

TOWN OF WILMINGTON, VERMONT

Financial Statements and Schedules

June 30, 2017

(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, 2017, 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, 2017, 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 3-8 and 36-46, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2018 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.

April 16, 2018

Vt. Reg. #357

Love, Cody & Company, CPAs

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2017**

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, 2017. 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 \$11,102,259 at June 30, 2017, a decrease of \$83,759 from last year.
- Net position of the governmental activities amounted to \$7,173,081, while net position attributable to business-type activities was \$3,929,178.

Fund financial statements:

- The Town's governmental funds reported total fund balances of \$1,906,237. The general fund ended the fiscal year with a fund balance of \$37,408, of which \$4,929 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, 2017**

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 Statements	Fund Financial 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, 2017**

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, 2017 and 2016 and the Statements of Activities for the years then ended.

Government-Wide Statements

The Town's combined net position decreased by \$83,759 to \$11,102,259 at June 30, 2017. 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,947	1,848	143	176	2,090	2,024
Capital assets	6,299	5,875	5,345	5,371	11,644	11,246
Total assets	<u>8,246</u>	<u>7,723</u>	<u>5,488</u>	<u>5,547</u>	<u>13,734</u>	<u>13,270</u>
Deferred outflows of resources	386	232	-	-	386	232
Total assets and deferred outflows	<u>8,632</u>	<u>7,955</u>	<u>5,488</u>	<u>5,547</u>	<u>14,120</u>	<u>13,502</u>
Current liabilities	215	38	39	173	254	211
Long-term liabilities	1,238	544	1,520	1,559	2,758	2,103
Total liabilities	<u>1,453</u>	<u>582</u>	<u>1,559</u>	<u>1,732</u>	<u>3,012</u>	<u>2,314</u>
Deferred inflows of resources	6	2	-	-	6	2
Total liabilities and deferred inflows	<u>1,459</u>	<u>584</u>	<u>1,559</u>	<u>1,732</u>	<u>3,018</u>	<u>2,316</u>
Net position:						
Invested in capital assets, net of debt	5,500	5,675	3,786	3,639	9,286	9,314
Restricted	147	189	-	-	147	189
Unrestricted	1,526	1,507	143	176	1,669	1,683
Total net position	<u>\$ 7,173</u>	<u>7,371</u>	<u>3,929</u>	<u>3,815</u>	<u>11,102</u>	<u>11,186</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 million at June 30, 2017 and 2016. 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, 2017, net assets of \$147 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, 2017**

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 297	287	334	279	631	566
Grants and contributions	216	362	319	205	535	567
General revenues:						
Property taxes	3,431	3,329	-	-	3,431	3,329
Other general revenues	730	761	-	18	730	779
Total revenues	<u>4,674</u>	<u>4,739</u>	<u>653</u>	<u>502</u>	<u>5,327</u>	<u>5,241</u>
Program expenses:						
General government	1,704	1,449	-	-	1,704	1,449
Highways and roads	1,969	2,131	-	-	1,969	2,131
Public safety	849	725	-	-	849	725
Culture and recreation	185	204	-	-	185	204
Cemeteries	43	34	-	-	43	34
Solid waste disposal	123	134	-	-	123	134
Interest on long-term debt	4	6	-	-	4	6
Sewer	-	-	534	337	534	337
Total expenses	<u>4,877</u>	<u>4,683</u>	<u>534</u>	<u>337</u>	<u>5,411</u>	<u>5,020</u>
Excess (deficiency) before transfers and adjustments	(203)	56	119	165	(84)	221
Transfers	5	5	(5)	(5)	-	-
Increase (decrease) in net position	<u>\$ (198)</u>	<u>61</u>	<u>114</u>	<u>160</u>	<u>(84)</u>	<u>221</u>

Net position of the Town's governmental activities (Table 2) decreased by approximately 3% or \$198 thousand as reported in Table 2 for the year ended June 30, 2017, including net operating transfers from business-type activities of \$4,750.

The net position related to business-type activities increased by approximately \$114 thousand for the year ended June 30, 2017.

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2017**

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

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,704	1,516	1,449	1,186
Highways and roads	1,969	1,817	2,131	1,891
Public safety	849	747	725	650
Culture and recreation	185	185	204	205
Cemeteries	43	43	34	34
Solid waste disposal	123	52	134	62
Interest on long-term debt	4	4	6	6
	<u>\$ 4,877</u>	<u>4,364</u>	<u>4,683</u>	<u>4,034</u>

The costs of providing governmental services (Table 3) amounted to approximately \$4.9 and \$4.7 million for the years ended June 30, 2017 and 2016, 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 \$4.4 and \$4.0 million for the years ended June 30, 2017 and 2016. 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)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land and antiques/art	\$ 253	253	2	2	255	255
Deposit on equipment	-	212	-	-	-	212
Construction in progress	315	-	-	2,297	315	2,297
Buildings and improvements	1,347	1,401	2,211	129	3,558	1,530
Infrastructure	2,030	2,216	-	-	2,030	2,216
Office equipment and software	72	83	17	-	89	83
Vehicles and equipment	2,282	1,710	254	176	2,536	1,886
Collection and treatment sys.	-	-	2,867	2,767	2,867	2,767
Totals	<u>\$ 6,299</u>	<u>5,875</u>	<u>5,351</u>	<u>5,371</u>	<u>11,650</u>	<u>11,246</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, 2017**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 165	200	135	135	300	335
Capital improvement note	444				444	-
USDA Rural Development	-	-	1,597	1,597	1,597	1,597
Totals	\$ 609	200	1,732	1,732	2,341	1,932

