

TOWN OF WILMINGTON, VERMONT
Financial Statements and Schedules
June 30, 2019
(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, 2019, 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, 2019, 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 May 7, 2020 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.

May 7, 2020

Vt. Reg. #357

Love, Cody & Company, CPAs

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019**

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, 2019. 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 \$11,611,861 at June 30, 2019, an increase of \$101,254 from last year.
- Net position of the governmental activities amounted to \$7,943,212, while net position attributable to business-type activities was \$3,668,649.

Fund financial statements:

- The Town's governmental funds reported total fund balances of \$2,420,950. The general fund ended the fiscal year with a fund balance of \$512,609, of which \$478,431 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, 2019**

Fund Financial Statements

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

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

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

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

Major Features of the Government-Wide and Fund Financial Statements

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

**TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019**

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, 2019 and 2018 and the Statements of Activities for the years then ended.

Government-Wide Statements

The Town's combined net position increased by \$101,254 to \$11,611,861 at June 30, 2019. 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,480	2,278	75	100	2,555	2,378
Capital assets	6,382	6,411	5,075	5,202	11,457	11,613
Total assets	8,862	8,689	5,150	5,302	14,012	13,991
Deferred outflows of resources	358	314	-	-	358	314
Total assets and deferred outflows	9,220	9,003	5,150	5,302	14,370	14,305
Current liabilities	231	225	40	40	271	265
Long-term liabilities	1,029	1,026	1,441	1,481	2,470	2,507
Total liabilities	1,260	1,251	1,481	1,521	2,741	2,772
Deferred inflows of resources	17	22	-	-	17	22
Total liabilities and deferred inflows	1,277	1,273	1,481	1,521	2,758	2,794
Net position:						
Invested in capital assets, net of debt	5,924	5,781	3,593	3,681	9,517	9,462
Restricted	156	151	-	-	156	151
Unrestricted	1,863	1,798	76	100	1,939	1,898
Total net position	\$ 7,943	7,730	3,669	3,781	11,612	11,511

The Town's capital assets (Table 1), such as infrastructure, buildings and equipment, less outstanding debt used to acquire them, amounted to \$9.5 million at June 30, 2019 and 2018. These assets represent the largest portion of the Town's net assets. Although the \$9.6 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, 2019, net assets of \$156 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, 2019**

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 286	305	348	324	634	629
Grants and contributions	416	524	14	16	430	540
General revenues:						
Property taxes	4,018	4,265	-	-	4,018	4,265
Other general revenues	448	730	1	1	449	731
Total revenues	<u>5,168</u>	<u>5,824</u>	<u>363</u>	<u>341</u>	<u>5,531</u>	<u>6,165</u>
Program expenses:						
General government	1,826	1,846	-	-	1,826	1,846
Highways and roads	1,865	2,197	-	-	1,865	2,197
Public safety	762	773	-	-	762	773
Culture and recreation	267	218	-	-	267	218
Cemeteries	43	49	-	-	43	49
Solid waste disposal	181	171	-	-	181	171
Interest on long-term debt	15	19	-	-	15	19
Sewer	-	-	470	484	470	484
Total expenses	<u>4,959</u>	<u>5,273</u>	<u>470</u>	<u>484</u>	<u>5,429</u>	<u>5,757</u>
Excess (deficiency) before transfers and adjustments	209	551	(107)	(143)	102	408
Transfers	5	5	(5)	(5)	-	-
Increase (decrease) in net position	<u>\$ 214</u>	<u>556</u>	<u>(112)</u>	<u>(148)</u>	<u>102</u>	<u>408</u>

Net position of the Town's governmental activities (Table 2) increased by approximately 3% or \$214 thousand as reported in Table 2 for the year ended June 30, 2019, including net operating transfers from business-type activities of \$4,750.

The net position related to business-type activities decreased by approximately \$112 thousand for the year ended June 30, 2019.

TOWN OF WILMINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

Table 3
Governmental Activities
(in Thousands)

	<u>2019</u>		<u>2018</u>	
	<u>Total</u> <u>Cost of</u> <u>Services</u>	<u>Net</u> <u>Cost of</u> <u>Services</u>	<u>Total</u> <u>Cost of</u> <u>Services</u>	<u>Net</u> <u>Cost of</u> <u>Services</u>
General government	\$ 1,826	1,562	1,846	1,544
Highways and roads	1,865	1,585	2,197	1,875
Public safety	762	684	773	645
Culture and recreation	267	267	218	218
Cemeteries	43	43	49	49
Solid waste disposal	181	101	171	94
Interest on long-term debt	15	15	19	19
	<u>\$ 4,959</u>	<u>4,257</u>	<u>5,273</u>	<u>4,444</u>

The costs of providing governmental services (Table 3) amounted to approximately \$5.0 and \$5.3 million for the years ended June 30, 2019 and 2018, 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 \$4.3 and \$4.4 million for the years ended June 30, 2019 and 2018. 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</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Primary</u> <u>Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and antiques/art	\$ 253	253	2	2	255	255
Construction in progress	-	3	-	-	-	3
Buildings and improvements	1,257	1,301	2,052	2,132	3,309	3,433
Infrastructure	2,538	2,558	-	-	2,538	2,558
Office equipment and software	27	38	16	16	43	54
Vehicles and equipment	2,307	2,257	250	230	2,557	2,487
Collection and treatment sys.	-	-	2,754	2,822	2,754	2,822
Totals	<u>\$ 6,382</u>	<u>6,410</u>	<u>5,074</u>	<u>5,202</u>	<u>11,456</u>	<u>11,612</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, 2019**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 95	130	-	-	95	130
Capital improvement note	266	355	-	-	266	355
USDA Rural Development	-	-	1,481	1,521	1,481	1,521
Totals	\$ 361	485	1,481	1,521	1,842	2,006

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

This year, as was true for the previous two (2) fiscal years, the Town's financial position shows overall stability in its total net position. In the last 2-years, 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.

