</u>	<u>2,554,511</u>	<u>(104,145)</u>
Cash Disbursements:			
Town Officers:			
Moderator, Election Officials, Ballots	1,750	795	955
Selectboard	6,300	6,300	-
	<u>8,050</u>	<u>7,095</u>	<u>955</u>
Town Clerk:			
Salary	45,244	45,244	-
Assistant	31,868	31,869	(1)
Supplies and Postage	1,800	550	1,250
Training	1,500	1,606	(106)
Taping Town Meeting	600	600	-
Recording Supplies	2,200	1,500	700
Copier/Computer/Office Furniture	1,900	1,602	298
Election Supplies/Postage	100	79	21
Animal Rabies Control Supplies	400	400	-
Vote Tabulator	1,500	1,007	493
Digitization Grant	-	53,801	(53,801)
	<u>87,112</u>	<u>138,258</u>	<u>(51,146)</u>
Treasurer:			
Town Treasurer Salary	4,355	4,355	-
Finance Officer	48,255	48,255	-
	<u>52,610</u>	<u>52,610</u>	<u>-</u>

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Listers:			
Assistant Salary	\$ 49,020	49,099	(79)
Lister Training	250	125	125
Lister's Salary/Expense	15,000	14,451	549
Mapping	5,000	4,219	781
Grievance Costs	5,000	3,135	1,865
Yearly Grand List Maintenance	25,000	31,250	(6,250)
Reappraisal Contract - GM	-	1,225	(1,225)
Appraisal Supplies/Computer	2,000	168	1,832
Reappraisal - Commercial - Everett	10,000	1,200	8,800
	<u>111,270</u>	<u>104,872</u>	<u>6,398</u>
Town Manager:			
Salaries	75,854	75,854	-
Town Manager Expenses	1,000	425	575
Postage and Supplies	5,300	4,257	1,043
Official Meeting Expense	225	90	135
Mileage	1,000	1,820	(820)
	<u>83,379</u>	<u>82,446</u>	<u>933</u>
Administration:			
Administrative Secretary	36,354	36,422	(68)
Zoning Administrator	43,497	43,333	164
Receptionist	18,540	1,619	16,921
Reconciliation Analyst	250	197	53
Ads Non-Zoning	650	457	193
Computer Support/Equipment	6,000	2,823	3,177
Telephone	6,100	5,908	192
Tax Bills	4,500	3,585	915
Tax Sales	1,000	-	1,000
Training	1,500	1,192	308
Copier	3,000	3,807	(807)
Dog Warden Salary/Expense	-	744	(744)
Zoning Training/Expense	500	2,005	(1,505)
Zoning Advertising	800	434	366
Zoning Postage	100	164	(64)
	<u>122,791</u>	<u>102,690</u>	<u>20,101</u>

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Police Department:			
Chief's Salary	\$ 69,077	69,077	-
Sworn Payroll	199,220	145,672	53,548
Part-time Payroll	6,000	27,539	(21,539)
Dispatcher	55,000	66,614	(11,614)
Overtime	22,000	30,158	(8,158)
Outside Employment	14,500	14,660	(160)
Cruiser Replacement	29,750	61,709	(31,959)
Cruiser Operation	26,500	19,313	7,187
Photo Equipment	100	-	100
Uniform Purchase	2,000	1,676	324
Uniform Maintenance	1,400	725	675
Firearm Ammunition	950	970	(20)
Radar	600	415	185
Telephone	5,000	5,886	(886)
Postage	350	284	66
Office Supplies	1,200	1,447	(247)
Office Equipment	250	485	(235)
Equipment Maintenance	2,500	6,467	(3,967)
Computer Hardware and Software	750	-	750
Statewide Record Database	8,000	9,349	(1,349)
Copier	1,600	1,662	(62)
Inservice Training	2,000	1,551	449
Training Aids and Materials	500	428	72
Community Awareness	150	357	(207)
Radio Maintenance	1,500	-	1,500
Equipment Replacement	2,500	3,115	(615)
Association Fees	250	180	70
Chief's Expense	400	492	(92)
Police Department Safety Compliance	250	26	224
Investigation Costs	750	551	199
Brattleboro Lockup	900	1,758	(858)
PD Alarm	300	300	-
Towing	200	500	(300)
GHS Equipment Grant	-	6,108	(6,108)
Applicant Advertising	100	1,123	(1,023)
Asset Forfeiture Purchase	750	-	750
CDBG Grant PD/FD Relocation	-	55	(55)
	<u>457,297</u>	<u>480,652</u>	<u>(23,355)</u>

