

# Town of Waitsfield, Vermont

## Fiscal Year 2018 -Audit Discussion and Financial Highlights

### Independent Auditor's Report

Last year's Auditor's Report included an "Adverse Opinion" that was caused by lack of financial reporting in the Cemetery Commission Fund. During this year's audit the Cemetery Commission and Cemetery Trustees provide financial information, as requested. The auditor's found that *"The modified cash basis of accounting requires the Town to record its investments at historical cost. Currently the Town's investments in the governmental activities and the Cemetery Trust Fund are recorded at current market value. The difference between the historical cost and current value is not reasonable determinable."* This is the basis for their "Qualified Opinion" for the 2018 audit. While this is a less serious audit issue, that is specific to the Cemetery Trust Fund, it will be a difficult problem to remedy.

The good news is that for the first time since Sullivan, Powers & Co. have been providing audit services, there are no Findings and Deficiencies in Internal Control at the end of the audit report.

### Statement of Net Position

The Town's (government-wide) modified cash basis net position increased by \$1,064,571 during the fiscal year from \$849,284 to \$1,913,855. This is the sum of the increases of \$1,062,650 for Governmental Activities and \$1,921 for Business-type Activities. The substantial increase in Governmental funds is due to the addition of the Cemetery Fund to the financial statements (\$427,097) and the new Joslin Library Capital Campaign funds (\$384,354). The net position may serve over time to be a useful indicator of a government's financial position. In the case of the Town of Waitsfield, assets exceeded liabilities and deferred inflows of resources by \$1,913,855 at the close of fiscal year 2018 on the modified cash basis of accounting.

The Town's General Fund unassigned fund balance increased by \$96,476 during the fiscal year from \$167,364 to \$263,840. The Fund Balance Policy sets a goal of an unassigned fund balance equal to two month's expenditures (17% or \$304,000)

The Town's Business-type Activities are the Water Fund and the Wait House Fund. The Business-type Activities net position increased by \$1,921 during the fiscal year from \$149,512 to \$151,433. The Water Fund's net position increased by \$8,657 while the Wait House Fund decreased by \$6,736.

The Town of Waitsfield maintains thirty-two (32) individual governmental funds. Information on these government funds is presented in Exhibit C, Exhibit D and the Combining Schedules 2 through 7.

### General Fund Budgetary Highlights

The General Fund is used to record all resource inflows and outflows that are not associated with special-purpose funds. The activities being paid for through the general fund constitute the core administrative and operational tasks of the Town. The residents adopt an annual appropriated budget for its General Fund at the March Town Meeting. Capital/One-Time Expenditures are included in the General Fund financial reporting. A budgetary comparison statement has been provided for the General Fund in Schedule 1 beginning on page 32.

For fiscal year 2018 the General Fund had a \$97,543 Excess of Cash Receipts Over Cash Disbursements (surplus!). Total receipts were \$61,920 more than budgeted. Total Disbursements were \$35,623 less than budgeted. There were many revenue and disbursement accounts that varied from the budget. Only the major differences are listed below.

The overage in receipts was primarily due to very strong property tax payments (\$74,206 more than budgeted). Delinquent interest receipts were also \$6,734 more than budgeted. The amount of delinquent taxes totaled \$98,810 (1.5% of 2018 property taxes) as of June 30, 2018. This was approximately \$50,000 less than the delinquent taxes as of June 30, 2017. This tax revenue helped offset the \$25,605 in delayed Wastewater loan payments that were not received.

The fiscal year began with some unanticipated expenditures and the winter season added to the overages. Auditing and Legal services were very high, ending the year \$15,305 over budget. The Road Department Labor, Equipment Repairs and Materials were \$38,000 more than budgeted. Some savings in Pavement Sealing and Line Painting help reduce the Road Department's end-of year overages to \$21,500. On the savings side; Debt Service was \$34,955 under budget, Fire Department \$17,066 under budget, Public Safety was \$8,065 under budget, Larue Park improvements \$10,000 under budget. Also, in March the Town implemented a hold on all discretionary spending. All these items factored in to the \$35,623 in savings for the year's expenditures.

#### Water Fund

The Water Fund ended the year with a Net Position of \$152,564 which was \$8,657 higher than the balance at June 30, 2017. Water User Fees and interest income were \$1,756 higher than budgeted. Disbursements were \$6,901 under the budget.

#### Debt

Total Debt, including Governmental Activities, Water Fund and Short Term Debt as of June 30, 2018 is \$5,586,366 which is \$318,266 lower than June 30, 2017.

Questions concerning any of the information provided in the audit report or requests for additional information should be addressed to Sandra Gallup, Town Treasurer, Town of Waitsfield, Vermont, 4144 Main Street, Waitsfield, Vermont 05673.