Management notes that on or about April 2018, Berkshire Bank filed a foreclosure action in the State of Vermont, Windham Superior Court, and consequently paid all outstanding taxes and glebe lease related to the Hermitage properties under foreclosure for FY-2019. While there is some uncertainty as to the future of the Hermitage at Haystack Ski Mountain, management remains confident that taxes will be collected on these and related properties.

In March 2019, voter approval was granted to appropriate \$233,000 of the FY-18 surplus for specific purposes (T17 VSA 2664), accomplished as stand-alone article(s) at Town Meeting and applied to FY-20 General Funds.

As a first lien holder, management's tool to legally recover delinquent taxes is to take delinquent properties to tax sale, which is normally done on an annual basis in June. During bankruptcy proceedings, the town is prohibited from taking those properties and any related properties of interest to a tax sale and must wait for the bankruptcy process to complete. Therefore, management expects to receive delinquent taxes either on-time or in the future if tied-up in legal proceedings.

Management's plan works each year to ensure the Town is able to meet obligations to taxpayers and employees. This year ended with a surplus that will be applied to FY21 by the voters in March 2020 to offset taxes.

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, 2019

Exhibit A

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	\$ 2,421,666	85,367	2,507,033
Investments	48,666	-	48,666
Internal balances	9,940	(9,940)	-
Capital assets:			
Land	252,077	1,550	253,627
Antiques and works of art	1,200	-	1,200
Other capital assets, net of accumulated depreciation	6,128,649	5,072,770	11,201,419
Total assets	8,862,198	5,149,747	14,011,945
Deferred outflows of financial resources:			
VMERS pension plan	358,223	-	358,223
Total assets and deferred outflows of financial resources	\$ 9,220,421	5,149,747	14,370,168
Liabilities:			
Due to State of Vermont	\$ 4,443	-	4,443
Due to Fiduciary Funds	54,879	-	54,879
Capital lease obligation:			
Due within one year	47,968	-	47,968
Due in more than one year	49,059	-	49,059
Notes and bonds payable:			
Due within one year	123,800	40,395	164,195
Due in more than one year	237,600	1,440,703	1,678,303
Net pension liability	742,691	-	742,691
Total liabilities	1,260,440	1,481,098	2,741,538
Deferred inflows of financial resources:			
VMERS pension plan	16,769	-	16,769
Total liabilities and deferred inflows of financial resources	\$ 1,277,209	1,481,098	2,758,307
Net position:			
Invested in capital assets, net of related debt	\$ 5,923,499	3,593,222	9,516,721
Restricted	156,217	-	156,217
Unrestricted	1,863,496	75,427	1,938,923
Total net position	\$ 7,943,212	3,668,649	11,611,861

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Activities - Modified Cash Basis
June 30, 2019

Exhibit B

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services		Governmental Activities	Primary Government	
		Operating Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 1,826,297	168,967	95,520	(1,561,810)	-	(1,561,810)
Highways and roads	1,865,147	-	136,879	(1,584,843)	-	(1,584,843)
Public safety	761,886	37,676	33,707	(684,208)	-	(684,208)
Culture and recreation	267,475	-	-	(267,475)	-	(267,475)
Cemeteries	42,492	-	-	(42,492)	-	(42,492)
Solid waste disposal	180,821	79,364	-	(101,457)	-	(101,457)
Interest on long-term debt	15,122	-	-	(15,122)	-	(15,122)
Total governmental activities	4,959,240	286,007	266,106	(4,257,407)	-	(4,257,407)
Business-type activities:						
Sewer	470,348	348,050	13,334	-	(108,964)	(108,964)
Total business-type activities	470,348	348,050	13,334	-	(108,964)	(108,964)
Total primary government	\$ 5,429,588	634,057	279,440	(4,257,407)	(108,964)	(4,366,371)
General revenues:						
Property taxes				4,018,451	-	4,018,451
Interest and penalties on delinquent taxes				117,089	-	117,089
Payment in lieu of taxes				12,450	-	12,450
Local options tax				267,810	-	267,810
Investment earnings				47,215	1,310	48,525
Miscellaneous				3,300	-	3,300
Transfers				4,750	(4,750)	-
Total general revenues and transfers				4,471,065	(3,440)	4,467,625
Change in net position				213,658	(112,404)	101,254
Net position - beginning				7,729,554	3,781,053	11,510,607
Net position - ending				\$ 7,943,212	3,668,649	11,611,861

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2019

	General Fund	Town Roads Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,257,731	-	163,935	2,421,666
Investments	-	-	48,666	48,666
Due from other funds	-	38,017	1,657,723	1,695,740
Total assets	\$ 2,257,731	38,017	1,870,324	4,166,072
Liabilities:				
Due to State of Vermont	\$ 4,443	-	-	4,443
Due to other funds	1,740,679	-	-	1,740,679
Total liabilities	1,745,122	-	-	1,745,122
Fund Balances:				
Nonspendable	\$ -	-	429	429
Restricted	-	-	155,788	155,788
Committed	-	-	904,650	904,650
Assigned	34,178	-	779,661	813,839
Unassigned	478,431	38,017	29,796	546,244
Total fund balances	512,609	38,017	1,870,324	2,420,950
Total liabilities and fund balances	\$ 2,257,731	38,017	1,870,324	4,166,072

