

TOWN OF WILMINGTON, VERMONT

Financial Statements and Schedules

June 30, 2018

(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, 2018, 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, 2018, 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 on pages 3-8, the budgetary comparison information pages 36-46 and the pension disclosures on page 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2019 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 1, 2019

Vt. Reg. #357

Love, Cody & Company, CPAs

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018**

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, 2018. 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 \$11,510,607 at June 30, 2018, an increase of \$408,348 from last year.
- Net position of the governmental activities amounted to \$7,729,554, while net position attributable to business-type activities was \$3,781,053.

Fund financial statements:

- The Town's governmental funds reported total fund balances of \$2,224,061. The general fund ended the fiscal year with a fund balance of \$615,275, of which \$581,420 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, 2018**

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, 2018**

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, 2018 and 2017 and the Statements of Activities for the years then ended.

Government-Wide Statements

The Town's combined net position increased by \$408,348 to \$11,510,607 at June 30, 2018. 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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 2,278	1,947	100	143	2,378	2,090
Capital assets	6,411	6,299	5,202	5,345	11,613	11,644
Total assets	<u>8,689</u>	<u>8,246</u>	<u>5,302</u>	<u>5,488</u>	<u>13,991</u>	<u>13,734</u>
Deferred outflows of resources	314	386	-	-	314	386
Total assets and deferred outflows	<u>9,003</u>	<u>8,632</u>	<u>5,302</u>	<u>5,488</u>	<u>14,305</u>	<u>14,120</u>
Current liabilities	225	215	40	39	265	254
Long-term liabilities	1,026	1,238	1,481	1,520	2,507	2,758
Total liabilities	<u>1,251</u>	<u>1,453</u>	<u>1,521</u>	<u>1,559</u>	<u>2,772</u>	<u>3,012</u>
Deferred inflows of resources	22	6	-	-	22	6
Total liabilities and deferred inflows	<u>1,273</u>	<u>1,459</u>	<u>1,521</u>	<u>1,559</u>	<u>2,794</u>	<u>3,018</u>
Net position:						
Invested in capital assets, net of debt	5,781	5,500	3,681	3,786	9,462	9,286
Restricted	151	147	-	-	151	147
Unrestricted	1,798	1,526	100	143	1,898	1,669
Total net position	<u>\$ 7,730</u>	<u>7,173</u>	<u>3,781</u>	<u>3,929</u>	<u>11,511</u>	<u>11,102</u>

The Town's capital assets (Table 1), such as infrastructure, buildings and equipment, less outstanding debt used to acquire them, amounted to \$9.5 and \$9.3 million at June 30, 2018 and 2017, respectively. These assets represent the largest portion of the Town's net assets. Although the \$9.5 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, 2018, net assets of \$151 thousand (Table 1) have been restricted by the voters or sources external to the Town to be used for specific purposes. Approximately \$1.9 million of the Town's combined net position is unrestricted.

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018**

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 305	297	324	334	629	631
Grants and contributions	524	216	16	319	540	535
General revenues:						
Property taxes	-	3,431	-	-	-	3,431
Other general revenues	4,995	730	1	-	4,996	730
Total revenues	<u>5,824</u>	<u>4,674</u>	<u>341</u>	<u>653</u>	<u>6,165</u>	<u>5,327</u>
Program expenses:						
General government	1,846	1,704	-	-	1,846	1,704
Highways and roads	2,197	1,969	-	-	2,197	1,969
Public safety	773	849	-	-	773	849
Culture and recreation	218	185	-	-	218	185
Cemeteries	49	43	-	-	49	43
Solid waste disposal	171	123	-	-	171	123
Interest on long-term debt	19	4	-	-	19	4
Sewer	-	-	484	534	484	534
Total expenses	<u>5,273</u>	<u>4,877</u>	<u>484</u>	<u>534</u>	<u>5,757</u>	<u>5,411</u>
Excess (deficiency) before transfers and adjustments	551	(203)	(143)	119	408	(84)
Transfers	5	5	(5)	(5)	-	-
Increase (decrease) in net position	<u>\$ 556</u>	<u>(198)</u>	<u>(148)</u>	<u>114</u>	<u>408</u>	<u>(84)</u>

Net position of the Town's governmental activities (Table 2) increased by approximately 8% or \$556 thousand as reported in Table 2 for the year ended June 30, 2018, including net operating transfers from business-type activities of \$4,750.

The net position related to business-type activities decreased by approximately \$148 thousand for the year ended June 30, 2018.

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018**

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

	<u>2018</u>		<u>2017</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	\$ 1,846	1,544	1,704	1,186
Highways and roads	2,197	1,875	1,969	1,891
Public safety	773	645	849	650
Culture and recreation	218	218	185	205
Cemeteries	49	49	43	34
Solid waste disposal	171	94	123	62
Interest on long-term debt	19	19	4	6
	<u>\$ 5,273</u>	<u>4,444</u>	<u>4,877</u>	<u>4,034</u>

The costs of providing governmental services (Table 3) amounted to approximately \$5.3 and \$4.9 million for the years ended June 30, 2018 and 2017, 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, 2018 and 2017. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and antiques/art	\$ 253	253	2	2	255	255
Construction in progress	3	315	-	-	3	315
Buildings and improvements	1,301	1,347	2,132	2,211	3,433	3,558
Infrastructure	2,558	2,030	-	-	2,558	2,030
Office equipment and software	38	72	16	17	54	89
Vehicles and equipment	2,257	2,282	230	254	2,487	2,536
Collection and treatment sys.	-	-	2,822	2,867	2,822	2,867
Totals	<u>\$ 6,410</u>	<u>6,299</u>	<u>5,202</u>	<u>5,351</u>	<u>11,612</u>	<u>11,650</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, 2018**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 130	165	-	135	130	300
Capital improvement note	355	444			355	444
USDA Rural Development	-	-	1,521	1,597	1,521	1,597
Totals	\$ 485	609	1,521	1,732	2,006	2,341