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

While the Town's financial position shows overall stability in its total net position, there are factors that may have an impact on our financial position and future tax rate. What is important to understand is the significant pressure placed on the General Fund when a big taxpayer falls into delinquency. Educational taxes billed must be paid when due, even though the tax collector may not have received them. Consider that the educational portion of the tax rate is about four-fifths of a typical tax bill. In general, the statutory mechanism in place is to take delinquent taxpayers to tax sale, which the town does annually to meet outstanding liabilities by June 30th, the end of our fiscal year. The result is that taxes, interest, penalties and attorney fees are paid through this legal process, so that the town is able to continue providing services (Police, Fire, Highway, Sewer, Zoning and Health, Listers, Finance and other general services).

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 Tucker, Town Manager
2 East Main Street
Wilmington, VT 05363

TOWN OF WILMINGTON, VERMONT
Statement of Net Position - Modified Cash Basis
June 30, 2017

Exhibit A

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 1,886,665	156,856	2,043,521
Investments	46,566	-	46,566
Internal balances	14,115	(14,115)	-
Capital assets:			
Land	252,077	1,550	253,627
Antiques and works of art	1,200	-	1,200
Construction in progress	314,732	-	314,732
Other capital assets, net of accumulated depreciation	5,730,819	5,344,114	11,074,933
Total assets	8,246,174	5,488,405	13,734,579
Deferred outflows of financial resources:			
VMERS pension plan	385,922	-	385,922
Total assets and deferred outflows of financial resources	\$ 8,632,096	5,488,405	14,120,501
Liabilities:			
Due to State of Vermont	\$ 3,492	-	3,492
Due to Fiduciary Funds	37,617	-	37,617
Capital lease obligation:			
Due within one year	50,173	-	50,173
Due in more than one year	139,614	-	139,614
Notes and bonds payable:			
Due within one year	123,800	38,627	162,427
Due in more than one year	485,200	1,520,600	2,005,800
Net pension liability	612,611	-	612,611
Total liabilities	1,452,507	1,559,227	3,011,734
Deferred inflows of financial resources:			
VMERS pension plan	6,508	-	6,508
Total liabilities and deferred inflows of financial resources	\$ 1,459,015	1,559,227	3,018,242
Net position:			
Invested in capital assets, net of related debt	\$ 5,500,041	3,786,437	9,286,478
Restricted	146,562	-	146,562
Unrestricted	1,526,478	142,741	1,669,219
Total net position	\$ 7,173,081	3,929,178	11,102,259

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Activities - Modified Cash Basis
June 30, 2017

Exhibit B

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Operating Grants and Contributions		Governmental Activities	Primary Government Business-type Activities		Total
		Charges for Services	Grants and Contributions		Capital Grants and Contributions		
Primary government:							
Governmental activities:							
General government	\$ 1,703,577	183,594	4,137	(1,515,846)	-	(1,515,846)	
Highways and roads	1,968,765	90	151,484	(1,817,191)	-	(1,817,191)	
Public safety	849,276	41,733	60,616	(746,927)	-	(746,927)	
Culture and recreation	184,414	-	-	(184,414)	-	(184,414)	
Cemeteries	43,174	-	-	(43,174)	-	(43,174)	
Solid waste disposal	123,269	71,436	-	(51,833)	-	(51,833)	
Interest on long-term debt	4,201	-	-	(4,201)	-	(4,201)	
Total governmental activities	4,876,676	296,853	216,237	(4,363,586)	-	(4,363,586)	
Business-type activities:							
Sewer	533,968	334,037	318,732	-	118,801	118,801	
Total business-type activities	533,968	334,037	318,732	-	118,801	118,801	
Total primary government	\$ 5,410,644	630,890	534,969	(4,363,586)	118,801	(4,244,785)	
General revenues:							
Property taxes				3,430,755	-	3,430,755	
Interest and penalties on delinquent taxes				176,690	-	176,690	
Payment in lieu of taxes				10,310	-	10,310	
Local options tax				322,241	-	322,241	
Investment earnings				14,044	155	14,199	
Miscellaneous				206,831	-	206,831	
Transfers				4,750	(4,750)	-	
Total general revenues and transfers				4,165,621	(4,595)	4,161,026	
Change in net position				(197,965)	114,206	(83,759)	
Net position - beginning				7,371,046	3,814,972	11,186,018	
Net position - ending				\$ 7,173,081	3,929,178	11,102,259	

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2017

	General Fund	Town Roads Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,709,119	-	177,546	1,886,665
Investments	-	-	46,566	46,566
Due from other funds	-	-	1,658,832	1,658,832
Total assets	\$ 1,709,119	-	1,882,944	3,592,063
Liabilities:				
Due to State of Vermont	\$ 3,492	-	-	3,492
Due to other funds	1,668,219	14,115	-	1,682,334
Total liabilities	1,671,711	14,115	-	1,685,826
Fund Balances:				
Nonspendable	\$ -	-	426	426
Restricted	-	-	146,136	146,136
Committed	-	-	1,173,982	1,173,982
Assigned	32,479	-	562,400	594,879
Unassigned	4,929	(14,115)	-	(9,186)
Total fund balances	37,408	(14,115)	1,882,944	1,906,237
Total liabilities and fund balances	\$ 1,709,119	-	1,882,944	3,592,063