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Fire Department:			
Chief's Salary	\$ 51,661	51,661	-
Assistant Chief's Salary	2,122	2,122	-
Labor	30,000	29,998	2
Officer's Salary	2,060	2,060	-
Emergency Op Center Personnel	750	-	750
Electricity	2,475	2,132	343
Telephone	2,525	2,541	(16)
Fire Fighter's Association	700	688	12
Administration	1,900	2,949	(1,049)
Training	3,750	2,814	936
Radio Maintenance	2,500	-	2,500
Code Compliance	500	24	476
Air Packs	5,600	5,285	315
Water Rent	1,000	1,104	(104)
Sewer Rent	350	355	(5)
Fire Alarm	250	148	102
Truck Maintenance	8,000	13,582	(5,582)
Gas and Oil	2,000	2,473	(473)
Building Maintenance	3,000	2,745	255
Extinguisher Recharge	275	194	81
Equipment (New & Replacement)	4,000	3,036	964
Helmet/Boot/Coat	4,500	6,210	(1,710)
Hose	1,200	1,315	(115)
Foam	350	648	(298)
Heating Oil	5,250	4,016	1,234
Fire Prevention Education	250	-	250
Travel Expense	1,800	1,173	627
Dispatch Assessment Wilmington	39,152	39,842	(690)
Dispatch Assessment Searsburg	5,242	5,279	(37)
	<u>183,162</u>	<u>184,394</u>	<u>(1,232)</u>
Insurance:			
Employment Practices	5,700	7,046	(1,346)
Liability/Property/Auto	55,000	46,692	8,308
Public Officials Liability	3,200	2,945	255
Firemen's Disability	1,250	1,177	73
Worker's Compensation	27,000	41,312	(14,312)
	<u>92,150</u>	<u>99,172</u>	<u>(7,022)</u>

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Green Mountain Beach:			
Green Mountain Beach Mowing	\$ 1,100	645	455
Maintenance and Improvement	5,500	4,010	1,490
Toilets	1,500	440	1,060
	<u>8,100</u>	<u>5,095</u>	<u>3,005</u>
Health and Social Services:			
Town Nurse	14,708	15,261	(553)
Council on Aging	350	350	-
Hospice	113	113	-
Morningside	75	75	-
Health Care & Rehabilitation	155	155	-
R.S.V.P	200	200	-
Windham County Youth Service	300	300	-
Women's Crisis Center	750	-	750
Visiting Nurse Alliance	5,562	5,562	-
Gathering Place	250	-	250
SEVCA	1,000	1,000	-
Deerfield Valley Community Care	1,550	1,550	-
Windham County Humane Society	250	250	-
DV Food Pantry	1,500	1,500	-
Windham County Reads	750	750	-
Kids Country Day Care	3,685	3,685	-
DV Community Partnership	2,500	2,500	-
Pool Learning Center	2,500	2,500	-
Housing Grant	-	72	(72)
	<u>36,198</u>	<u>35,823</u>	<u>375</u>
Employee Benefits:			
Social Security	65,000	72,767	(7,767)
Health Care	250,000	214,978	35,022
Disability/Life Insurance	5,500	3,897	1,603
Retirement	40,000	43,886	(3,886)
Employment Security	500	190	310
Uniforms	-	(21)	21
	<u>361,000</u>	<u>335,697</u>	<u>25,303</u>
Grounds Keeper:	<u>7,103</u>	<u>6,668</u>	<u>435</u>

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Landfill:			
Operator	\$ 34,967	36,188	(1,221)
Management District Assessment	25,924	25,923	1
Electricity	1,350	1,131	219
Telephone	550	1,131	(581)
Post Closure Expense	2,700	5,635	(2,935)
Tire Recycling	750	561	189
Disposal & Containers	60,000	62,074	(2,074)
Maintenance/Improvements/Supplies	1,000	675	325
Miscellaneous	-	1,187	(1,187)
	<u>127,241</u>	<u>134,505</u>	<u>(7,264)</u>
Legal and Professional Fees:	<u>30,000</u>	<u>38,147</u>	<u>(8,147)</u>
Memorial Hall:			
Electricity	1,300	1,422	(122)
Water Rent	1,200	929	271
Sewer Rent	650	710	(60)
Maintenance	2,400	2,955	(555)
Grounds	800	862	(62)
Heat	5,500	1,153	4,347
Fire Alarm	1,000	973	27
Insurance	1,800	2,794	(994)
Cleaning/Janitorial	700	606	94
Advertising	6,000	-	6,000
VT Arts Council - MH	-	48,362	(48,362)
	<u>21,350</u>	<u>60,766</u>	<u>(39,416)</u>
Planning Commission:			
Municipal Planning Grant	-	13,368	(13,368)
Windham Region	3,500	3,478	22
Zoning Rewrite	-	2,619	(2,619)
Manuals	50	78	(28)
Public Notice	200	425	(225)
Postage	50	-	50
Training Expenses	300	-	300
	<u>4,100</u>	<u>19,968</u>	<u>(15,868)</u>

