

TOWN OF WAITSFIELD, VERMONT

AUDIT REPORT

JUNE 30, 2018

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 AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of Waitsfield, Vermont
4144 Main Street
Waitsfield, Vermont 05673

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Waitsfield, Vermont as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Waitsfield, Vermont'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 I; 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 of 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 Town'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 Town'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 opinions.

Basis for Qualified Opinions

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 reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the Cemetery Trust Fund of the Town of Waitsfield, Vermont, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in conformity with the modified cash basis of accounting, as described in Note I.D.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities, the General Fund, the Vermont Grant Fund, the Sewer Fund, the Village West Sidewalk Fund, the Restroom, Recreation and Conservation Fund, the Joslin Library Fund, the Water Fund, the Wait House Fund and the aggregate remaining fund information of the Town of Waitsfield, Vermont as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in conformity with the modified cash basis of accounting, as described in Note I.D.

Basis of Accounting

We draw attention to Note I.D. 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.

Other Matters

Correction of Errors

As described in Note II.B. of the financial statements, certain errors were corrected by management during the current year. Our opinion is not modified with respect to this matter.

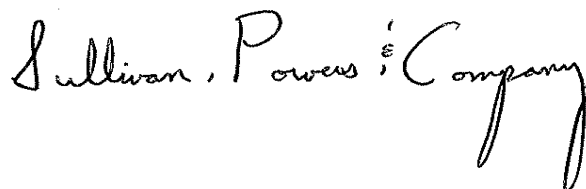
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waitsfield, Vermont's basic financial statements. The budgetary comparison information on Schedule 1 and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated November 15, 2018 on our consideration of the Town of Waitsfield, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 the Town of Waitsfield, Vermont's internal control over financial reporting and compliance.

November 15, 2018
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the typed address information.

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,348,215	\$ 201,388	\$ 1,549,603
Investments	403,302	0	403,302
Internal Balances	50,183	(50,183)	0
Due from Others	<u>8</u>	<u>228</u>	<u>236</u>
Total Assets	<u>1,801,708</u>	<u>151,433</u>	<u>1,953,141</u>
<u>LIABILITIES</u>			
Escrow Liabilities	<u>39,286</u>	<u>0</u>	<u>39,286</u>
Total Liabilities	<u>39,286</u>	<u>0</u>	<u>39,286</u>
<u>NET POSITION</u>			
Restricted:			
Scrag Mountain Town Forest	65,389	0	65,389
Records Restoration	32,925	0	32,925
Community Development	87,265	0	87,265
Library	383,732	0	383,732
Cemetery	463,464	0	463,464
Other Purposes	58,704	0	58,704
Unrestricted	<u>670,943</u>	<u>151,433</u>	<u>822,376</u>
Total Net Position	<u>\$ 1,762,422</u>	<u>\$ 151,433</u>	<u>\$ 1,913,855</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs:	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants/Loans and Contributions	Capital Grants/Loans and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 706,898	\$ 93,611	\$ 11,902	\$ 20,366	\$ (581,019)	\$ 0	\$ (581,019)
Public Safety	406,870	41,583	0	188,047	(177,240)	0	(177,240)
Highways and Streets	437,396	905	69,193	399,229	31,931	0	31,931
Culture and Recreation	392,027	7,207	0	735,094	350,274	0	350,274
Community Development	17,400	0	0	0	(17,400)	0	(17,400)
Cemetery	31,373	8,105	0	0	(23,268)	0	(23,268)
Sewer	44,864	0	0	416,358	371,494	0	371,494
Debt Service	996,387	0	0	0	(996,387)	0	(996,387)
Total Governmental Activities	<u>3,033,215</u>	<u>151,411</u>	<u>81,095</u>	<u>1,759,094</u>	<u>(1,041,615)</u>	<u>0</u>	<u>(1,041,615)</u>
Business-type Activities							
Water	194,366	202,761	0	0	0	8,395	8,395
Wait House	17,611	10,872	0	0	0	(6,739)	(6,739)
Total Business-type Activities	<u>211,977</u>	<u>213,633</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,656</u>	<u>1,656</u>
Total Primary Government	<u>\$ 3,245,192</u>	<u>\$ 365,044</u>	<u>\$ 81,095</u>	<u>\$ 1,759,094</u>	<u>(1,041,615)</u>	<u>1,656</u>	<u>(1,039,959)</u>
General Receipts:							
Property Taxes					1,476,823	0	1,476,823
Penalties and Interest on Delinquent Taxes					35,626	0	35,626
General State Grants					100,653	0	100,653
Unrestricted Investment Earnings					27,774	265	28,039
Other					1,877	0	1,877
Total General Receipts					<u>1,642,753</u>	<u>265</u>	<u>1,643,018</u>
Change in Net Position					601,138	1,921	603,059
Net Position - July 1, 2017, As Restated					<u>1,161,284</u>	<u>149,512</u>	<u>1,310,796</u>
Net Position - June 30, 2018					<u>\$ 1,762,422</u>	<u>\$ 151,433</u>	<u>\$ 1,913,855</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WAITSFIELD, VERMONT
 STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 GOVERNMENTAL FUNDS
 JUNE 30, 2018