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, 2017

Exhibit D

Total fund balances - governmental funds (from page 11)	\$ 1,906,237
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,298,828
Deferred outflows of financial resources related to pension activities are not recognized in the funds	385,922
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,411,398)
Deferred inflows of financial resources related to pension activities are not recognized in the funds	(6,508)
Net position of governmental activities (page 9)	<u>\$ 7,173,081</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, 2017

	General Fund	Town Roads Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 1,782,066	1,518,689	130,000	3,430,755
Penalties, interest and collection costs of delinquent taxes	176,690	-	-	176,690
Intergovernmental	288,736	151,484	347,860	788,080
Charges for services	115,835	-	-	115,835
Investment income	6,798	349	6,897	14,044
Licenses and permits	67,759	90	640	68,489
Other	4,792	255	70,009	75,056
Total revenues	2,442,676	1,670,867	555,406	4,668,949
Expenditures:				
General government	1,372,443	-	224,404	1,596,847
Highways and streets	193,340	1,453,409	-	1,646,749
Public safety	683,562	-	61,242	744,804
Culture and recreation	169,904	-	-	169,904
Cemeteries	-	-	43,174	43,174
Sanitation	123,269	-	-	123,269
Capital outlay:				
Highways and streets	-	-	514,935	514,935
Public safety	-	-	176,712	176,712
Debt service:				
Principal	35,000	-	-	35,000
Interest	4,201	-	-	4,201
Total expenditures	2,581,719	1,453,409	1,020,467	5,055,595
Excess (deficiency) of cash receipts over cash disbursements	(139,043)	217,458	(465,061)	(386,646)
Other financing sources (uses):				
Proceeds from long-term debt	-	-	444,000	444,000
Operating transfers in (out)	(191,483)	(200,000)	396,233	4,750
Total other financing sources (uses)	(191,483)	(200,000)	840,233	448,750
Net change in fund balances	(330,526)	17,458	375,172	62,104
Fund balance, July 1, 2016	367,934	(31,573)	1,507,772	1,844,133
Fund balance, June 30, 2017	\$ 37,408	(14,115)	1,882,944	1,906,237

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, 2017

Exhibit F

Net change in fund balances - total governmental funds (from page 13)	\$	62,104
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 capital outlays exceeded depreciation in the current period.		228,749
Issuance of long-term obligations is recorded as an other financing source in the governmental funds, but increases long-term liabilities in the statement of net assets		(444,000)
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.		5,012
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		(84,830)
Change in net assets of governmental activities (page 10)	\$	<u>(197,965)</u>

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Net Position - Modified Cash Basis
Proprietary Fund
June 30, 2017

	Sewer Fund
Assets:	
Current assets:	
Cash	\$ 156,856
Total current assets	156,856
Capital assets:	
Property, plant and equipment (net of accumulated depreciation)	5,345,664
Total non-current assets	5,345,664
Total assets	\$ 5,502,520
Liabilities:	
Due to other funds	\$ 14,115
Current portion of notes payable	38,627
	52,742
Notes payable, less current portion	1,520,600
Total liabilities	1,573,342
Net position:	
Invested in capital assets, net of related debt	3,786,437
Unrestricted	142,741
Total net position	3,929,178
Total liabilities and net position	\$ 5,502,520

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, 2017

	Sewer Fund
<i>Operating receipts:</i>	
Sewer rents	\$ 304,470
Penalties and interest on delinquents	8,003
Fees	21,564
Total operating receipts	334,037
<i>Operating disbursements:</i>	
Wages and benefits	174,187
Operations and Maintenance	37,090
Utilities	41,243
Depreciation	164,771
Total operating expenses	417,291
<i>Operating loss</i>	(83,254)
<i>Nonoperating receipts (disbursements):</i>	
USDA Grant	318,732
Interest income	502
Interest expense	(35,721)
Loss on disposal of asset	(81,303)
Total nonoperating receipts	202,210
<i>Income before transfers</i>	118,956
Transfers to General Fund	(4,750)
	(4,750)
<i>Change in modified cash basis net position</i>	114,206
<i>Total net position - beginning</i>	3,814,972
<i>Total net position - ending</i>	\$ 3,929,178

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2017

Exhibit I

	Health Trust Fund	Agency Funds
Assets:		
Cash	\$ 4,847	-
Deposits	9,060	-
Due from other funds	-	61,560
Total assets	\$ 13,907	61,560
Liabilities		
Due to taxpayers	\$ -	61,560
Due to other funds	23,943	-
Total liabilities	\$ 23,943	61,560
Fiduciary net position	\$ (10,036)	

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, 2017

	Health Trust Fund
Receipts:	
Employer contributions	\$ 31,879
Member contributions	7,050
Total receipts	38,929
Disbursements:	
Benefits paid	38,568
Administrative expense	72
Total disbursements	38,640
 Change in modified cash basis fiduciary net position	 289
Total net position - beginning	(10,325)
Total net position - ending	\$ (10,036)

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, 2017:

Cash:	
Deposits with Financial Institutions	\$ <u>2,048,368</u>
Investments:	
Certificates of Deposit	34,520
Money Market Mutual Funds	<u>12,046</u>
Total Investments	<u>46,566</u>
Total Cash and Investments	\$ <u><u>2,094,934</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:

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 616,190	\$ 579,450
Uninsured, Collateralized by U.S. Government Securities Held by the Bank's Trust Department with a Security Interest Granted to the Town	<u>1,466,698</u>	<u>1,588,731</u>
Total Cash and Certificates of Deposit	<u>\$ 2,082,888</u>	<u>\$ 2,168,181</u>

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	\$ 2,048,368
Investments - Certificates of Deposit	<u>34,520</u>
Total	<u>\$ 2,082,888</u>

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	\$ 252,077	-	-	252,077
Construction in Progress	-	314,732	-	314,732
Antiques and Works of Art	1,200	-	-	1,200
Deposit on equipment	211,523	-	(211,523)	-
Buildings	2,094,756	-	-	2,094,756
Infrastructure	3,382,396	-	-	3,382,396
Office Equipment and Software	218,730	-	-	218,730
Vehicles and Equip.- General	7,499	-	-	7,499
Vehicles and Equip. - Roads	1,838,412	494,490	(294,429)	2,038,473
Vehicles and Equip. - Police Department	246,816	-	-	246,816
Vehicles and Equip. - Fire Department	1,040,239	388,236	-	1,428,475
Vehicles and Equip. - Culture and Recreation	147,462	-	-	147,462
Vehicles and Equip. - Solid Waste Disposal	-	10,500	-	10,500
Total Assets	9,441,110	1,207,958	(505,952)	10,143,116
Less: Accumulated Depreciation				
Buildings	(693,714)	(53,885)	-	(747,599)
Infrastructure	(1,166,178)	(186,276)	-	(1,352,454)
Office Equipment and Software	(135,367)	(11,208)	-	(146,575)
Vehicles and Equip.- General	(4,749)	(603)	-	(5,352)
Vehicles and Equip. - Roads	(886,532)	(111,883)	184,440	(813,975)
Vehicles and Equip. - Police Department	(138,717)	(32,436)	-	(171,153)
Vehicles and Equip. - Fire Department	(517,531)	(59,350)	-	(576,881)
Vehicles and Equip. - Culture and Recreation	(23,042)	(6,818)	-	(29,860)
Vehicles and Equip. - Solid Waste Disposal	-	(438)	-	(438)
Total Accumulated Depreciation	(3,565,830)	(462,898)	184,440	(3,844,288)
Governmental Activities Capital Assets, Net	\$ 5,875,280	745,060	(321,512)	6,298,828
Business-Type Activities				
Land	\$ 1,550	-	-	1,550
Construction in Progress	2,296,823	220,729	(2,517,552)	-
Office Equipment	16,253	17,500	-	33,753
Buildings and Buildings Improvements	399,703	2,237,750	(256,355)	2,381,098
Vehicles and Equipment	607,025	97,950	-	704,975
Collection and Treatment System	3,775,250	164,352	-	3,939,602
Total	7,096,604	2,738,281	(2,773,907)	7,060,978
Less: Accumulated Depreciation				
Office Equipment	(15,720)	(808)	-	(16,528)
Buildings and Buildings Improvements	(270,652)	(79,335)	180,052	(169,935)
Vehicles and Equipment	(431,092)	(20,306)	-	(451,398)
Collection and Treatment System	(1,008,130)	(64,323)	-	(1,072,453)
Total Accumulated Depreciation	(1,725,594)	(164,771)	180,052	(1,710,313)
Business-Type Activities Capital Assets, Net	\$ 5,371,010	2,573,510	(2,593,855)	5,350,665

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(4) Capital Assets (continued)

Depreciation was charged as follows:

Governmental Activities:			
General government	\$	21,900	
Highways and streets		322,016	
Public safety		104,472	
Culture and recreation		14,510	
	\$	462,897	

(5) Internal Balances

Internal balances at June 30, 2017 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ -	1,668,219
Town Roads Fund	-	14,115
Other Governmental Funds	1,658,832	-
Sewer Fund	-	14,115
Agency Fund - Tax Sale Fund	61,560	-
Agency Fund - Health Care Flex Plan Fund	-	23,943
Total	\$ 1,720,392	1,720,392

Internal transfers for the year ended June 30, 2017 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Cemetery Fund	\$ 38,000	Annual contribution
General Fund	Playground Capital	2,000	Annual contribution
General Fund	Memorial Hall Capital Fund	20,000	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
General Fund	Bridge Rehabilitation Fund	100,000	Annual contribution
Town Roads Fund	Town Road Equipment Fund	200,000	Annual contribution
Community Devel.	General Fund	96,797	Fund appropriations
Tax Fund	General Fund	34,000	
Sewer	General Fund	4,750	Administrative fee
		\$ 662,547	

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2017 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.	\$ 200,000	-	(35,000)	165,000	35,000
Capital improvement note, People's United Bank, N. A., for bridge improvements, interest at 2.50% per annum, annual principal payments of \$88,800 beginning April 7, 2018, due April 7, 2022.	-	444,000	-	444,000	88,800
Total Governmental Activities	\$ 200,000	444,000	(35,000)	609,000	123,800
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.	\$ 134,735	-	(134,735)	-	-
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	-	(37,773)	1,559,227	37,773
Total Business-type Activities	\$ 1,731,735	-	(172,508)	1,559,227	37,773