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, 2019

Exhibit D

Total fund balances - governmental funds (from page 11)	\$ 2,420,950
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,381,926
Deferred outflows of financial resources related to pension activities are not recognized in the funds	358,223
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,201,118)
Deferred inflows of financial resources related to pension activities are not recognized in the funds	(16,769)
Net position of governmental activities (page 9)	<u>\$ 7,943,212</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, 2019

	General Fund	Town Roads Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 2,308,277	1,710,174	-	4,018,451
Penalties, interest and collection costs of delinquent taxes	117,089	-	-	117,089
Intergovernmental	255,822	136,879	379,460	772,161
Charges for services	118,112	-	-	118,112
Investment income	28,913	1,102	17,200	47,215
Licenses and permits	50,855	-	-	50,855
Donations	-	-	100	100
Other	6,935	57	37,172	44,164
Total revenues	2,886,003	1,848,212	433,932	5,168,147
Expenditures:				
General government	1,411,879	-	295,492	1,707,371
Highways and streets	41,695	1,508,276	-	1,549,971
Public safety	691,798	-	-	691,798
Culture and recreation	233,576	-	-	233,576
Cemeteries	-	-	42,492	42,492
Transfer station	180,821	-	-	180,821
Capital outlay:				
General government	-	-	6,770	6,770
Highways and streets	-	-	344,220	344,220
Public safety	-	-	6,813	6,813
Culture and recreation	-	-	26,353	26,353
Debt service:				
Principal	123,800	-	46,901	170,701
Interest	11,850	-	3,272	15,122
Total expenditures	2,695,419	1,508,276	772,313	4,976,008
Excess (deficiency) of cash receipts over cash disbursements	190,584	339,936	(338,381)	192,139
Other financing sources (uses):				
Operating transfers in (out)	(293,250)	(300,000)	598,000	4,750
Total other financing sources (uses)	(293,250)	(300,000)	598,000	4,750
Net change in fund balances	(102,666)	39,936	259,619	196,889
Fund balance, July 1, 2018	615,275	(1,919)	1,610,705	2,224,061
Fund balance, June 30, 2019	\$ 512,609	38,017	1,870,324	2,420,950

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, 2019

Exhibit F

Net change in fund balances - total governmental funds (from page 13)	\$	196,889
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(23,073)
When recognizing the sale or disposal of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported on the Statement of Net Assets.		(5,446)
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.		170,701
The change in the net pension liability and related deferred inflows and deferred outflows of financial resources is not recognized in the funds		(125,413)
Change in net assets of governmental activities (page 10)	\$	<u><u>213,658</u></u>

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Net Position - Modified Cash Basis
Proprietary Fund
June 30, 2019

	Sewer Fund
Assets:	
Current assets:	
Cash	\$ 85,367
Total current assets	85,367
Capital assets:	
Property, plant and equipment (net of accumulated depreciation)	5,074,320
Total non-current assets	5,074,320
Total assets	\$ 5,159,687
Liabilities:	
Due to other funds	\$ 9,940
Current portion of notes payable	40,395
	50,335
Notes payable, less current portion	1,440,703
Total liabilities	1,491,038
Net position:	
Invested in capital assets, net of related debt	3,593,222
Unrestricted	75,427
Total net position	3,668,649
Total liabilities and net position	\$ 5,159,687

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, 2019

	Sewer Fund
<i>Operating receipts:</i>	
Sewer rents	\$ 339,815
Penalties and interest on delinquents	8,155
Fees	80
Total operating receipts	348,050
<i>Operating disbursements:</i>	
Wages and benefits	181,821
Operations and Maintenance	42,173
Utilities	42,707
Depreciation	169,654
Total operating expenses	436,355
<i>Operating loss</i>	(88,305)
<i>Nonoperating receipts (disbursements):</i>	
USDA Grant	9,153
State Grant	4,181
Interest income	1,310
Interest expense	(33,993)
Loss on disposal of asset	-
Total nonoperating receipts	(19,349)
<i>Income before transfers</i>	(107,654)
Transfers to General Fund	(4,750)
	(4,750)
<i>Change in modified cash basis net position</i>	(112,404)
<i>Total net position - beginning</i>	3,781,053
<i>Total net position - ending</i>	\$ 3,668,649

See accompanying notes to financial statements.

TOWN OF WILMINGTON, VERMONT
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2019

	Health Trust Fund	Agency Funds
Assets:		
Cash	\$ 9,621	-
Deposits	5,018	-
Due from other funds	-	79,820
Total assets	\$ 14,639	79,820
Liabilities		
Due to taxpayers	\$ -	79,820
Due to other funds	24,941	-
Total liabilities	\$ 24,941	79,820
Fiduciary net position	\$ (10,302)	

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, 2019

	Health Trust Fund
Receipts:	
Employer contributions	\$ 71,962
Member contributions	6,346
Total receipts	78,308
Disbursements:	
Benefits paid	77,894
Administrative expense	23
Total disbursements	77,917
Change in modified cash basis fiduciary net position	391
Total net position - beginning	(10,693)
Total net position - ending	\$ (10,302)

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, 2019:

Cash:	
Deposits with Financial Institutions	\$ <u>2,516,174</u>
Investments:	
Certificates of Deposit	34,692
Money Market Mutual Funds	<u>13,974</u>
Total Investments	<u>48,666</u>
Total Cash and Investments	\$ <u><u>2,564,840</u></u>

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(3) *Cash and Investments (continued)*