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

This year, as was true for the previous fiscal year, the Town's financial position shows overall stability in its total net position. Last year, management identified factors that could have had an impact on our financial position and tax rate if a large taxpayer or organization was unable to pay its property taxes on time. It was well reported by the media that Berkshire Bank took such a taxpayer to court, exercising its rights under relevant foreclosure laws. While there was speculation at the outset, it turns out that Berkshire Bank paid all outstanding taxes and glebe lease related to the properties under foreclosure. As a result of this outcome and other factors, the Town of Wilmington experienced a surplus to the General Fund. There were a number of reasons that contributed to the surplus, but one of significance relates to the Town's modified cash basis of accounting and the timing of certain payments that were originally due in FY-17, but were instead paid in FY-2018, including interest and penalties. The Selectboard recommends applying the surplus to offset an unanticipated reduction in revenues in FY-2019, and to reduce the amount of taxes to be raised in FY-2020. Voter approval is required to appropriate specific amounts of the surplus for specific purposes under T17 VSA 2664, which is accomplished as stand-alone article(s) at Town Meeting.

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, 2018

Exhibit A

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 2,214,987	115,164	2,330,151
Investments	47,640	-	47,640
Internal balances	15,440	(15,440)	-
Capital assets:			
Land	252,077	1,550	253,627
Antiques and works of art	1,200	-	1,200
Construction in progress	3,333	-	3,333
Other capital assets, net of accumulated depreciation	6,153,835	5,200,379	11,354,214
Total assets	8,688,512	5,301,653	13,990,165
Deferred outflows of financial resources:			
VMERS pension plan	314,284	-	314,284
Total assets and deferred outflows of financial resources	\$ 9,002,796	5,301,653	14,304,449
Liabilities:			
Due to State of Vermont	\$ 4,618	-	4,618
Due to Fiduciary Funds	49,388	-	49,388
Capital lease obligation:			
Due within one year	46,901	-	46,901
Due in more than one year	97,027	-	97,027
Notes and bonds payable:			
Due within one year	123,800	39,501	163,301
Due in more than one year	361,400	1,481,099	1,842,499
Net pension liability	568,074	-	568,074
Total liabilities	1,251,208	1,520,600	2,771,808
Deferred inflows of financial resources:			
VMERS pension plan	22,034	-	22,034
Total liabilities and deferred inflows of financial resources	\$ 1,273,242	1,520,600	2,793,842
Net position:			
Invested in capital assets, net of related debt	\$ 5,781,317	3,681,329	9,462,646
Restricted	146,562	-	146,562
Unrestricted	1,801,675	99,724	1,901,399
Total net position	\$ 7,729,554	3,781,053	11,510,607

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Activities - Modified Cash Basis
June 30, 2018

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	\$ 1,846,237	181,804	120,782	-	(1,543,651)	-	(1,543,651)
Highways and roads	2,197,241	-	147,100	175,000	(1,875,141)	-	(1,875,141)
Public safety	772,649	46,417	60,360	21,233	(644,639)	-	(644,639)
Culture and recreation	218,354	-	-	-	(218,354)	-	(218,354)
Cemeteries	49,195	-	-	-	(49,195)	-	(49,195)
Solid waste disposal	170,777	77,012	-	-	(93,765)	-	(93,765)
Interest on long-term debt	19,213	-	-	-	(19,213)	-	(19,213)
Total governmental activities	5,273,666	305,233	328,242	196,233	(4,443,958)	-	(4,443,958)
Business-type activities:							
Sewer	484,109	324,497	15,744	-	-	(143,868)	(143,868)
Total business-type activities	484,109	324,497	15,744	-	-	(143,868)	(143,868)
Total primary government	\$ 5,757,775	629,730	343,986	196,233	(4,443,958)	(143,868)	(4,587,826)
General revenues:							
Property taxes					4,264,943	-	4,264,943
Interest and penalties on delinquent taxes					235,904	-	235,904
Payment in lieu of taxes					10,208	-	10,208
Local options tax					312,242	-	312,242
Investment earnings					17,049	493	17,542
Miscellaneous					155,335	-	155,335
Transfers					4,750	(4,750)	-
Total general revenues and transfers					5,000,431	(4,257)	4,996,174
Change in net position					556,473	(148,125)	408,348
Net position - beginning					7,173,081	3,929,178	11,102,259
Net position - ending					\$ 7,729,554	3,781,053	11,510,607

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2018

	General Fund	Town Roads Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,047,645	-	167,342	2,214,987
Investments	-	-	47,640	47,640
Due from other funds	-	-	1,395,723	1,395,723
Total assets	\$ 2,047,645	-	1,610,705	3,658,350
Liabilities:				
Due to State of Vermont	\$ 4,618	-	-	4,618
Due to other funds	1,427,752	1,919	-	1,429,671
Total liabilities	1,432,370	1,919	-	1,434,289
Fund Balances:				
Nonspendable	\$ -	-	427	427
Restricted	-	-	150,074	150,074
Committed	-	-	807,560	807,560
Assigned	33,855	-	656,271	690,126
Unassigned	581,420	(1,919)	(3,627)	575,874
Total fund balances	615,275	(1,919)	1,610,705	2,224,061
Total liabilities and fund balances	\$ 2,047,645	-	1,610,705	3,658,350