(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
2018	\$ 123,800	15,629	139,429	38,627	34,867	73,494
2019	123,800	12,500	136,300	39,501	33,993	73,494
2020	123,800	9,253	133,053	40,395	33,099	73,494
2021	118,800	5,993	124,793	41,309	32,185	73,494
2022	118,800	2,747	121,547	42,244	31,250	73,494
2023-2027	-	-	-	225,997	141,473	367,470
2028-2032	-	-	-	252,748	114,722	367,470
2033-2037	-	-	-	282,666	84,804	367,470
2038-2042	-	-	-	316,125	51,345	367,470
2043-2046	-	-	-	279,615	14,349	293,964
	\$ 609,000	46,122	655,122	1,559,227	572,087	2,131,314

(7) Governmental Fund Balances/Net Assets

At June 30, 2017 the town's fund balances were nonspendable, restricted, committed or assigned as follows:

Special Revenue Fund, Nonspendable:		
Davenport Legacy Fund		\$ <u>426</u>
Special Revenue Fund, Restricted:		
Maintenance of Cemeteries		\$ 85,967
Restoration and Preservation of Municipal records		49,172
Beautification Donations		<u>2,248</u>
Total special revenue funds, restricted		\$ <u>137,387</u>
Capital Projects Fund, Restricted:		
Energy Efficient Improvements Grants		\$ <u>8,749</u>
Total restricted fund balances		\$ <u>146,136</u>
Special Revenue Fund, Committed:		
Housing and Economic Development		\$ <u>751,219</u>
Capital Projects Fund, Committed:		
Bridge Rehabilitation		\$ 384,085
Memorial Hall Maintenance and Improvement		<u>38,678</u>
Total capital projects funds, committed		\$ <u>422,763</u>
Total committed fund balances		\$ <u>1,173,982</u>

continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

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

General Fund, Assigned:	
Animal Control	\$ 18,453
Town Trails	-
Green Mountain Beach	3,610
Playground	9,429
Revenue Sharing	987
Total general funds, assigned	<u>\$ 32,479</u>
Special Revenue Fund, Assigned:	
Cemetery Fund	\$ 26,914
Reappraisal Fund	1
Police Department	7
Town Gathering Place	965
Revolving Loan Fund	23,522
Total special revenue fund, assigned	<u>\$ 51,409</u>
Capital Projects Fund, Assigned:	
Dry Hydrant Grant	\$ 728
Town Hall	20,604
School Field	1,023
Town Road Equipment	230,074
Fire House	10,616
Fire Department Equipment	245,171
Library Capital Reserve Fund	37
Housing Capital Reserve Fund	2,738
Total capital project funds, assigned	<u>\$ 510,991</u>
Total assigned fund balances	<u>\$ 594,879</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 \$1,500,035 while covered payroll by the Plan was \$1,392,229. The Town's contribution to the plan for the year ending June 30, 2017 was \$76,572.

(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 2016-2017 fiscal year on August 19, 2016 and February 24, 2017. Interest of 1% for three (3) months and 1-1/2% 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	0.4948	0.4948
Education - Local Share	1.7561	1.5300
Total	<u>2.2509</u>	<u>2.0248</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 2017.

(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, 2017, 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, 2016. 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, 2016
Town of Wilmington's portion of the Plan's	
Total net pension liability	\$ 612,611

For the year ended June 30, 2017, the Town recognized pension expense of \$101,282. At June 30, 2017 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	\$ 198,638	-
Changes in assumptions	98,383	-
Difference between expected and actual experience	12,585	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	12	6,508
Town contributions subsequent to the measurement date	76,304	-
	<u>\$ 385,922</u>	<u>6,508</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	\$	78,451
June 30, 2019		78,451
June 30, 2020		111,936
June 30, 2021		34,272
Therafter		-
	\$	<u>303,110</u>

Significant Actuarial Assumptions and Methods

Interest Rate: 7.95% per annum

Salary Increases: 5% per year

Deaths:

Groups A, B, and C: RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 60% Blue collar and 40% White Collar adjustment.

Group D: RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 100% Blue Collar adjustment.

The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

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.

Actuarial Cost Method: Projected benefit cost method. The unfunded accrued liability is amortized in installments increasing by 5% per year.

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)

(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)

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% 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.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate

The discount rate used to measure the total pension liability was 7.95%. 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.

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%)
\$ 1,016,995	\$ 612,611	\$ 274,022

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(14) *Subsequent Events*

The Town has evaluated subsequent events through April 16, 2018, 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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tax Collections	\$ 1,969,494	1,792,140	(177,354)
Delinquent Taxes - Interest	48,000	91,888	43,888
Delinquent Taxes - Penalty	54,300	84,802	30,502
Miscellaneous Grants	10,000	1,937	(8,063)
Municipal Planning Grant	-	3,356	3,356
VT Arts Council-MH	-	30,000	30,000
Efficiency VT MH Doors	-	2,154	2,154
Lake Raconda Greeter	-	2,375	2,375
West Main Sidewalk	-	107,086	107,086
Glebe Land	25,500	1	(25,499)
Licenses	3,900	3,455	(445)
Zoning Fees	30,150	19,987	(10,163)
Permit Recording Fee	450	318	(132)
Land Sale/Redemptions	10,000	3,050	(6,950)
Miscellaneous Administrative	100	-	(100)
Miscellaneous Income	100	1,492	1,392
Act 60 Grand List Administrative	100	3,140	3,040
PILOT Payment	8,000	10,310	2,310
State Education Fund	22,000	23,926	1,926
Listers Income	415	-	(415)
Reappraisal - State/Parcel Payment	27,500	26,690	(810)
Land Use	31,700	38,807	7,107
Administrative WWTP	4,750	4,750	-
Town Clerk Fees	42,000	43,999	1,999
Surplus	296,000	-	(296,000)
Transfer from 1% Economic	-	96,767	96,767
Police Department:			
Fees and Fines	46,000	43,680	(2,320)
Sale of Cruiser	4,000	-	(4,000)
Outside Employment	12,000	17,968	5,968
Alarm Registration Fees	3,600	3,965	365
DUI Enforcement Grant	-	1,389	1,389
Governor's Highway Safety Grant	7,500	15,547	8,047
Fire Department:			
Town of Searsburg	16,800	16,800	-
Somerset	2,000	3,000	1,000
Miscellaneous	400	-	(400)
Grant	-	2,264	2,264