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

Custodial Credit Risk of Bank Deposits

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 552,197	\$ 552,199
Uninsured, Collateralized by U.S. Government Securities Held by the Bank's Trust Department with a Security Interest Granted to the Town	<u>1,998,669</u>	<u>2,109,699</u>
Total Cash and Certificates of Deposit	<u>\$ 2,550,866</u>	<u>\$ 2,661,898</u>

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

Cash and certificates of deposit are comprised of the following:

Cash - Deposits with Financial Institutions	\$ 2,516,174
Investments - Certificates of Deposit	<u>34,692</u>
Total	<u>\$ 2,550,866</u>

Interest rate risk

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

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(4) Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Governmental Activities				
Land	\$ 252,077	-	-	252,077
Construction in Progress	3,333	-	(3,333)	-
Antiques and Works of Art	1,200	-	-	1,200
Buildings	2,102,756	9,998	-	2,112,754
Infrastructure	4,079,328	154,695	-	4,234,023
Office Equipment and Software	195,930	-	-	195,930
Vehicles and Equip. - General	7,499	-	-	7,499
Vehicles and Equip. - Roads	2,129,857	333,637	(309,468)	2,154,026
Vehicles and Equip. - Police Department	260,674	36,647	-	297,321
Vehicles and Equip. - Fire Department	1,428,475	-	-	1,428,475
Vehicles and Equip. - Culture and Recreation	136,351	11,000	-	147,351
Vehicles and Equip. - Solid Waste Disposal	10,500	-	-	10,500
Total Assets	10,607,980	545,977	(312,801)	10,841,156
Less: Accumulated Depreciation				
Buildings	(801,684)	(54,591)	-	(856,275)
Infrastructure	(1,521,421)	(174,404)	-	(1,695,825)
Office Equipment and Software	(157,783)	(11,208)	-	(168,991)
Vehicles and Equip. - General	(5,955)	(600)	-	(6,555)
Vehicles and Equip. - Roads	(871,635)	(133,297)	215,046	(789,886)
Vehicles and Equip. - Police Department	(181,658)	(28,469)	-	(210,127)
Vehicles and Equip. - Fire Department	(636,898)	(58,767)	-	(695,665)
Vehicles and Equip. - Culture and Recreation	(18,749)	(14,093)	-	(32,842)
Vehicles and Equip. - Solid Waste Disposal	(1,752)	(1,312)	-	(3,064)
Total Accumulated Depreciation	(4,197,535)	(476,741)	215,046	(4,459,230)
Governmental Activities Capital Assets, Net	\$ 6,410,445	69,236	(97,755)	6,381,926
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	42,045	-	705,439
Collection and Treatment System	3,959,802	-	-	3,959,802
Total	7,039,597	42,045	-	7,081,642
Less: Accumulated Depreciation				
Office Equipment	(17,336)	(809)	-	(18,145)
Buildings and Buildings Improvements	(249,270)	(79,334)	-	(328,604)
Vehicles and Equipment	(433,361)	(21,525)	-	(454,886)
Collection and Treatment System	(1,137,701)	(67,986)	-	(1,205,687)
Total Accumulated Depreciation	(1,837,668)	(169,654)	-	(2,007,322)
Business-Type Activities Capital Assets, Net	\$ 5,201,929	(127,609)	-	5,074,320

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

(4) Capital Assets (continued)

Depreciation was charged as follows:

Governmental Activities:	
General government	\$ 23,208
Highways and streets	328,400
Public safety	99,922
Culture and recreation	25,211
	\$ 476,741
Business-type Activities:	
Sewer	\$ 169,654

(5) Internal Balances

Internal balances at June 30, 2019 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ -	1,740,679
Town Roads Fund	38,017	-
Other Governmental Funds	1,657,723	-
Sewer Fund	-	9,940
Agency Fund - Tax Sale Fund	79,820	-
Agency Fund - Health Care Flex Plan Fund	-	24,941
Total	\$ 1,775,560	1,775,560

Internal transfers for the year ended June 30, 2019 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Cemetery Fund	\$ 38,000	Annual contribution
General Fund	Fire House Capital	5,000	Annual contribution
General Fund	Memorial Hall Capital Fund	20,000	Annual contribution
General Fund	Fire Department Equipment Fund	125,000	Annual contribution
General Fund	Planning/Acquisition Capital	5,000	Annual contribution
General Fund	Town Hall Capital Fund	5,000	Annual contribution
General Fund	Police Equipment Capital	20,000	Annual contribution
General Fund	Reappraisal Fund	75,000	Annual contribution
General Fund	Transfer Station Capital	5,000	Annual contribution
Town Roads Fund	Town Road Equipment Fund	300,000	Annual contribution
Sewer	General Fund	4,750	Administrative fee
		\$ 602,750	

(6) Leases

The Town leases certain equipment under agreements, which are classified as capital leases. At June 30, 2019 equipment recorded under capital lease in the Government-wide financial statements amounted to \$319,900. Accumulated amortization amounted to \$47,672.