	General Fund	Vermont Grant Fund	Sewer Fund	Village West Sidewalk Fund	Restroom, Recreation & Conservation Fund	Joslin Library Fund	Cemetery Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS									
Cash	\$ 378,801	\$ 87,265	\$ 39,286	\$ 0	\$ 9,409	\$ 384,354	\$ 23,795	\$ 425,305	\$ 1,348,215
Investments	0	0	0	0	0	0	403,302	0	403,302
Due from Other Funds	12,943	0	15,667	0	0	0	0	33,022	61,632
Due from Others	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
Total Assets	<u>\$ 391,752</u>	<u>\$ 87,265</u>	<u>\$ 54,953</u>	<u>\$ 0</u>	<u>\$ 9,409</u>	<u>\$ 384,354</u>	<u>\$ 427,097</u>	<u>\$ 458,327</u>	<u>\$ 1,813,157</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Escrow Liabilities	\$ 0	\$ 0	\$ 39,286	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,286
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,741</u>	<u>0</u>	<u>622</u>	<u>0</u>	<u>86</u>	<u>11,449</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>39,286</u>	<u>10,741</u>	<u>0</u>	<u>622</u>	<u>0</u>	<u>86</u>	<u>50,735</u>
Fund Balances/(Deficits):									
Restricted	65,389	87,265	15,667	0	0	383,732	427,097	112,329	1,091,479
Committed	0	0	0	0	9,409	0	0	255,685	265,094
Assigned	62,523	0	0	0	0	0	0	90,308	152,831
Unassigned/(Deficit)	<u>263,840</u>	<u>0</u>	<u>0</u>	<u>(10,741)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(81)</u>	<u>253,018</u>
Total Fund Balances/(Deficits)	<u>391,752</u>	<u>87,265</u>	<u>15,667</u>	<u>(10,741)</u>	<u>9,409</u>	<u>383,732</u>	<u>427,097</u>	<u>458,241</u>	<u>1,762,422</u>
Total Liabilities and Fund Balances	<u>\$ 391,752</u>	<u>\$ 87,265</u>	<u>\$ 54,953</u>	<u>\$ 0</u>	<u>\$ 9,409</u>	<u>\$ 384,354</u>	<u>\$ 427,097</u>	<u>\$ 458,327</u>	<u>\$ 1,813,157</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WAITSFIELD, VERMONT
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Vermont Grant Fund	Sewer Fund	Village West Sidewalk Fund	Restroom, Recreation & Conservation Fund	Joslin Library Fund	Cemetery Trust Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:									
Property Taxes	\$ 1,476,823	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,476,823