(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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts (continued):			
Metal Recycling	\$ 2,800	-	(2,800)
Landfill User Fees	72,500	71,436	(1,064)
Library Repayment	-	250	250
MHS Fees	865	466	(399)
Memorial Hall Rent	1,000	2,200	1,200
Investment Income	7,000	6,798	(202)
Total cash receipts	<u>2,760,924</u>	<u>2,578,193</u>	<u>(182,731)</u>
Cash Disbursements:			
Town Officers:			
Moderator, Election Officials, Ballots	2,000	2,425	(425)
Selectboard	6,300	6,200	100
	<u>8,300</u>	<u>8,625</u>	<u>(325)</u>
Town Clerk:			
Salary	46,601	46,601	-
Assistant	32,214	32,303	(89)
Supplies and Postage	1,800	1,640	160
Training	2,300	3,351	(1,051)
Taping Town Meeting	600	600	-
Recording Supplies	2,200	2,564	(364)
Copier/Computer/Office Furniture	1,900	3,649	(1,749)
Election Supplies/Postage	500	553	(53)
Animal Rabies Control Supplies	400	464	(64)
Vote Tabulator	3,150	1,811	1,339
	<u>91,665</u>	<u>93,536</u>	<u>(1,871)</u>
Treasurer:			
Town Treasurer Salary	4,485	4,485	-
Finance Officer	49,703	49,703	-
	<u>54,188</u>	<u>54,188</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Listers:			
Assistant Salary	\$ 50,490	50,715	(225)
Lister Training	250	135	115
Appraisal Temp	-	133	(133)
Lister's Salary/Expense	15,000	9,814	5,186
Mapping	5,000	4,219	781
Grievance Costs	5,000	-	5,000
Yearly Grand List Maintenance	25,000	34,675	(9,675)
Appraisal Supplies/Computer	2,000	298	1,702
Reappraisal - Commercial - Everett	5,000	1,000	4,000
	<u>107,740</u>	<u>100,989</u>	<u>6,751</u>
Town Manager:			
Salaries	78,130	94,156	(16,026)
Town Manager Expenses	1,000	196	804
Postage and Supplies	4,200	2,901	1,299
Official Meeting Expense	225	175	50
Mileage	1,500	1,163	337
	<u>85,055</u>	<u>98,591</u>	<u>(13,536)</u>
Administration:			
Administrative Secretary	37,015	38,320	(1,305)
Zoning Administrator	44,802	44,630	172
Receptionist	-	193	(193)
Reconciliation Analyst	250	220	30
Ads Non-Zoning	650	183	467
Computer Support/Equipment	3,000	3,227	(227)
Telephone	6,100	5,754	346
Tax Bills	4,100	3,979	121
Tax Sales	1,000	-	1,000
Training	1,500	962	538
Copier	3,500	3,614	(114)
Dog Warden Salary/Expense	-	1,696	(1,696)
Zoning Training/Expense	450	1,412	(962)
Zoning Advertising	800	420	380
Zoning Postage	200	107	93
	<u>103,367</u>	<u>104,717</u>	<u>(1,350)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Police Department:			
Chief's Salary	\$ 71,149	71,149	-
Sworn Payroll	237,678	222,690	14,988
Part-time Payroll	10,000	8,792	1,208
Dispatcher	59,500	55,244	4,256
Overtime	24,000	29,523	(5,523)
Outside Employment	14,500	20,644	(6,144)
Cruiser Replacement	29,750	3,556	26,194
Cruiser Operation	25,000	23,236	1,764
Photo Equipment	100	-	100
Uniform Purchase	2,000	860	1,140
Uniform Maintenance	1,400	946	454
Firearm Ammunition	950	478	472
Radar	600	520	80
Telephone	5,200	5,716	(516)
Postage	400	572	(172)
Office Supplies	1,150	1,267	(117)
Office Equipment	250	370	(120)
Equipment Maintenance	1,750	4,009	(2,259)
Computer Hardware and Software	750	373	377
Statewide Record Database	8,500	8,737	(237)
Copier	1,650	1,672	(22)
Inservice Training	1,500	1,586	(86)
Training Aids and Materials	500	407	93
Community Awareness	200	310	(110)
Radio Maintenance	1,500	3,543	(2,043)
Equipment Replacement	4,950	9,633	(4,683)
Association Fees	250	295	(45)
Chief's Expense	400	419	(19)
Police Department Safety Compliance	150	34	116
Investigation Costs	900	267	633
Brattleboro Lockup	900	2,423	(1,523)
PD Alarm	300	300	-
Towing	200	-	200
GHS Equipment Grant	-	7,336	(7,336)
Applicant Advertising	200	870	(670)
Asset Forfeiture Purchase	750	-	750
	<u>508,977</u>	<u>487,777</u>	<u>21,200</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Fire Department:			
Chief's Salary	\$ 53,211	54,115	(904)
Assistant Chief's Salary	2,185	2,205	(20)
Labor	30,900	31,353	(453)
Officer's Salary	2,122	1,981	141
Emergency Op Center Personnel	750	-	750
Emergency Op Center Setup	1,000	-	1,000