(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,		
2020	\$	50,173
2021		50,174
<u>Total minimum lease payments</u>		<u>100,347</u>
<u>Less amount representing interest</u>		<u>(3,320)</u>
Present value of minimum lease payments	\$	<u>97,027</u>

(7) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019 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.	\$ 130,000	-	(35,000)	95,000	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.	355,200	-	(88,800)	266,400	88,800
Total Governmental Activities	\$ 485,200	-	(123,800)	361,400	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.	1,520,600	-	(39,502)	1,481,098	39,501
Total Business-type Activities	\$ 1,520,600	-	(39,502)	1,481,098	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
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	-	-	-	44,177	29,317	73,494
2025-2029	-	-	-	236,340	131,130	367,470
2030-2034	-	-	-	264,315	103,155	367,470
2035-2039	-	-	-	295,602	71,868	367,470
2040-2044	-	-	-	330,593	36,877	367,470
2045-2046	-	-	-	142,923	4,042	146,965
	\$ 361,400	17,993	379,393	1,481,098	503,217	1,984,315

(8) Governmental Fund Balances/Net Assets

At June 30, 2019 the town's fund balances were nonspendable, restricted, committed or assigned as follows:

Special Revenue Fund, Nonspendable:		
Davenport Legacy Fund		\$ <u>429</u>
Special Revenue Fund, Restricted:		
Maintenance of Cemeteries		\$ 85,967
Restoration and Preservation of Municipal records		57,539
Beautification Donations		3,410
Total special revenue funds, restricted		\$ <u>146,916</u>
Capital Projects Fund, Restricted:		
Energy Efficient Improvements Grants		\$ <u>8,872</u>
Total restricted fund balances		\$ <u>155,788</u>
Special Revenue Fund, Committed:		
Housing and Economic Development		\$ <u>820,848</u>
Capital Projects Fund, Committed:		
Bridge Rehabilitation		\$ 41,765
Memorial Hall Maintenance and Improvement		42,037
Total capital projects funds, committed		\$ <u>83,802</u>
Total committed fund balances		\$ <u>904,650</u>

(continued)

TOWN OF WILMINGTON, VERMONT

Notes to Financial Statements

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

General Fund, Assigned:	
Animal Control	\$ 18,960
Green Mountain Beach	3,631
Public Lands and Fences	10,594
Revenue Sharing	993
Total general funds, assigned	<u>\$ 34,178</u>
Special Revenue Fund, Assigned:	
Cemetery Fund	\$ 18,727
Police Department	7
Town Gathering Place	965
Revolving Loan Fund	55,324
Total special revenue fund, assigned	<u>\$ 75,023</u>
Capital Projects Fund, Assigned:	
Town Hall	24,499
School Field	1,028
Town Road Equipment	164,794
Fire House	12,734
Fire Department Equipment	498,825
Housing Capital Reserve Fund	2,758
Total capital project funds, assigned	<u>\$ 704,638</u>
Total assigned fund balances	<u><u>\$ 813,839</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 5.0%. The Town contributes 9.975% to Plan D and 5.625% 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 \$1,512,960 while covered payroll by the Plan was \$1,398,899. The Town's contribution to the plan for the year ending June 30, 2019 was \$89,081.

(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 2018-2019 fiscal year on August 31, 2018 and February 28, 2019. 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	0.5519	0.5519
Education - Local Share	2.1233	1.7004
Total	<u>2.6752</u>	<u>2.2523</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 2019.

(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, 2019, 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, 2018. 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, 2018
Town of Wilmington's portion of the Plan's	
Total net pension liability	\$ 742,691

For the year ended June 30, 2019, the Town recognized pension expense of \$214,494. At June 30, 2019 the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 86,074	-
Changes in assumptions	82,244	-
Difference between expected and actual experience	64,511	11,876
Changes in proportion and differences between Town contributions and proportionate share of contributions	36,313	4,893
Town contributions subsequent to the measurement date	89,081	-
	<u>\$ 358,223</u>	<u>16,769</u>

(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, 2019. 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, 2020	\$	145,398
June 30, 2021		59,025
June 30, 2022		21,013
June 30, 2023		26,937
Thereafter		-
	\$	<u>252,373</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-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement.

Group D - RP-2006 Blue Collar Annuitant Table with generation improvement.

Healthy Post-retirement:

Groups A, B, C - 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement.

Group D - 100% of RP-2014 Healthy Annuitant with generational improvement.

Disabled Post-retirement:

All Groups - RP-2006 Disabled Mortality Table with generational improvement.

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, 2019 COLA is assumed to be 1.30% 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, 2018, 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	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%

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%)
\$ 1,257,951	\$ 742,691	\$ 323,642

(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 May 7, 2020, 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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tax Collections	\$ 2,512,845	2,278,350	(234,495)
Delinquent Taxes - Interest	55,000	45,586	(9,414)
Delinquent Taxes - Penalty	52,000	71,503	19,503
Lake Raponda Greeter	-	6,957	6,957
Shoreline Grant	-	39,275	39,275
Glebe Land	82,535	85,414	2,879
Licenses	3,300	3,347	47
Zoning Fees	15,000	10,425	(4,575)
Permit Recording Fee	300	252	(48)
Land Sale/Redemptions	2,000	-	(2,000)
Miscellaneous Administrative	100	-	(100)
Miscellaneous Income	100	2,286	2,186
Act 60 Grand List Administrative	3,000	3,149	149
PILOT Payment	10,000	12,450	2,450
State Education Fund	24,000	29,927	5,927
Reappraisal - State/Parcel Payment	26,500	26,767	267
Land Use	38,000	41,808	3,808
Town Clerk Fees	35,000	36,831	1,831
Police Department:			
Fees and Fines	41,000	25,430	(15,570)
Sale of Cruiser	4,000	-	(4,000)
Miscellaneous	-	4,375	4,375
Outside Employment	12,000	5,270	(6,730)
Alarm Registration Fees	4,000	4,400	400
DUI Enforcement Grant	2,000	4,495	2,495
Governor's Highway Safety Grant	5,000	3,782	(1,218)
GHSP Equipment Grant	4,000	6,295	2,295
Fire Department:			
Town of Searsburg	21,840	22,932	1,092
Somerset	3,000	3,000	-
Hazardous Cleanup Income	-	2,074	2,074