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Library:			
Library	\$ -	513	(513)
Library Appropriation	109,500	109,500	-
	<u>109,500</u>	<u>110,013</u>	<u>(513)</u>
Memorial Day:	<u>400</u>	<u>-</u>	<u>400</u>
Recreation Commission:			
Elementary Program Director	2,500	1,875	625
Elementary Counselors	2,446	2,446	-
MHS Program Directors	3,200	3,281	(81)
MHS Counselors	2,600	2,486	114
Elementary Programs	750	750	-
MHS Supplies	500	500	-
Deerfield Valley Farmers Day Association	4,425	3,278	1,147
Fireworks	8,750	6,500	2,250
Portable Toilets	3,200	1,980	1,220
Green-Up Day	75	36	39
Beautification Committe	2,932	1,634	1,298
Flowers/Barrels	17,600	16,440	1,160
Tennis Courts	500	264	236
Valley Youth Sports	7,000	7,000	-
Trails Expenditures	-	7,712	(7,712)
Playground Park	-	4,192	(4,192)
	<u>56,478</u>	<u>60,374</u>	<u>(3,896)</u>
Town Hall:			
Electricity	7,500	7,260	240
Heat	8,200	5,387	2,813
Supplies	1,500	668	832
Fire Alarm	900	1,390	(490)
Water Rent	1,500	1,221	279
Sewer Rent	900	940	(40)
Maintenance	5,500	2,517	2,983
Elevator	2,100	2,269	(169)
Janitorial and Carting	6,600	6,492	108
	<u>34,700</u>	<u>28,144</u>	<u>6,556</u>

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - General Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Selectpersons Contingency:			
Grant Matching Funds	\$ 75,000	33,786	41,214
Miscellaneous	3,000	1,521	1,479
Economic Development	52,500	48,093	4,407
	<u>130,500</u>	<u>83,400</u>	<u>47,100</u>
Other			
Street Lights	12,000	14,108	(2,108)
Taxes - County Court	35,200	44,119	(8,919)
Town Reports	3,150	1,228	1,922
Vermont League of Cities and Towns Dues	2,982	2,982	-
Wilmington School District	200,000	200,000	-
Wilmington Water District	5,600	5,600	-
WWD Merger/Acquisition	2,500	-	2,500
Web Sites	800	979	(179)
Garage Bond	40,933	40,932	1
Town Hall Capital Fund	5,000	5,000	-
Transfer to Cemetery Fund	38,000	38,000	-
Library Capital	12,000	12,000	-
Memorial Hall Fund Capital Transfer	25,000	25,000	-
Playground Capital	1,000	1,000	-
Fire Department Equipment	150,000	150,000	-
	<u>534,165</u>	<u>540,948</u>	<u>(6,783)</u>
Total cash disbursements	<u>2,658,656</u>	<u>2,711,737</u>	<u>(53,081)</u>
Excess (deficiency) of cash receipts over cash disbursements	<u>\$ -</u>	<u>(157,226)</u>	<u>(157,226)</u>

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - Town Roads Fund
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tax Collections	\$ 1,367,098	1,367,098	-
State Aid	137,000	136,970	(30)
Grant Income	2,500	102,851	100,351
Permits	450	180	(270)
Interest Income	800	291	(509)
Other	900	1,032	132
Surplus	100,000	-	(100,000)
Total cash receipts	<u>1,608,748</u>	<u>1,608,422</u>	<u>(326)</u>
Cash Disbursements:			
Salaries and Employee Benefits			
Salaries and Wages	385,198	389,110	(3,912)
Unscheduled Overtime	36,000	13,308	22,692
Social Security	32,300	26,928	5,372
Health Insurance	165,000	158,848	6,152
Disability Insurance	2,900	2,202	698
Retirement	22,600	22,101	499
Uniforms	3,000	2,990	10
Workers Comp	23,000	34,030	(11,030)
	<u>669,998</u>	<u>649,517</u>	<u>20,481</u>
Materials			
Culverts	15,000	14,471	529
Chloride	24,000	28,628	(4,628)
Gravel/Stone/Fabric-Misc	100,000	104,637	(4,637)
Resurfacing	200,000	194,838	5,162
Salt	63,900	65,611	(1,711)
Sand	70,000	57,164	12,836
Snow Removal	36,000	16,051	19,949
Signs	2,200	4,020	(1,820)
Crack Sealing	3,000	3,500	(500)
Stabilization/Fabric/Hay	2,000	2,282	(282)
	<u>516,100</u>	<u>491,202</u>	<u>24,898</u>

(continued)