Electricity	2,475	2,284	191
Telephone	2,525	2,557	(32)
Fire Fighter's Association	700	544	156
Administration	1,900	3,301	(1,401)
Training	3,750	783	2,967
Radio Maintenance	2,500	4,116	(1,616)
Code Compliance	500	80	420
Air Packs	2,500	1,095	1,405
Water Rent	1,000	1,024	(24)
Sewer Rent	350	411	(61)
Fire Alarm	250	120	130
Truck Maintenance	8,000	6,303	1,697
Gas and Oil	2,300	1,833	467
Building Maintenance	3,000	2,452	548
Extinguisher Recharge	275	290	(15)
Equipment (New & Replacement)	4,000	949	3,051
Helmet/Boot/Coat	4,500	2,848	1,652
Hose	1,200	3,354	(2,154)
Foam	350	-	350
Heating Oil	5,250	2,490	2,760
Fire Prevention Education	250	-	250
Travel Expense	1,000	1,765	(765)
Dispatch Assessment Wilmington	42,233	42,233	-
Dispatch Assessment Searsburg	5,596	5,596	-
Dry Hydrant Program	-	60	(60)
	<u>186,572</u>	<u>176,142</u>	<u>10,430</u>
Insurance:			
Employment Practices	7,786	9,949	(2,163)
Liability/Property/Auto	50,146	46,864	3,282
Public Officials Liability	2,897	3,132	(235)
Firemen's Disability	1,250	1,177	73
Worker's Compensation	37,255	47,994	(10,739)
	<u>99,334</u>	<u>109,116</u>	<u>(9,782)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Green Mountain Beach:			
Green Mountain Beach Mowing	\$ 1,100	735	365
Maintenance and Improvement	700	336	364
Toilets	1,200	725	475
	<u>3,000</u>	<u>1,796</u>	<u>1,204</u>
Health and Social Services:			
Health Officer	1,550	1,550	-
Town Nurse	15,853	15,603	250
Council on Aging	450	350	100
Morningside	75	75	-
Health Care & Rehabilitation	155	155	-
Windham County Youth Service	300	300	-
Women's Crisis Center	850	850	-
Visiting Nurse Alliance	5,562	5,562	-
Gathering Place	250	250	-
Deerfield Valley Community Care	1,550	1,550	-
Windham County Humane Society	500	500	-
DV Food Pantry	1,500	1,500	-
Windham County Reads	750	750	-
DV Community Partnership	2,500	2,500	-
Pool Learning Center	2,500	2,500	-
	<u>34,345</u>	<u>33,995</u>	<u>350</u>
Employee Benefits:			
Social Security	73,000	77,174	(4,174)
Health Care	278,256	239,321	38,935
Disability/Life Insurance	4,822	4,193	629
Retirement	41,937	46,590	(4,653)
Employment Security	500	-	500
	<u>398,515</u>	<u>367,278</u>	<u>31,237</u>
Grounds Keeper:	<u>6,523</u>	<u>7,330</u>	<u>(807)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Landfill:			
Operator	\$ 37,684	36,694	990
Management District Assessment	26,702	22,927	3,775
Electricity	1,400	825	575
Telephone	750	1,135	(385)
Post Closure Expense	1,500	-	1,500
Tire Recycling	800	453	347
Disposal & Containers	64,000	60,574	3,426
Maintenance/Improvements/Supplies	2,000	615	1,385
Miscellaneous	-	46	(46)
	<u>134,836</u>	<u>123,269</u>	<u>11,567</u>
Legal and Professional Fees:	<u>32,300</u>	<u>34,122</u>	<u>(1,822)</u>
Memorial Hall:			
Electricity	1,400	1,804	(404)
Water Rent	1,100	940	160
Sewer Rent	650	822	(172)
Maintenance	2,400	1,852	548
Grounds	800	1,162	(362)
Heat	5,500	1,458	4,042
Fire Alarm	1,000	1,219	(219)
Insurance	3,300	2,852	448
Cleaning/Janitorial	700	837	(137)
	<u>16,850</u>	<u>12,946</u>	<u>3,904</u>
Planning Commission:			
Windham Region	3,500	3,478	22
Manuals	50	315	(265)
Public Notice	200	689	(489)
Postage	100	-	100
Training Expenses	250	111	139
	<u>4,100</u>	<u>4,593</u>	<u>(493)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Library:			
Library	\$ -	253	(253)
Library Appropriation	112,750	112,750	-
	<u>112,750</u>	<u>113,003</u>	<u>(253)</u>
Memorial Day:	<u>400</u>	<u>394</u>	<u>6</u>
Recreation Commission:			
Elementary Program Director	1,854	2,500	(646)
Elementary Counselors	2,550	2,466	84
MHS Program Directors	3,220	3,281	(61)
MHS Counselors	2,680	2,138	542
Elementary Programs	750	744	6
MHS Supplies	500	412	88
Deerfield Valley Farmers Day Association	3,425	3,425	-
Portable Toilets	3,000	2,750	250
Green-Up Day	75	29	46
Beautification Committee	2,932	924	2,008
Flowers/Barrels	17,600	18,758	(1,158)
Tennis Courts	300	58	242
Valley Youth Sports	7,000	7,000	-
Trails Expenditures	-	406	(406)