(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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts (continued):			
Transfer Station Fees	\$ 79,000	79,364	364
Library Repayment	-	274	274
MHS Fees	600	522	(78)
Memorial Hall Rent	2,200	550	(1,650)
Investment Income	7,000	28,913	21,913
Total cash receipts	<u>3,045,320</u>	<u>2,886,003</u>	<u>(159,317)</u>
Cash Disbursements:			
Town Officers:			
Moderator, Election Officials, Ballots	2,500	1,210	1,290
Selectboard	6,300	6,300	-
	<u>8,800</u>	<u>7,510</u>	<u>1,290</u>
Town Clerk:			
Salary	49,440	49,440	-
Assistant	34,507	34,564	(57)
Supplies and Postage	1,800	1,710	90
Training	3,300	2,128	1,172
Taping Town Meeting	600	600	-
Recording Supplies	2,200	2,059	141
Copier/Computer/Office Furniture	2,100	1,457	643
Election Supplies/Postage	500	135	365
Animal Rabies Control Supplies	400	497	(97)
Vote Tabulator	3,000	2,262	738
	<u>97,847</u>	<u>94,852</u>	<u>2,995</u>
Treasurer:			
Town Treasurer Salary	4,759	4,759	-
Finance Officer	52,730	52,730	-
	<u>57,489</u>	<u>57,489</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Listers:			
Assistant Salary	\$ 53,565	56,718	(3,153)
Lister Training	250	-	250
Appraisal Temp	1,000	771	229
Lister's Salary/Expense	15,000	18,908	(3,908)
Mapping	5,000	3,260	1,740
Grievance Costs	3,000	7,960	(4,960)
Yearly Grand List Maintenance	35,000	7,400	27,600
Reappraisal Contract - GM	-	532	(532)
Appraisal Supplies/Computer	750	545	205
Reappraisal - Commercial - Everett	1,500	800	700
	<u>115,065</u>	<u>96,894</u>	<u>18,171</u>
Town Manager:			
Salaries	95,790	95,790	-
Town Manager Expenses	3,000	1,906	1,094
Postage and Supplies	4,000	4,451	(451)
Mileage	2,500	365	2,135
	<u>105,290</u>	<u>102,512</u>	<u>2,778</u>
Administration:			
Administrative Secretary	39,256	40,587	(1,331)
Zoning Administrator	47,530	45,324	2,206
Compensation Banding	4,000	3,555	445
Reconciliation Analyst	250	370	(120)
Ads Non-Zoning	550	699	(149)
Computer Support/Equipment	4,500	3,070	1,430
Telephone	6,000	8,869	(2,869)
Tax Bills	4,100	3,740	360
Training	2,500	671	1,829
Copier	4,000	2,253	1,747
Dog Warden Salary/Expense	-	1,262	(1,262)
Zoning Training/Expense	1,400	968	432
Zoning Advertising	500	429	71
Zoning Postage	200	275	(75)
	<u>114,786</u>	<u>112,072</u>	<u>2,714</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Police Department:			
Chief's Salary	\$ 75,481	81,347	(5,866)
Sworn Payroll	255,053	170,377	84,676
Part-time Payroll	5,500	11,213	(5,713)
Dispatcher	60,464	65,313	(4,849)
Overtime	18,000	56,691	(38,691)
Outside Employment	14,500	5,465	9,035
Cruiser Replacement	33,750	36,647	(2,897)
Cruiser Operation	25,000	21,207	3,793
Uniform Purchase	2,000	5,254	(3,254)
Uniform Maintenance	1,200	1,334	(134)
Firearm Ammunition	950	466	484
Radar	575	520	55
Telephone	5,750	5,526	224
Postage	350	348	2
Office Supplies	1,150	1,419	(269)
Office Equipment	250	96	154
Equipment Maintenance	4,000	5,196	(1,196)
Computer Hardware and Software	1,500	1,332	168
Statewide Record Database	9,350	7,256	2,094
Copier	1,800	1,278	522
Inservice Training	2,000	2,753	(753)
Training Aids and Materials	750	1,013	(263)
Community Awareness	300	1,509	(1,209)
Radio Maintenance	1,250	1,635	(385)
Equipment Replacement	1,950	2,165	(215)
Association Fees	250	640	(390)
Chief's Expense	500	517	(17)
Police Department Safety Compliance	150	110	40
Investigation Costs	750	458	292
Brattleboro Lockup	1,500	938	562
PD Alarm	300	300	-
Towing	200	-	200
GHS Equipment Grant	4,000	5,405	(1,405)
Applicant Advertising	200	950	(750)
	<u>530,723</u>	<u>496,678</u>	<u>34,045</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Fire Department:			
Chief's Salary	\$ 63,860	63,860	-
Assistant Chief's Salary	2,320	2,318	2
Labor	31,827	31,150	677
Officer's Salary	2,252	1,748	504
Emergency Op Center Personnel	750	-	750
Emergency Op Center Setup	1,000	111	889
Electricity	2,375	1,679	696
Telephone	2,200	3,389	(1,189)
Fire Fighter's Association	700	650	50
Administration	1,900	1,420	480
Training	3,500	2,007	1,493
Radio Maintenance	2,500	2,371	129
Code Compliance	500	400	100
Air Packs	2,500	3,718	(1,218)
Water Rent	1,100	1,194	(94)
Sewer Rent	450	497	(47)
Fire Alarm	250	168	82
Truck Maintenance	8,000	8,301	(301)
Gas and Oil	2,300	2,085	215
Building Maintenance	3,000	3,077	(77)
Extinguisher Recharge	275	-	275