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, 2018

Exhibit D

Total fund balances - governmental funds (from page 11)	\$	2,224,061
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,410,445
Deferred outflows of financial resources related to pension activities are not recognized in the funds		314,284
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(1,197,202)
Deferred inflows of financial resources related to pension activities are not recognized in the funds		(22,034)
Net position of governmental activities (page 9)	\$	<u><u>7,729,554</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, 2018

	General Fund	Town Roads Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 2,727,208	1,537,735	-	4,264,943
Penalties, interest and collection costs of delinquent taxes	235,904	-	-	235,904
Intergovernmental	483,499	322,100	312,242	1,117,841
Charges for services	126,198	-	-	126,198
Investment income	9,888	208	6,953	17,049
Licenses and permits	55,156	-	400	55,556
Donations	-	-	1,015	1,015
Other	4,050	1,455	31,266	36,771
Total revenues	3,641,903	1,861,498	351,876	5,855,277
Expenditures:				
General government	1,475,855	-	317,167	1,793,022
Highways and streets	198,364	1,649,302	-	1,847,666
Public safety	663,708	-	5,803	669,511
Culture and recreation	203,644	-	-	203,644
Cemeteries	-	-	49,195	49,195
Sanitation	170,777	-	-	170,777
Capital outlay:				
General government	-	-	-	-
Highways and streets	-	-	575,044	575,044
Public safety	36,789	-	-	36,789
Culture and recreation	-	-	11,333	11,333
Debt service:				
Principal	123,800	-	45,859	169,659
Interest	14,899	-	4,314	19,213
Total expenditures	2,887,836	1,649,302	1,008,715	5,545,853
Excess (deficiency) of cash receipts over cash disbursements	754,067	212,196	(656,839)	309,424
Other financing sources (uses):				
Proceeds from sale of equipment	3,650	-	-	3,650
Operating transfers in (out)	(179,850)	(200,000)	384,600	4,750
Total other financing sources (uses)	(176,200)	(200,000)	384,600	8,400
Net change in fund balances	577,867	12,196	(272,239)	317,824
Fund balance, July 1, 2017	37,408	(14,115)	1,882,944	1,906,237
Fund balance, June 30, 2018	\$ 615,275	(1,919)	1,610,705	2,224,061

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, 2018

Exhibit F

Net change in fund balances - total governmental funds (from page 13)	\$	317,824
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.		145,155
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.		(33,538)
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.		169,659
The change in the net pension liability and related deferred inflows and deferred outflows of financial resources is not recognized in the funds		(42,627)
Change in net assets of governmental activities (page 10)	\$	<u>556,473</u>

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Net Position - Modified Cash Basis
Proprietary Fund
June 30, 2018

	Sewer Fund
Assets:	
Current assets:	
Cash	\$ 115,164
Total current assets	115,164
Capital assets:	
Property, plant and equipment (net of accumulated depreciation)	5,201,929
Total non-current assets	5,201,929
Total assets	\$ 5,317,093
Liabilities:	
Due to other funds	\$ 15,440
Current portion of notes payable	39,501
	54,941
Notes payable, less current portion	1,481,099
Total liabilities	1,536,040
Net position:	
Invested in capital assets, net of related debt	3,681,329
Unrestricted	99,724
Total net position	3,781,053
Total liabilities and net position	\$ 5,317,093

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, 2018

	Sewer Fund
<i>Operating receipts:</i>	
Sewer rents	\$ 321,157
Penalties and interest on delinquents	8,760
Fees	(5,420)
Total operating receipts	324,497
<i>Operating disbursements:</i>	
Wages and benefits	179,712
Operations and Maintenance	60,799
Utilities	44,796
Depreciation	163,935
Total operating expenses	449,242
<i>Operating loss</i>	(124,745)
<i>Nonoperating receipts (disbursements):</i>	
State Grant	15,744
Interest income	493
Interest expense	(34,867)
Loss on disposal of asset	-
Total nonoperating receipts	(18,630)
<i>Income before transfers</i>	(143,375)
Transfers to General Fund	(4,750)
	(4,750)
<i>Change in modified cash basis net position</i>	(148,125)
<i>Total net position - beginning</i>	3,929,178
<i>Total net position - ending</i>	\$ 3,781,053

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2018

Exhibit I

	Health Trust Fund	Agency Funds
Assets:		
Cash	\$ 12,320	-
Deposits	8,890	-
Due from other funds	-	81,291
Total assets	\$ 21,210	81,291
Liabilities		
Due to taxpayers	\$ -	81,291
Due to other funds	31,903	-
Total liabilities	\$ 31,903	81,291
Fiduciary net position	\$ (10,693)	

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, 2018

	Health Trust Fund
Receipts:	
Employer contributions	\$ 30,931
Member contributions	7,195
Total receipts	38,126
Disbursements:	
Benefits paid	38,736
Administrative expense	47
Total disbursements	38,783
 <i>Change in modified cash basis fiduciary net position</i>	 (657)
<i>Total net position - beginning</i>	(10,036)
<i>Total net position - ending</i>	\$ (10,693)

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, 2018:

Cash:	
Deposits with Financial Institutions	\$ <u>2,341,990</u>
Investments:	
Certificates of Deposit	34,650
Money Market Mutual Funds	<u>12,991</u>
Total Investments	<u>47,641</u>
Total Cash and Investments	\$ <u><u>2,389,631</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	\$ 580,345	\$ 580,341
Uninsured, Collateralized by U.S. Government Securities Held by the Bank's Trust Department with a Security Interest Granted to the Town	1,796,295	1,940,861
Total Cash and Certificates of Deposit	\$ 2,376,640	\$ 2,521,202