	<u>45,886</u>	<u>44,891</u>	<u>995</u>
Town Hall:			
Electricity	7,500	7,490	10
Heat	8,200	2,804	5,396
Supplies	1,500	1,425	75
Fire Alarm	900	440	460
Water Rent	1,500	1,193	307
Sewer Rent	950	1,089	(139)
Maintenance	5,500	4,306	1,194
Elevator	2,200	2,686	(486)
Janitorial and Carting	6,500	7,285	(785)
	<u>34,750</u>	<u>28,718</u>	<u>6,032</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Selectpersons Contingency:			
Grant Matching Funds	\$ -	195	(195)
Miscellaneous	1,000	2,351	(1,351)
Economic Development	54,000	44,744	9,256
	<u>55,000</u>	<u>47,290</u>	<u>7,710</u>
Other			
Street Lights	13,500	13,204	296
Taxes - County Court	44,100	50,369	(6,269)
Town Reports	2,500	823	1,677
Vermont League of Cities and Towns Dues	3,070	3,014	56
Wilmington School District	200,000	200,000	-
Wilmington Water District	5,600	5,600	-
Web Sites	400	336	64
Garage Bond	40,301	39,201	1,100
Town Hall Capital Fund	5,000	5,000	-
Transfer to Bridge	-	100,000	(100,000)
Transfer to Cemetery Fund	38,000	38,000	-
Library Capital	12,000	12,000	-
Memorial Hall Fund Capital Transfer	20,000	20,000	-
Playground Capital	2,000	2,000	-
Fire Department Equipment	150,000	150,000	-
Grant Expenditures			
FD Imaging Camera	-	19,643	(19,643)
Better Backroads Grant	-	9,188	(9,188)
W Main St Sidewalk	-	166,663	(166,663)
E Main Street	-	17,489	(17,489)
Lake Raponda Greeter	-	2,837	(2,837)
HMPG - Bowling Alley	-	47	(47)
	<u>536,471</u>	<u>855,414</u>	<u>(318,943)</u>
Total cash disbursements	<u>2,660,924</u>	<u>2,908,720</u>	<u>(247,796)</u>
Excess (deficiency) of cash receipts over cash disbursements	<u>\$ 100,000</u>	<u>(330,527)</u>	<u>(430,527)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tax Collections	\$ 1,518,689	1,518,689	-
State Aid	138,000	136,948	(1,052)
Grant Income	4,000	14,536	10,536
Permits	450	90	(360)
Interest Income	750	349	(401)
Other	800	255	(545)
Total cash receipts	<u>1,662,689</u>	<u>1,670,867</u>	<u>8,178</u>
Cash Disbursements:			
Salaries and Employee Benefits			
Salaries and Wages	391,163	400,591	(9,428)
Unscheduled Overtime	31,000	33,891	(2,891)
Social Security	33,200	28,752	4,448
Health Insurance	170,000	164,511	5,489
Disability Insurance	2,900	2,366	534
Retirement	23,300	23,850	(550)
Uniforms	3,000	3,606	(606)
Workers Comp	39,743	34,912	4,831
	<u>694,306</u>	<u>692,479</u>	<u>1,827</u>
Materials			
Parking Maintenance	2,500	-	2,500
Culverts	15,000	18,419	(3,419)
Rails	2,500	7,490	(4,990)
Chloride	24,000	20,527	3,473
Gravel/Stone/Fabric-Misc	90,000	94,737	(4,737)
Resurfacing	225,480	265,522	(40,042)
Salt	66,000	65,652	348
Sand	72,500	72,505	(5)
Snow Removal	50,000	32,280	17,720
Signs	2,200	2,587	(387)
Crack Sealing	18,000	14,000	4,000
Stabilization/Fabric/Hay	2,000	9,174	(7,174)
	<u>570,180</u>	<u>602,893</u>	<u>(32,713)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Equipment			
Maintenance to Equipment	\$ 59,000	58,089	911
Fuel	75,000	41,496	33,504
Rental/Contracted	5,000	6,909	(1,909)
Training	500	60	440
	<u>139,500</u>	<u>106,554</u>	<u>32,946</u>
Garage			
Advertising	-	687	(687)
Electricity	2,900	2,780	120
Tools & Supplies	19,900	13,686	6,214
Personal Protective Equip	1,500	1,395	105
Telephone	2,100	1,720	380
Insurance - Vehicles/Bldg	22,253	23,277	(1,024)
Computer/Office Supplies	300	207	93
Sewer Rent	900	555	345
Bldg/Maint/Improvements	1,300	2,897	(1,597)
Fire Alarm	750	250	500
Heating	6,000	3,210	2,790
Pagers	800	819	(19)
	<u>58,703</u>	<u>51,483</u>	<u>7,220</u>
Miscellaneous			
TRE Appropriation	200,000	200,000	-
	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total cash disbursements	<u>1,662,689</u>	<u>1,653,409</u>	<u>9,280</u>
Excess of cash disbursements over cash receipts	<u>\$ -</u>	<u>17,458</u>	<u>17,458</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, 2017, 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 February 27, 2018.

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.

April 16, 2018

Vt. Reg. #357

Love, Cody & Company, CPAs