Equipment (New & Replacement)	4,000	3,056	944
Helmet/Boot/Coat	5,000	1,999	3,001
Hose	4,100	3,280	820
Foam	700	672	28
Heating Oil	4,000	4,705	(705)
Fire Prevention Education	250	331	(81)
Travel Expense	1,500	1,991	(491)
Fire Chief Uniform	250	301	(51)
Dispatch Assessment Wilmington	42,233	42,951	(718)
Dispatch Assessment Searsburg	5,596	5,691	(95)
	<u>201,188</u>	<u>195,120</u>	<u>6,068</u>
Insurance:			
Employment Practices	11,000	11,512	(512)
Liability/Property/Auto	48,000	44,392	3,608
Public Officials Liability	3,550	3,043	507
Firemen's Disability	1,250	1,333	(83)
Worker's Compensation	45,000	46,724	(1,724)
	<u>108,800</u>	<u>107,004</u>	<u>1,796</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Green Mountain Beach:			
Green Mountain Beach Mowing	\$ 750	530	220
Maintenance and Improvement	900	459	441
Toilets	800	871	(71)
	<u>2,450</u>	<u>1,860</u>	<u>590</u>
Health and Social Services:			
Health Officer	1,597	1,597	-
Town Nurse	16,818	16,724	94
Council on Aging	350	350	-
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	750	(250)
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	-
SASH	5,000	5,000	-
WDART	250	250	-
SV Therapy Riding	500	500	-
	<u>48,695</u>	<u>48,101</u>	<u>594</u>
Employee Benefits:			
Social Security	74,000	73,552	448
Health Care	278,256	197,514	80,742
Disability/Life Insurance	4,822	3,748	1,074
Retirement	63,500	56,890	6,610
Employment Security	500	-	500
	<u>421,078</u>	<u>331,704</u>	<u>89,374</u>
Grounds Keeper	<u>7,780</u>	<u>7,336</u>	<u>444</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Transfer Station:			
Operator	\$ 39,917	39,078	839
Management District Assessment	16,500	16,873	(373)
Electricity	1,200	1,641	(441)
Telephone	1,200	1,148	52
Post Closure Expense	500	-	500
Tire Recycling	500	-	500
Disposal & Containers	68,460	73,922	(5,462)
TS Recycle	6,000	8,674	(2,674)
Recycling Cleanup	32,000	37,947	(5,947)
Maintenance/Improvements/Supplies	1,250	1,538	(288)
Miscellaneous	300	-	300
	<u>167,827</u>	<u>180,821</u>	<u>(12,994)</u>
Legal and Professional Fees	<u>38,550</u>	<u>44,923</u>	<u>(6,373)</u>
Memorial Hall:			
Electricity	1,800	2,741	(941)
Water Rent	950	1,179	(229)
Sewer Rent	825	994	(169)
Maintenance	2,000	2,102	(102)
Grounds	900	1,067	(167)
Heat	1,500	2,822	(1,322)
Fire Alarm	1,200	1,188	12
Insurance	3,000	2,678	322
Cleaning/Janitorial	850	1,505	(655)
	<u>13,025</u>	<u>16,276</u>	<u>(3,251)</u>
Planning Commission:			
Windham Region	4,216	4,216	-
Manuals	100	126	(26)
Public Notice	450	387	63
Postage	100	-	100
Training Expenses	250	-	250
	<u>5,116</u>	<u>4,729</u>	<u>387</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Library:			
Library	\$ -	273	(273)
Library Appropriation	128,500	128,500	-
Library Capital	12,000	12,000	-
	<u>140,500</u>	<u>140,773</u>	<u>(273)</u>
Memorial Day	<u>400</u>	<u>372</u>	<u>28</u>
Recreation Commission:			
Elementary Program Director	2,500	2,500	-
Elementary Counselors	3,700	2,864	836
MS Program Directors	3,000	3,000	-
MS Art Director	220	-	220
MS Counselors	2,200	1,944	256
Elementary Programs	750	780	(30)
MHS Supplies	500	499	1
Deerfield Valley Farmers Day Association	4,043	4,043	-
Portable Toilets	2,800	1,934	866
Green-Up Day	50	49	1
Beautification Committe	2,932	1,970	962
Flowers/Barrels	19,700	19,700	-
Tennis Courts	300	-	300
Valley Youth Sports	7,000	7,000	-
Playground Expense	-	87	(87)
Forest Expense	-	800	(800)
Fences	-	13	(13)
	<u>49,695</u>	<u>47,183</u>	<u>2,512</u>
Town Hall:			
Electricity	8,000	6,777	1,223
Heat	5,000	6,191	(1,191)
Supplies	1,500	1,532	(32)
Fire Alarm	900	668	232
Water Rent	1,300	1,492	(192)
Sewer Rent	1,200	1,316	(116)
Maintenance	5,000	4,481	519
Elevator	2,700	4,105	(1,405)
Janitorial and Carting	8,000	8,345	(345)
	<u>33,600</u>	<u>34,907</u>	<u>(1,307)</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Selectpersons Contingency:			
Miscellaneous	\$ 1,500	1,582	(82)
Economic Development	67,950	66,148	1,802
	<u>69,450</u>	<u>67,730</u>	<u>1,720</u>
Other			
Garage Bond	38,000	37,958	42
Public Lands & Fences	1,000	1,000	-
Street Lights	13,800	14,425	(625)
Taxes - County Court	52,000	57,984	(5,984)
Town Reports	850	771	79
Transfer to Bridge (loan payment)	97,680	97,692	(12)
Vermont League of Cities and Towns Dues	3,186	3,186	-
Web Site	800	848	(48)
Wilmington School District	200,000	200,000	-