TOWN OF WILMINGTON, VERMONT
Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Balance (Modified Cash Basis) -
Budget and Actual - Town Roads Fund (Continued)
Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Equipment			
Maintenance to Equipment	\$ 57,000	53,560	3,440
Fuel	77,000	43,837	33,163
Rental/Contracted	5,000	2,590	2,410
Training	500	90	410
	<u>139,500</u>	<u>100,077</u>	<u>39,423</u>
Garage			
Electricity	2,900	2,803	97
Tools & Supplies	19,900	21,498	(1,598)
Personal Protective Equip	1,500	1,503	(3)
Telephone	2,100	1,670	430
Insurance - Vehicles/Bldg	21,000	22,292	(1,292)
Computer/Office Supplies	150	254	(104)
Sewer Rent	900	479	421
Bldg/Maint/Improvements	1,500	3,265	(1,765)
Fire Alarm	900	-	900
Heating	6,500	2,291	4,209
Pagers	800	756	44
	<u>58,150</u>	<u>56,811</u>	<u>1,339</u>
Miscellaneous			
Bridge Rehab CH	25,000	25,000	-
Sidewalk Study TAP TA14	-	1,533	(1,533)
Better Back Roads Grant	-	590	(590)
Class II Paving Grant	-	122,608	(122,608)
TRE Appropriation	200,000	200,000	-
	<u>225,000</u>	<u>349,731</u>	<u>(124,731)</u>
Total cash disbursements	<u>1,608,748</u>	<u>1,647,338</u>	<u>(38,590)</u>
Excess of cash disbursements over cash receipts	\$ <u>-</u>	<u>(38,916)</u>	<u>(38,916)</u>

TOWN OF WILMINGTON, VERMONT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Schedule 3

<u>Federal Grant/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Water and Waste Disposal Systems for Rural Communities	10.760	RUS Loan	\$ 1,597,000
Water and Waste Disposal Systems for Rural Communities	10.760	RUS Grant	<u>344,309</u>
Total U.S. Department of Agriculture			<u>1,941,309</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Vermont Agency of Commerce and Community Development			
Community Development Block Grants/State's Program	14.228	07110-DR-PG-2012-Wilming-00029	<u>53,750</u>
Total U.S. Department of Housing and Urban Development			<u>53,750</u>
<u>United States Department of Transportation</u>			
Passed through Vermont Department of Public Safety:			
<u>National Highway Traffic Safety Administration</u>			
State and Community Highway Safety	20.600	08100-GR0803	3,874
State and Community Highway Safety	20.600	08100-GR0958	3,007
State and Community Highway Safety	20.600	08100-GR0841	6,450
State and Community Highway Safety	20.600	TAD TA 14(10)	<u>1,533</u>
Total U.S. Department of Transportation			<u>14,864</u>
<u>United States Environmental Protection Agency</u>			
Passed through Vermont Agency of Natural Resources:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	06140-RF1-176	<u>213</u>
Total U.S. Environmental Protection Agency			<u>213</u>
Total Expenditures of Federal Awards			<u>\$ 2,010,136</u>



**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Select Board
Town of Wilmington, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Wilmington, Vermont, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Town of Wilmington, Vermont's basic financial statements, and have issued our report thereon dated March 9, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Wilmington, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Wilmington, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Wilmington, Vermont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Wilmington, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Love, Cody & Company, CPAs, P.C.

March 9, 2017

Vt. Reg. #357

Love, Cody & Company, CPAs



**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance**

The Select Board
Town of Wilmington, Vermont

Report on Compliance for Each Major Federal Program

We have audited the Town of Wilmington, Vermont's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Wilmington, Vermont's major federal programs for the year ended June 30, 2016. Town of Wilmington, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Wilmington, Vermont's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Wilmington, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Wilmington, Vermont's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Wilmington, Vermont, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Town of Wilmington, Vermont, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Wilmington, Vermont's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Wilmington, Vermont's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Love, Cody & Company, CPAs, P.C.

March 9, 2017

Vt. Reg. #357

Love, Cody & Company, CPAs

TOWN OF WILMINGTON, VERMONT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		<u>Unmodified</u>	
Internal control over financial reporting:			
Material weakness(es) identified?		<u> </u>	<u> </u>
	yes	no	X no
Significant deficiency(ies) identified?		<u> </u>	<u> </u>
	yes	no	X none reported
Noncompliance material to financial statements noted?		<u> </u>	<u> </u>
	yes	no	X no

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?		<u> </u>	<u> </u>
	yes	no	X no
Significant deficiency(ies) identified?		<u> </u>	<u> </u>
	yes	no	X none reported

Type of auditor's report issued on compliance for major programs		<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?		<u> </u>	<u> </u>
	yes	no	X no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold to distinguish between type A and type B programs:		\$750,000	
Auditee qualified as low-risk auditee?		<u> </u>	<u> </u>
	yes	no	X no

Section II - Financial Statement Findings

No findings identified.

Section III - Federal Award Findings and Questioned Costs

No findings or questioned costs identified.