Penalties and Interest on Delinquent Taxes	35,626	0	0	0	0	0	0	0	35,626
Intergovernmental	181,748	0	0	24,939	256,650	4,288	0	154,656	622,281
Charges for Services	91,094	0	0	0	0	0	0	7,345	98,439
Permits, Licenses and Fees	42,724	0	0	0	0	0	0	1,265	43,989
Fines and Forfeits	4,765	0	0	0	0	0	0	0	4,765
Investment Income	1,584	48	0	0	20	347	25,189	586	27,774
Donations	65,265	0	0	0	0	408,891	0	119,047	593,203
Other	5,335	0	0	0	0	0	0	760	6,095
Total Cash Receipts	1,904,964	48	0	24,939	256,670	413,526	25,189	283,659	2,908,995
Cash Disbursements:									
General Government	671,299	0	0	0	0	0	0	5,583	676,882
Public Safety	109,253	0	0	0	0	0	0	0	109,253
Highways and Streets	418,761	0	0	4,017	0	0	0	3,179	425,957
Culture and Recreation	23,037	0	0	0	0	4,241	0	0	27,278
Community Development	0	17,400	0	0	0	0	0	0	17,400
Cemetery	0	0	0	0	0	0	1,136	30,237	31,373
Capital Outlay:									
General Government	0	0	0	0	0	0	0	30,016	30,016
Public Safety	0	0	0	0	0	0	0	297,617	297,617
Highways and Streets	0	0	0	0	0	0	0	11,439	11,439
Culture and Recreation	0	0	0	0	339,865	24,884	0	0	364,749
Sewer	0	0	44,864	0	0	0	0	0	44,864
Debt Service:									
Principal	390,947	0	407,000	0	0	0	0	210,000	1,007,947
Interest	47,239	0	3,769	0	0	0	0	2,432	53,440
Total Cash Disbursements	1,660,536	17,400	455,633	4,017	339,865	29,125	1,136	590,503	3,098,215
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	244,428	(17,352)	(455,633)	20,922	(83,195)	384,401	24,053	(306,844)	(189,220)
Other Financing Sources:									
Proceeds from Long-term Debt	0	0	416,358	0	0	0	0	240,000	656,358
Proceeds from Short-term Debt	65,000	0	0	0	0	0	0	69,000	134,000
Transfers In	16,463	0	0	0	10,000	0	2,500	238,277	267,240
Transfers Out	(166,337)	0	(9,849)	0	0	0	(22,829)	(68,225)	(267,240)
Total Other Financing Sources	(84,874)	0	406,509	0	10,000	0	(20,329)	479,052	790,358
Net Change in Fund Balances	159,554	(17,352)	(49,124)	20,922	(73,195)	384,401	3,724	172,208	601,138
Fund Balances/(Deficits) - July 1, 2017, As Restated	232,198	104,617	64,791	(31,663)	82,604	(669)	423,373	286,033	1,161,284
Fund Balances/(Deficits) - June 30, 2018	\$ 391,752	\$ 87,265	\$ 15,667	\$ (10,741)	\$ 9,409	\$ 383,732	\$ 427,097	\$ 458,241	\$ 1,762,422