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	\$ 2,341,990
Investments - Certificates of Deposit	34,650
Total	\$ 2,376,640

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	3,333	(314,732)	3,333
Antiques and Works of Art	1,200	-	-	1,200
Buildings	2,094,756	8,000	-	2,102,756
Infrastructure	3,382,396	696,932	-	4,079,328
Office Equipment and Software	218,730	-	(22,800)	195,930
Vehicles and Equip.- General	7,499	-	-	7,499
Vehicles and Equip. - Roads	2,038,473	242,043	(150,659)	2,129,857
Vehicles and Equip. - Police Department	246,816	36,789	(22,931)	260,674
Vehicles and Equip. - Fire Department	1,428,475	-	-	1,428,475
Vehicles and Equip. - Culture and Recreation	147,462	-	(11,111)	136,351
Vehicles and Equip. - Solid Waste Disposal	10,500	-	-	10,500
Total Assets	10,143,116	987,097	(522,233)	10,607,980
Less: Accumulated Depreciation				
Buildings	(747,599)	(54,085)	-	(801,684)
Infrastructure	(1,352,454)	(191,767)	22,800	(1,521,421)
Office Equipment and Software	(146,575)	(11,208)	-	(157,783)
Vehicles and Equip.- General	(5,352)	(603)	-	(5,955)
Vehicles and Equip. - Roads	(813,975)	(128,582)	70,922	(871,635)
Vehicles and Equip. - Police Department	(171,153)	(30,436)	19,931	(181,658)
Vehicles and Equip. - Fire Department	(576,881)	(60,017)	-	(636,898)
Vehicles and Equip. - Culture and Recreation	(29,860)	-	11,111	(18,749)
Vehicles and Equip. - Solid Waste Disposal	(438)	(1,313)	-	(1,751)
Total Accumulated Depreciation	(3,844,288)	(478,011)	124,764	(4,197,535)
Governmental Activities Capital Assets, Net	\$ 6,298,828	509,086	(397,469)	6,410,445
Business-Type Activities				
Land	\$ 1,550	-	-	1,550
Office Equipment	33,753	-	-	33,753
Buildings and Buildings Improvements	2,381,098	-	-	2,381,098
Vehicles and Equipment	663,394	-	-	663,394
Collection and Treatment System	3,939,602	20,200	-	3,959,802
Total	7,019,397	20,200	-	7,039,597
Less: Accumulated Depreciation				
Office Equipment	(16,528)	(808)	-	(17,336)
Buildings and Buildings Improvements	(169,935)	(79,335)	-	(249,270)
Vehicles and Equipment	(414,818)	(18,543)	-	(433,361)
Collection and Treatment System	(1,072,453)	(65,249)	-	(1,137,702)
Total Accumulated Depreciation	(1,673,733)	(163,935)	-	(1,837,668)
Business-Type Activities Capital Assets, Net	\$ 5,345,664	(143,735)	-	5,201,929

(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	338,263
Public safety	103,138
Culture and recreation	14,710
	<u>\$ 478,011</u>
Business-type Activities:	
Sewer	\$ <u>163,935</u>

(5) Internal Balances

Internal balances at June 30, 2018 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ -	1,427,752
Town Roads Fund	-	1,919
Other Governmental Funds	1,395,723	-
Sewer Fund	-	15,440
Agency Fund - Tax Sale Fund	81,291	-
Agency Fund - Health Care Flex Plan Fund	-	31,903
Total	\$ 1,477,014	1,477,014

Internal transfers for the year ended June 30, 2018 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Cemetery Fund	\$ 38,000	Annual contribution
General Fund	Memorial Hall Capital Fund	20,000	Annual contribution
General Fund	Fire Department Equipment Fund	125,000	Annual contribution
General Fund	Town Hall Capital Fund	5,000	Annual contribution
Town Roads Fund	Town Road Equipment Fund	200,000	Annual contribution
Community Devel.	General Fund	3,400	Grant match
Sewer	General Fund	4,750	Administrative fee
		\$ 396,150	

(6) Leases

The Town leases certain equipment under agreements, which are classified as capital leases. At June 30, 2018 equipment recorded under capital lease in the Government-wide financial statements amounted to \$319,900. Accumulated amortization amounted to \$29,219.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(6) Leases (continued)

Future minimum payments required under capital leases are as follows:

Year ending June 30,		
2019	\$	50,173
2020		50,173
2021		50,174
Total minimum lease payments		150,520
Less amount representing interest		(6,592)
Present value of minimum lease payments		\$ 143,928

(7) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018 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.	\$ 165,000	-	(35,000)	130,000	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	-	(88,800)	355,200	88,800
Total Governmental Activities	\$ 609,000	-	(123,800)	485,200	123,800
Business-type Activities					
USDA Rural Development Loan, 2.25% interest, payable in semi-annual installments of \$36,747 including principal and interest, due June 15, 2046.	1,559,227	-	(38,627)	1,520,600	39,501
Total Business-type Activities	\$ 1,559,227	-	(38,627)	1,520,600	39,501

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(7) 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
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	-	-	-	43,200	30,294	73,494
2024-2028	-	-	-	231,111	136,359	367,470
2029-2033	-	-	-	258,467	109,003	367,470
2034-2038	-	-	-	289,062	78,408	367,470
2039-2043	-	-	-	323,278	44,192	367,470
2044-2046	-	-	-	212,033	8,426	220,459
	\$ 485,200	30,493	515,693	1,520,600	537,209	2,057,809

(8) Governmental Fund Balances/Net Assets

At June 30, 2018 the town's fund balances were nonspendable, restricted, committed or assigned as follows:

Special Revenue Fund, Nonspendable:	
Davenport Legacy Fund	\$ <u>427</u>
Special Revenue Fund, Restricted:	
Maintenance of Cemeteries	\$ 85,967
Restoration and Preservation of Municipal records	52,045
Beautification Donations	<u>3,277</u>
Total special revenue funds, restricted	\$ <u>141,289</u>
Capital Projects Fund, Restricted:	
Energy Efficient Improvements Grants	\$ <u>8,785</u>
Total restricted fund balances	\$ <u>150,074</u>
Special Revenue Fund, Committed:	
Housing and Economic Development	\$ <u>757,510</u>
Capital Projects Fund, Committed:	
Bridge Rehabilitation	\$ 2,141
Memorial Hall Maintenance and Improvement	<u>47,909</u>
Total capital projects funds, committed	\$ <u>50,050</u>
Total committed fund balances	\$ <u>807,560</u>

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

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

General Fund, Assigned:	
Animal Control	\$ 18,795
Green Mountain Beach	3,619
Playground	10,451
Revenue Sharing	990
Total general funds, assigned	<u>\$ 33,855</u>
Special Revenue Fund, Assigned:	
Cemetery Fund	\$ 21,886
Reappraisal Fund	1
Police Department	7
Town Gathering Place	965
Revolving Loan Fund	31,993
Total special revenue fund, assigned	<u>\$ 54,852</u>
Capital Projects Fund, Assigned:	
Town Hall	25,954
School Field	1,026
Town Road Equipment	191,847
Fire House	10,693
Fire Department Equipment	369,113
Library Capital Reserve Fund	37
Housing Capital Reserve Fund	2,749
Total capital project funds, assigned	<u>\$ 601,419</u>
Total assigned fund balances	<u><u>\$ 690,126</u></u>

(9) 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. Police Department employees contribute to Plan D which requires withholdings of 11.475% of gross wages from each employee. Other Town employees contribute to Plan B which requires withholdings of 4.875%. The Town contributes 9.975% to Plan D and 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 \$1,564,308 while covered payroll by the Plan was \$1,447,344. The Town's contribution to the plan for the year ending June 30, 2018 was \$92,473.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(9) 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.

(10) Property Taxes

Taxes are payable in two installments which were due for the 2017-2018 fiscal year on August 18, 2017 and February 23, 2018. 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	0.5243	0.5243
Education - Local Share	1.9037	1.5552
Total	<u>2.4280</u>	<u>2.0795</u>

(11) 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 2018.

(12) 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

(13) 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.

(14) 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 9 to the financial statements.

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

At June 30, 2018, 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, 2017. 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, 2017
Town of Wilmington's portion of the Plan's	
Total net pension liability	\$ 568,074

For the year ended June 30, 2018, the Town recognized pension expense of \$135,100. At June 30, 2018 the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 94,616	-
Changes in assumptions	118,925	-
Difference between expected and actual experience	8,264	14,063
Changes in proportion and differences between Town contributions and proportionate share of contributions	6	7,971
Town contributions subsequent to the measurement date	92,473	-
	\$ 314,284	22,034

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(14) 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, 2019	\$	71,881
June 30, 2020		104,864
June 30, 2021		28,397
June 30, 2022		(5,365)
Therafter		-
	\$	<u>199,777</u>

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation.

Salary Increases: 5% per year

Mortality:

Death in Active Service:

Groups A, B, C - 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Group D - RP-2014 Blue Collar Annuitant Table with generation projection using Scale SSA-2017.

Healthy Post-retirement:

Groups A, B, C - 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Group D - 100% of RP-2014 Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled Post-retirement:

All Groups - RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B, and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2018 COLA is assumed to be 0.75% for all groups.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

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

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Assets: 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%.

Inflation: 2.5%.

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(14) 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 7.5 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.5%) or one percent higher (8.5%):

1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
\$ 1,014,259	\$ 568,074	\$ 198,036

(15) Note Receivable

In connection with a grant from the Vermont Agency of Commerce and Community Development, the Town has a note receivable from PE 1 Housing Limited Partnership in the amount of \$266,000. The note is non-interest bearing and matures on May 28, 2045. The note receivable is not recognized in the accompanying financial statements as a result of the Town reporting on the modified cash basis of accounting.

(16) Subsequent Events

The Town has evaluated subsequent events through March 1, 2019, 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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tax Collections	\$ 2,363,695	2,701,739	338,044
Delinquent Taxes - Interest	48,000	113,053	65,053
Delinquent Taxes - Penalty	52,300	122,851	70,551
Miscellaneous Grants	4,000	-	(4,000)
Lake Raconda Greeter	-	9,020	9,020
West Main Sidewalk	-	180,036	180,036
East Main Sidewalk	-	25,185	25,185
Glebe Land	25,500	108,606	83,106
Licenses	3,500	3,295	(205)
Zoning Fees	27,000	12,201	(14,799)
Permit Recording Fee	450	243	(207)
Land Sale/Redemptions	2,000	709	(1,291)
Miscellaneous Administrative	100	201	101
Miscellaneous Income	100	3,140	3,040
Act 60 Grand List Administrative	3,000	3,156	156
PILOT Payment	10,500	10,208	(292)
State Education Fund	22,000	25,469	3,469
Listers Income	-	-	-
Reappraisal - State/Parcel Payment	26,500	26,826	326
Land Use	32,700	38,869	6,169
Administrative WWTP	4,750	4,750	-
Town Clerk Fees	40,000	39,417	(583)
Transfer from 1% Economic	-	3,400	3,400
Police Department:			
Fees and Fines	41,000	42,856	1,856
Sale of Cruiser	4,000	3,200	(800)
Miscellaneous	500	-	(500)
Outside Employment	12,000	17,927	5,927
Alarm Registration Fees	4,000	3,650	(350)
PD Homeland Security Grant	-	398	398
DUI Enforcement Grant	3,000	3,538	538
Governor's Highway Safety Grant	5,000	13,568	8,568
GHSP Equipment Grant	4,000	1,590	(2,410)
Fire Department:			
Town of Searsburg	16,800	21,840	5,040
Somerset	3,000	3,000	-
Miscellaneous	-	759	759
Thermal Camera Grant	-	19,643	19,643