Wilmington Water District	5,600	5,600	-
WWD Merger/Acquisition	1,000	990	10
Grant Expenditures			
Better Backroads Grant	-	5,997	(5,997)
E Main Street	-	3,810	(3,810)
South Main Sidewalk	-	31,888	(31,888)
Shoreline Lake Raponda	-	24,562	(24,562)
Lake Raponda Greeter	-	11,862	(11,862)
	<u>413,916</u>	<u>498,573</u>	<u>(84,657)</u>
Total cash disbursements	<u>2,752,070</u>	<u>2,695,419</u>	<u>56,651</u>
Excess (deficiency) of cash receipts over cash disbursements	<u>293,250</u>	<u>190,584</u>	<u>(102,666)</u>
Other financing sources (uses):			
Operating transfers in (out):			
Administrative WWTP	4,750	4,750	-
Fire Department Equipment	(125,000)	(125,000)	-
Fire House Capital	(5,000)	(5,000)	-
Memorial Hall Fund Capital Transfer	(20,000)	(20,000)	-
Planning/Aquisition Capital	(5,000)	(5,000)	-
Police Equipment Capital	(20,000)	(20,000)	-
Reappraisal Fund	(75,000)	(75,000)	-
Town Hall Capital Fund	(5,000)	(5,000)	-
Transfer Station Capital	(5,000)	(5,000)	-
Transfer to Cemetery Fund	(38,000)	(38,000)	-
	<u>(293,250)</u>	<u>(293,250)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>(102,666)</u>	<u>(102,666)</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tax Collections	\$ 1,710,174	1,710,174	-
State Aid	136,500	136,879	379
Permits	100	-	(100)
Interest Income	400	1,102	702
Other	250	57	(193)
Total cash receipts	<u>1,847,424</u>	<u>1,848,212</u>	<u>788</u>
Cash Disbursements:			
Salaries and Employee Benefits			
Salaries and Wages	422,317	425,566	(3,249)
Unscheduled Overtime	35,000	35,932	(932)
Social Security	34,985	32,873	2,112
Health Insurance	189,620	184,040	5,580
Disability Insurance	2,750	2,464	286
Retirement	25,502	25,901	(399)
Uniforms	3,100	3,202	(102)
Workers Comp	34,100	29,603	4,497
	<u>747,374</u>	<u>739,581</u>	<u>7,793</u>
Materials			
Parking Maintenance	2,500	934	1,566
Culverts	19,500	21,089	(1,589)
Rails	5,000	6,715	(1,715)
Chloride	24,000	21,590	2,410
Gravel/Stone/Fabric-Misc	104,500	110,443	(5,943)
Resurfacing	240,000	240,019	(19)
Salt	68,500	70,945	(2,445)
Sand	72,500	67,609	4,891
Snow Removal	50,000	33,465	16,535
Signs	2,200	3,674	(1,474)
Crack Sealing	18,000	-	18,000
Stabilization/Fabric/Hay	6,000	4,873	1,127
	<u>612,700</u>	<u>581,356</u>	<u>31,344</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Disbursements (continued):			
Equipment			
Maintenance to Equipment	\$ 59,000	60,266	(1,266)
Fuel	65,000	61,036	3,964
Rental/Contracted	5,500	5,887	(387)
Training	100	90	10
	<u>129,600</u>	<u>127,279</u>	<u>2,321</u>
Garage			
Advertising	550	378	172
Electricity	2,900	2,549	351
Tools & Supplies	19,900	21,402	(1,502)
Personal Protective Equip	1,500	662	838
Telephone	2,000	2,818	(818)
Insurance - Vehicles/Bldg	21,000	19,392	1,608
Computer/Office Supplies	1,000	521	479
Sewer Rent	650	670	(20)
MRGP permit	-	2,190	(2,190)
Bldg/Maint/Improvements	3,000	4,626	(1,626)
Fire Alarm	250	500	(250)
Heating	5,000	4,352	648
Pagers	-	-	-
	<u>57,750</u>	<u>60,060</u>	<u>(2,310)</u>
Miscellaneous			
Bridge Rehab CH	35,000	35,000	-
TRE Appropriation	265,000	265,000	-
	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total cash disbursements	<u>1,847,424</u>	<u>1,808,276</u>	<u>39,148</u>
Excess of cash disbursements over cash receipts	<u>\$ -</u>	<u>39,936</u>	<u>39,936</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

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.52790%	0.46888%	0.47601%	0.49197%	0.49731%
Proportionate share of the net pension liability	\$ 742,691	568,074	612,611	397,287	45,387
Covered-employee payroll	\$ 1,398,899	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	53.09%	39.25%	44.00%	30.20%	3.55%
Plan fiduciary net position as a percentage of the total pension liability	80.35%	82.60%	80.95%	87.42%	98.32%
Contractually required contribution	\$ 89,081	92,473	76,572	71,695	66,540
Contributions in relation to the contractually required contribution	(89,081)	(92,473)	(76,572)	(71,695)	(66,540)
Contribution deficiency (excess)	\$ -	-	-	-	-
Contributions as a percentage of covered-employee payroll	6.37%	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, 2019, 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 May 7, 2020.

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.

May 7, 2020

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

Vt. Reg. #357

Love, Cody & Company, CPAs