The accompanying notes are an integral part of this financial statement.

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2018

	Water Fund	Wait House Fund	Total
<u>ASSETS</u>			
Cash	\$ 201,388	\$ 0	\$ 201,388
Due from Others	<u>228</u>	<u>0</u>	<u>228</u>
Total Assets	<u>201,616</u>	<u>0</u>	<u>201,616</u>
<u>LIABILITIES</u>			
Due to Other Funds	<u>49,052</u>	<u>1,131</u>	<u>50,183</u>
Total Liabilities	<u>49,052</u>	<u>1,131</u>	<u>50,183</u>
<u>NET POSITION</u>			
Unrestricted/(Deficit)	<u>152,564</u>	<u>(1,131)</u>	<u>151,433</u>
Total Net Position	<u>\$ 152,564</u>	<u>\$ (1,131)</u>	<u>\$ 151,433</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Water Fund	Wait House Fund	Total
Operating Receipts:			
Charges for Services	\$ 202,761	\$ 10,872	\$ 213,633
Total Operating Receipts	<u>202,761</u>	<u>10,872</u>	<u>213,633</u>
Operating Disbursements:			
Administrative Charges	1,500	0	1,500
Administrative Supplies	146	237	383
Permits and Licenses	566	0	566
Insurance	881	2,444	3,325
Professional Services	21,851	1,658	23,509
Communications	1,228	0	1,228
Utilities	2,906	7,138	10,044
Maintenance	27,053	5,546	32,599
Other	5,239	588	5,827
Total Operating Disbursements	<u>61,370</u>	<u>17,611</u>	<u>78,981</u>
Operating Income/(Loss)	<u>141,391</u>	<u>(6,739)</u>	<u>134,652</u>
Non-Operating Receipts/(Disbursements)			
Investment Income	262	3	265
Debt Service - Principal	(50,677)	0	(50,677)
Debt Service - Interest	(82,319)	0	(82,319)
Total Non-Operating Receipts/(Disbursements)	<u>(132,734)</u>	<u>3</u>	<u>(132,731)</u>
Change in Net Position	8,657	(6,736)	1,921
Net Position - July 1, 2017	<u>143,907</u>	<u>5,605</u>	<u>149,512</u>
Net Position - June 30, 2018	<u>\$ 152,564</u>	<u>\$ (1,131)</u>	<u>\$ 151,433</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

The Town of Waitsfield, Vermont (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, culture and recreation, health and social services, community development, public improvements, planning and zoning, water, sewer and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented on the modified 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. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the activity of the Town of Waitsfield, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government 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 primary government are financially accountable. The primary government 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 impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 as a whole. 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.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through property taxes, intergovernmental receipts, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial 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 governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Vermont Grant Fund – This fund accounts for the assets held by the Town for future community development expenditures.

Sewer Fund – This fund accounts for the activity related to the assets held by the Town and capital investments for private sewer systems.

Village West Sidewalk Fund – This fund accounts for the design and construction expenditures for new segments of the Town's village west sidewalk.

Restroom, Recreation & Conservation Fund – This fund accounts for the funds that will be used to contribute to restroom, recreation and conservation capital projects as the Town determines appropriate.

Joslin Library Fund – This fund accounts for the capital improvement expenditures of the Joslin Library.

Cemetery Trust Fund – This fund accounts for the assets held by the Town in trust for the future costs associated with the cemeteries.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

The Town reports on the following major proprietary funds:

Water Fund – This fund accounts for the maintenance and operations of the water system.

Wait House Fund – This fund accounts for the maintenance and operations of the Wait House.

Proprietary fund operating receipts, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Nonoperating receipts, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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 and unrestricted 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 generally on the basis of cash receipts and disbursements; 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. The exceptions to this are that the Town records investments and amounts due from others as assets and escrow liabilities as liabilities.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt are reported as other financing sources.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

E. Assets, Liabilities and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds. Interest income is allocated based on the due from/to other funds balances.

2. Investments

The Town invests its investments as allowed by State Statute. Investments are reported at current market value. This is not in accordance with the modified cash basis of accounting which requires investments to be carried at cost.

3. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances in governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

4. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances from/to other funds". All other outstanding balances between funds are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The budget presented herein is for the Town's "General Fund" only and does not include the Budget Stabilization Fund and the Town Forest Stewardship Fund that are included with the General Fund as they do not qualify to be reported as separate special revenue funds.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

B. Restatement of Net Position/Fund Balance

The net position of the Governmental Activities was restated as follows:

	Governmental Activities
Net Position - June 30, 2017, As Originally Reported	\$ 699,772
Correction of Errors:	
Omission of Cemetery Trust Fund	423,373
Omission of Cemetery Commission Fund	38,139
Net Position - June 30, 2017, As Restated	\$ 1,161,284

The Restatement of the net position of the Governmental Activities was a result of the omission of the Cemetery Trust Fund and Cemetery Commission Fund. The effect of this correction on the Governmental Activities Statement of Net Position is to increase assets and net position by \$461,512. The effect on the 2017 Statement of Activities is unknown.