(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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts (continued):			
Metal Recycling	\$ 1,000	-	(1,000)
Landfill User Fees	73,000	77,012	4,012
MHS Fees	470	660	190
Memorial Hall Rent	1,000	1,800	800
Investment Income	7,400	9,888	2,488
Total cash receipts	<u>2,842,265</u>	<u>3,653,703</u>	<u>811,438</u>
Cash Disbursements:			
Town Officers:			
Moderator, Election Officials, Ballots	1,200	570	630
Selectboard	6,300	6,300	-
	<u>7,500</u>	<u>6,870</u>	<u>630</u>
Town Clerk:			
Salary	48,000	48,027	(27)
Assistant	33,179	34,579	(1,400)
Supplies and Postage	1,800	1,697	103
Training	2,300	325	1,975
Taping Town Meeting	600	600	-
Recording Supplies	2,200	2,118	82
Copier/Computer/Office Furniture	2,000	1,929	71
Election Supplies/Postage	250	238	12
Animal Rabies Control Supplies	400	461	(61)
Vote Tabulator	1,500	930	570
	<u>92,229</u>	<u>90,904</u>	<u>1,325</u>
Treasurer:			
Town Treasurer Salary	4,620	4,620	-
Finance Officer	51,194	51,194	-
	<u>55,814</u>	<u>55,814</u>	<u>-</u>

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Listers:			
Assistant Salary	\$ 52,005	52,102	(97)
Lister Training	150	261	(111)
Appraisal Temp	300	73	227
Lister's Salary/Expense	16,000	9,141	6,859
Mapping	5,000	4,382	618
Grievance Costs	5,000	6,878	(1,878)
Yearly Grand List Maintenance	33,000	12,650	20,350
Reappraisal Contract - GM	-	21,969	(21,969)
Appraisal Supplies/Computer	750	1,198	(448)
Reappraisal - Commercial - Everett	2,500	1,200	1,300
	<u>114,705</u>	<u>109,854</u>	<u>4,851</u>
Town Manager:			
Salaries	80,475	120,821	(40,346)
Town Manager Expenses	1,000	2,508	(1,508)
Postage and Supplies	4,000	3,542	458
Official Meeting Expense	225	-	225
Mileage	1,950	-	1,950
	<u>87,650</u>	<u>126,871</u>	<u>(39,221)</u>
Administration:			
Administrative Secretary	38,125	39,172	(1,047)
Zoning Administrator	46,146	45,458	688
Receptionist	-	13	(13)
Reconciliation Analyst	250	207	43
Ads Non-Zoning	550	686	(136)
Computer Support/Equipment	3,500	3,863	(363)
Telephone	6,000	5,739	261
Tax Bills	4,100	4,019	81
Tax Sales	750	-	750
Training	1,500	436	1,064
Copier	3,800	3,484	316
Dog Warden Salary/Expense	-	1,050	(1,050)
Zoning Training/Expense	1,200	1,214	(14)
Zoning Advertising	700	421	279
Zoning Postage	200	143	57
	<u>106,821</u>	<u>105,905</u>	<u>916</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Police Department:			
Chief's Salary	\$ 73,283	73,371	(88)
Sworn Payroll	244,338	251,930	(7,592)
Part-time Payroll	5,500	5,379	121
Dispatcher	62,962	62,983	(21)
Overtime	18,000	27,034	(9,034)
Outside Employment	14,500	25,557	(11,057)
Cruiser Replacement	29,750	37,685	(7,935)
Cruiser Operation	25,000	28,971	(3,971)
Photo Equipment	100	-	100
Uniform Purchase	2,000	1,280	720
Uniform Maintenance	1,400	1,103	297
Firearm Ammunition	950	1,147	(197)
Radar	575	520	55
Telephone	5,200	5,685	(485)
Postage	350	358	(8)
Office Supplies	1,150	1,113	37
Office Equipment	250	122	128
Equipment Maintenance	1,750	1,143	607
Computer Hardware and Software	1,500	83	1,417
Statewide Record Database	9,350	7,909	1,441
Copier	1,650	1,680	(30)
Inservice Training	2,000	1,302	698
Training Aids and Materials	750	1,350	(600)
Community Awareness	300	444	(144)
Radio Maintenance	1,250	2,758	(1,508)
Equipment Replacement	1,950	517	1,433
Association Fees	250	110	140
Chief's Expense	400	957	(557)
Police Department Safety Compliance	150	-	150
Investigation Costs	750	283	467
Brattleboro Lockup	900	1,149	(249)
PD Alarm	300	300	-
Towing	200	175	25
Applicant Advertising	200	375	(175)
Asset Forfeiture Purchase	650	-	650
	<u>509,608</u>	<u>544,773</u>	<u>(35,165)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Fire Department:			
Chief's Salary	\$ 54,807	34,828	19,979
Assistant Chief's Salary	2,250	2,063	187
Labor	30,900	30,902	(2)
Officer's Salary	2,186	2,051	135
Emergency Op Center Personnel	750	-	750
Emergency Op Center Setup	1,000	-	1,000
Electricity	2,375	2,345	30
Telephone	2,525	2,586	(61)
Fire Fighter's Association	700	448	252
Administration	1,900	1,658	242
Training	3,500	2,687	813
Radio Maintenance	2,500	1,707	793
Code Compliance	800	473	327
Air Packs	2,500	1,451	1,049
Water Rent	1,100	1,041	59
Sewer Rent	450	446	4
Fire Alarm	250	85	165
Truck Maintenance	8,000	2,843	5,157
Gas and Oil	2,300	2,620	(320)
Building Maintenance	3,000	2,609	391
Extinguisher Recharge	275	-	275
Equipment (New & Replacement)	4,000	2,651	1,349
Helmet/Boot/Coat	4,500	3,614	886
Hose	4,100	4,099	1
Foam	700	672	28
Heating Oil	5,250	3,103	2,147
Fire Prevention Education	250	267	(17)
Travel Expense	1,000	646	354
Dispatch Assessment Wilmington	42,233	42,233	-
Dispatch Assessment Searsburg	5,596	5,596	-
	<u>191,697</u>	<u>155,724</u>	<u>35,973</u>
Insurance:			
Employment Practices	11,000	11,104	(104)
Liability/Property/Auto	52,000	47,252	4,748
Public Officials Liability	3,400	3,456	(56)
Firemen's Disability	1,250	1,165	85
Worker's Compensation	39,000	44,380	(5,380)
	<u>106,650</u>	<u>107,357</u>	<u>(707)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Green Mountain Beach:			
Green Mountain Beach Mowing	\$ 1,000	725	275
Maintenance and Improvement	900	414	486
Toilets	1,000	482	518
	<u>2,900</u>	<u>1,621</u>	<u>1,279</u>
Health and Social Services:			
Health Officer	1,550	1,550	-
Town Nurse	16,328	16,216	112
Morningside	75	75	-
Health Care & Rehabilitation	155	155	-
Windham County Youth Service	300	300	-
Women's Crisis Center	850	850	-
Visiting Nurse Alliance	6,000	6,000	-
Gathering Place	3,000	3,000	-
SEVCA	2,000	2,000	-
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	3,000	3,000	-
Senior Meals	2,000	2,000	-
	<u>42,058</u>	<u>41,946</u>	<u>112</u>
Employee Benefits:			
Social Security	73,000	81,006	(8,006)
Health Care	278,256	243,043	35,213
Disability/Life Insurance	4,822	4,451	371
Retirement	58,060	61,963	(3,903)
Employment Security	500	-	500
Uniforms	-	13	(13)
	<u>414,638</u>	<u>390,476</u>	<u>24,162</u>
Grounds Keeper	<u>6,523</u>	<u>7,300</u>	<u>(777)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Landfill:			
Operator	\$ 38,815	37,836	979
Management District Assessment	34,660	19,779	14,881
Electricity	1,350	1,208	142
Telephone	1,000	1,120	(120)
Post Closure Expense	500	-	500
Tire Recycling	700	116	584
Disposal & Containers	65,200	72,531	(7,331)
TS Recycle	-	6,325	(6,325)
Recycling Cleanup	18,000	30,389	(12,389)
Maintenance/Improvements/Supplies	1,250	1,473	(223)
Miscellaneous	300	-	300
	<u>161,775</u>	<u>170,777</u>	<u>(9,002)</u>
Legal and Professional Fees	<u>36,150</u>	<u>59,546</u>	<u>(23,396)</u>
Memorial Hall:			
Electricity	1,425	2,671	(1,246)
Water Rent	1,300	974	326
Sewer Rent	825	892	(67)
Maintenance	2,400	2,901	(501)
Grounds	800	905	(105)
Heat	5,000	2,536	2,464
Fire Alarm	1,000	564	436
Insurance	3,300	2,842	458
Cleaning/Janitorial	850	1,349	(499)
	<u>16,900</u>	<u>15,634</u>	<u>1,266</u>
Planning Commission:			