The fund balances in the following funds were restated as follows:

	Major Fund	Non-Major Fund			
	Cemetery Trust Fund	Cemetery Commission Fund	Other Funds	Total	
Net Position - June 30, 2017, As Originally Report	\$ 0	\$ 0	\$ 699,772	\$ 699,772	
Correction of Errors:					
Omission of Cemetery Trust Fund	423,373	0	0	423,373	
Omission of Cemetery Commission Fund	0	38,139	0	38,139	
Net Position - June 30, 2017, As Restated	\$ 423,373	\$ 38,139	\$ 699,772	\$ 1,161,284	

The corrections were a result of the omission of the Cemetery Trust Fund and the Cemetery Commission Fund.

The effect of this correction on the Cemetery Trust Fund Balance Sheet is to increase assets and fund balance by \$423,373. The effect on the 2017 Statement of Revenues, Expenditures and Changes in Fund Balances is unknown.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

The effect of this correction on the Cemetery Trust Fund Balance Sheet and aggregate remaining information is to increase assets and fund balance by \$38,139. The effect on the 2017 Statement of Revenues, Expenditures and Changes in Fund Balances is unknown.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2018 consisted of the following:

Cash:

Deposits with Financial Institutions	\$1,525,809
Deposits with Investment Company	<u>23,794</u>
Total Cash	<u>1,549,603</u>

Investments:

Corporate Bonds	31,872
Mutual Funds – Mixed Holdings	356,138
Common Stock	<u>15,292</u>
Total Investments	<u>403,302</u>
Total Cash and Investments	<u>\$1,952,905</u>

Custodial Credit Risk

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. brokerdealer) 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 does not have any policy to limit the exposure to custodial credit risk. The corporate bonds, mutual funds and common stock are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's cash.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 414,836	\$ 416,009
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>1,134,767</u>	<u>1,143,506</u>
Total	<u>\$1,549,603</u>	<u>\$1,559,515</u>

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

TOWN OF WAITSFIELD, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
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The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,525,809
Cash – Deposits with Investment Company	<u>23,794</u>
Total	<u>\$1,549,603</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 Town’s common stock and mutual funds are not subject to interest rate risk disclosure.

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town’s investments by maturity. The corporate bonds are shown at their actual maturity.

	<u>Remaining Maturity</u>
<u>Investment Type</u>	1 to 5 Years
Corporate Bonds	\$ 31,872

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town’s common stock is not subject to credit risk disclosure. The Town’s mutual funds are open-ended and are, therefore, not subject to credit risk disclosure. The credit ratings for the corporate bonds are as follows:

	Standard and Poor's Rating as of June 30, 2018		
	A+	A-	Total
Corporate Bonds	\$ 20,808	\$ 11,064	\$ 31,872

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. There are no investments other than mutual funds that represent more than 5% of the total investments.

B. Interfund Balances and Activity

Interfund balances as of June 30, 2018 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$12,943	\$ 0
Sewer Fund	15,667	0
Village West Sidewalk Fund	0	10,741
Joslin Library Fund	0	622
Non-Major Governmental Funds	33,022	86
Water Fund	0	49,052
Wait House Fund	<u>0</u>	<u>1,131</u>
Totals	<u>\$61,632</u>	<u>\$61,632</u>