Windham Region	4,145	4,145	-
Manuals	100	842	(742)
Public Notice	200	251	(51)
Postage	100	-	100
Training Expenses	250	25	225
	<u>4,795</u>	<u>5,263</u>	<u>(468)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Library:			
Library	\$ -	18	(18)
Library Appropriation	127,000	127,000	-
Library Capital	12,000	12,000	-
	<u>139,000</u>	<u>139,018</u>	<u>(18)</u>
Memorial Day	<u>400</u>	<u>-</u>	<u>400</u>
Recreation Commission:			
Elementary Program Director	2,500	2,500	-
Elementary Counselors	2,550	2,864	(314)
MHS Program Directors	3,220	2,576	644
MHS Counselors	2,580	1,726	854
Elementary Programs	750	-	750
MHS Supplies	500	388	112
Deerfield Valley Farmers Day Association	3,666	3,666	-
Portable Toilets	2,800	2,014	786
Green-Up Day	75	57	18
Beautification Committe	2,932	2,809	123
Flowers/Barrels	19,700	19,700	-
Tennis Courts	300	-	300
Valley Youth Sports	7,000	7,000	-
	<u>48,573</u>	<u>45,300</u>	<u>3,273</u>
Town Hall:			
Electricity	7,500	7,341	159
Heat	8,200	3,671	4,529
Supplies	1,300	612	688
Fire Alarm	900	563	337
Water Rent	1,500	1,187	313
Sewer Rent	1,200	1,181	19
Maintenance	5,000	4,672	328
Elevator	2,400	2,056	344
Janitorial and Carting	6,700	7,255	(555)
	<u>34,700</u>	<u>28,538</u>	<u>6,162</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Select persons Contingency:			
Miscellaneous	\$ 1,500	1,425	75
Economic Development	55,620	55,597	23
	<u>57,120</u>	<u>57,022</u>	<u>98</u>
Other			
Street Lights	14,200	12,802	1,398
Taxes - County Court	52,000	49,498	2,502
Town Reports	850	781	69
Vermont League of Cities and Towns Dues	3,119	3,119	-
Wilmington School District	200,000	200,000	-
Wilmington Water District	5,600	5,000	600
WWD Merger/Acquisition	-	990	(990)
Web Sites	800	665	135
Garage Bond	39,700	38,799	901
Town Hall Capital Fund	5,000	5,000	-
Transfer to Bridge (loan payment)	98,790	99,900	(1,110)
Transfer to Cemetery Fund	38,000	38,000	-
Memorial Hall Fund Capital Transfer	20,000	20,000	-
Playground Capital	1,000	1,000	-
Fire Department Equipment	125,000	125,000	-
Grant Expenditures			
W Main St Sidewalk	-	159,908	(159,908)
E Main Street	-	19,940	(19,940)
South Main Sidewalk	-	18,516	(18,516)
Shoreline Lake Raponda	-	180	(180)
Lake Raponda Greeter	-	10,225	(10,225)
	<u>604,059</u>	<u>809,323</u>	<u>(205,264)</u>
Total cash disbursements	<u>2,842,265</u>	<u>3,075,836</u>	<u>(233,571)</u>
Excess (deficiency) of cash receipts over cash disbursements	<u>\$ -</u>	<u>577,867</u>	<u>577,867</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tax Collections	\$ 1,537,735	1,537,735	-
State Aid	138,000	136,882	(1,118)
Grant Income	2,500	185,218	182,718
Permits	200	-	(200)
Interest Income	450	208	(242)
Other	1,000	1,455	455
Total cash receipts	<u>1,679,885</u>	<u>1,861,498</u>	<u>181,613</u>
Cash Disbursements:			
Salaries and Employee Benefits			
Salaries and Wages	410,017	407,638	2,379
Unscheduled Overtime	31,000	39,783	(8,783)
Social Security	33,738	29,823	3,915
Health Insurance	170,000	175,434	(5,434)
Disability Insurance	2,900	2,484	416
Retirement	23,300	24,540	(1,240)
Uniforms	3,000	3,061	(61)
Workers Comp	34,100	32,874	1,226
	<u>708,055</u>	<u>715,637</u>	<u>(7,582)</u>
Materials			
Parking Maintenance	2,500	-	2,500
Culverts	18,500	17,836	664
Rails	2,500	-	2,500
Chloride	24,000	15,737	8,263
Gravel/Stone/Fabric-Misc	90,000	103,138	(13,138)
Resurfacing	225,480	269,753	(44,273)
Salt	68,500	73,948	(5,448)
Sand	72,500	72,294	206
Snow Removal	50,000	34,190	15,810
Signs	2,000	1,350	650
Crack Sealing	18,000	-	18,000
Stabilization/Fabric/Hay	6,000	9,746	(3,746)
	<u>579,980</u>	<u>597,992</u>	<u>(18,012)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Equipment			
Maintenance to Equipment	\$ 59,000	46,206	12,794
Fuel	70,000	51,788	18,212
Rental/Contracted	5,000	9,418	(4,418)
Training	100	90	10
	<u>134,100</u>	<u>107,502</u>	<u>26,598</u>
Garage			
Advertising	-	521	(521)
Electricity	2,900	2,851	49
Tools & Supplies	19,900	15,914	3,986
Personal Protective Equip	1,500	375	1,125
Telephone	2,000	1,958	42
Insurance - Vehicles/Bldg	23,400	21,688	1,712
Computer/Office Supplies	300	71	229
Sewer Rent	700	602	98
Bldg/Maint/Improvements	1,300	3,223	(1,923)
Fire Alarm	750	-	750
Heating	5,000	5,759	(759)
Pagers	-	54	(54)
	<u>57,750</u>	<u>53,016</u>	<u>4,734</u>
Miscellaneous			
Class II Paving Grant	-	175,000	(175,000)
Lake Raconda Shore Grant	-	155	(155)
TRE Appropriation	200,000	200,000	-
	<u>200,000</u>	<u>375,155</u>	<u>(175,155)</u>
Total cash disbursements	<u>1,679,885</u>	<u>1,849,302</u>	<u>(169,417)</u>
Excess of cash disbursements over cash receipts	<u>\$ -</u>	<u>12,196</u>	<u>12,196</u>

TOWN OF WILMINGTON, VERMONT
Schedule of the Town's Proportionate Share of the Net Pension Liability
and Town Contributions
Vermont Municipal Employees Retirement Plan

	2018	2017	2016	2015
Proportion of the net pension liability	0.46888%	0.47601%	0.49197%	0.49731%
Proportionate share of the net pension liability	\$ 568,074	612,611	397,287	45,387
Covered-employee payroll	\$ 1,447,344	1,392,229	1,315,382	1,279,449
Proportionate share of the net pension liability as a percentage of its covered employee payroll	39.25%	44.00%	30.20%	3.55%
Plan fiduciary net position as a percentage of the total pension liability	82.60%	80.95%	87.42%	98.32%
Contractually required contribution	\$ 92,473	76,572	71,695	66,540
Contributions in relation to the contractually required contribution	(92,473)	(76,572)	(71,695)	(66,540)
Contribution deficiency (excess)	\$ -	-	-	-
Contributions as a percentage of covered-employee payroll	6.39%	5.50%	5.45%	5.20%



**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, 2018, 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 15, 2019.

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 1, 2019

Vt. Reg. #357

Love, Cody & Company, CPAs