Interfund transfers during the years ended June 30, 2018 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Restroom, Recreation & Conservation Fund	\$ 10,000	Annual Contribution
General Fund	Fire Department Equipment Fund	40,000	Annual Contribution
General Fund	Equipment Fund	40,000	Annual Contribution
General Fund	Fire Department Building & Equipment Fund	7,500	Annual Contribution
General Fund	Pocket Park Fund	2,894	Close and Consolidate Funds
General Fund	Paving Reserve Fund	10,000	Annual Contribution
General Fund	Covered Bridge Repair Fund	5,000	Annual Contribution
General Fund	2011 Storm Fund	15,943	Close and Consolidate Funds
General Fund	Heavy Equipment Fund	20,000	Annual Contribution
General Fund	Water Main Break Fund	15,000	Annual Contribution
Budget Stabilization Fund	General Fund	1,068 *	Close and Consolidate Funds
Sewer Fund	General Fund	9,849	Transfer of Wastewater Repayments
Cemetery Trust Fund	Cemetery Commission Fund	22,829	Annual Contribution
Cemetery Commission Fund	Cemetery Trust Fund	2,500	Transfer of Lot Sales
Ancient Road Fund	General Fund	726	Close and Consolidate Funds
Bridge Street Storm Water Fund	Pocket Park Fund	7,950	Close and Consolidate Funds
Bridge Street Fund	Covered Bridge Repair Fund	11,797	Close and Consolidate Funds
Bridge Street Fund	2011 Storm Fund	39,364	Close and Consolidate Funds
Solar Array Fund	General Fund	613	Close and Consolidate Funds
Town Office Fund	General Fund	<u>5,275</u>	Close and Consolidate Funds
Total		<u>\$ 268,308</u>	

* The transfer from the Budget Stabilization Fund to the General Fund is netted within the General Fund as this fund is consolidated within the General Fund to comply with GASB Statement No. 54.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

C. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. Governments are required to disclose in the notes key information about their stabilization arrangements, including the authority by which they were established, provisions for additions to the stabilization amount, and circumstances under which those amounts may be spent. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

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.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Scrag Mountain Town Forest Expenses by Agreement (Source of Revenue is Donations)	\$ <u>65,389</u>
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TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Verdmont Grant Fund:	
Restricted for Community Development by Grant Agreement (Source of Revenue is Grant Revenue)	\$ <u>87,265</u>
Sewer Fund:	
Restricted for Wastewater System Improvements by Unspent Debt Proceeds (Source of Revenue is Debt Proceeds)	<u>15,667</u>
Joslin Library Fund:	
Restricted for Joslin Library Capital Expenditures by Donations (Source of Revenue is Donations)	<u>383,732</u>
Cemetery Trust Fund:	
Restricted for Cemetery Trust Fund by Trust Agreements	<u>427,097</u>
<u>Non-Major Funds</u>	
Special Revenue Funds:	
Restricted for Records Restoration Fund Expenses by Statute (Source of Revenue is Restoration Fees)	32,925
Restricted for Entrust Conservation Fund Expenses by Donations (Source of Revenue is Donations)	14,181
Restricted for Cemetery Commission Fund Expenses by Lot Sales (Source of Revenue is Lot Sales)	<u>36,367</u>
Total Special Revenue Funds	<u>83,473</u>
Capital Projects Funds:	
Restricted for Route 100 Transportation Path Expenditures by Agreement (Source of Revenue is Grant Revenue)	<u>28,856</u>
Total Capital Projects Funds	<u>28,856</u>
Total Non-Major Funds	<u>112,329</u>
Total Restricted Fund Balances	<u>\$1,091,479</u>

The fund balances in the following funds are committed as follows:

Major Funds

Restroom, Recreation & Conservation Fund:	
Committed for Restroom and Recreation Expenses by the Voters	\$ <u>9,409</u>

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Non-Major Funds

Special Revenue Funds:	
Committed for Agricultural Support by the Voters	\$ <u>10,048</u>
Total Special Revenue Funds	<u>10,048</u>
Capital Projects Funds:	
Committed for Street Trees Expenditures by the Voters	4,988
Committed for Equipment Expenditures by the Voters	58,504
Committed for Fire Department Building & Equipment Expenditures by the Voters	16,852
Committed for Bridge and Culvert Expenditures by the Voters	28,604
Committed for Paving Expenditures by the Voters	10,002
Committed for Covered Bridge Repair Expenditures by the Voters	5,001
Committed for Heavy Equipment Expenditures by the Voters	121,589
Committed for Water Main Break Expenditures by the Voters	<u>97</u>
Total Capital Projects Funds	<u>245,637</u>
Total Non-Major Funds	<u>255,685</u>
Total Committed Fund Balances	\$ <u>265,094</u>

The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:	
Assigned for Town Forest Stewardship Expenditures	\$ <u>62,523</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	<u>74,079</u>
Total Special Revenue Funds	<u>74,079</u>
Capital Projects Funds:	
Assigned for Town Clock Expenditures	1,905
Assigned for Lareau Park Improvement Expenditures	5,468
Assigned for Energy Projects Expenditures	<u>8,856</u>
Total Capital Projects Funds	<u>16,229</u>
Total Non-Major Funds	<u>90,308</u>
Total Assigned Fund Balances	\$ <u>152,831</u>

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

The unassigned deficit of \$10,741 in the Village West Sidewalk Fund will be funded with the collection of future grant revenue.

The unassigned deficit of \$81 in the Fire Department Equipment Fund will be funded with a transfer from the General Fund.

D. Restricted and Designated Net Position

The restricted net position in the Governmental Activities consists of the restricted fund balances of \$1,091,479.

The designated net position of the Town as of June 30, 2018 consists of the following:

Water Fund:	
Designated for Water Operations	\$ <u>152,564</u>
Total Designated Net Position	\$ <u>152,564</u>

The unrestricted deficit of \$1,131 in the Wait House Fund will be funded with the collection of future rent revenue.

IV. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2018, the retirement system consisted of 441 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net position liability of \$121,155,552. As of June 30, 2018, the Town's proportionate share of this was 0.1172% resulting in a net pension liability of \$141,947. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. As of June 30, 2017, the Town's proportion of 0.1172% was an decrease of 0.0026 from its proportion measured as of June 30, 2016.

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Group B.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group B – Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

Eligibility – Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service.

Amount – Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Maximum benefit is 60% of AFC for Group B. The previous amounts include the portion of the allowance provided by member contributions.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Group B.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Group B, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement – For Group B, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

Refund of Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions are refunded.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% for Group B.

Member Contributions – Group B – 4.875%.

Employer Contributions – Group B – 5.50%.

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation, a decrease from 7.95% in the prior year.

Salary increases: 5% per year.

Mortality – The mortality tables were updated for the current year from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement:

Death in Active Service: Group B – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Healthy Post-Retirement: Group B – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled Post-Retirement: Group B – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Group B members, a decrease from 1.8% in the prior year (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group B who receive a disability retirement benefit). The January 1, 2018 COLA is assumed to be 0.75%.

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 market value of assets by more than 20%.

Inflation: 2.50%, a decrease from 3% in the prior year.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Long-term Expected Rate of Return:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	16%	6.07%
Non-US Equity	16%	7.42%
Global Equity	9%	6.85%
Real Estate	8%	4.62%
Private Markets	15%	7.80%
Hedge Funds	8%	3.95%
Risk Parity	4%	4.84%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%, a decrease from 7.95% in the prior year. 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.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$253,437	\$141,947	\$49,484

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

TOWN OF WAITSFIELD, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

B. PROPERTY TAXES

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Selectboard based on the voter approved budget, the estimated grand list and the State education property tax liability. Property taxes are due in four equal installments on September 15, November 15, February 15 and May 15. The penalty rate is eight percent (8%) after the May installment. Interest is charged at one percent (1%) per month for the first three months and one and a half percent (1-1/2%) per month for each month thereafter. The tax rates for 2018 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.3779	.3779
Local Agreement	.0034	.0034
Education	<u>1.5458</u>	<u>1.5283</u>
Total	<u>1.9271</u>	<u>1.9096</u>

C. RISK MANAGEMENT

The Town 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 a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members 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 \$488 in unemployment claims during fiscal year 2018.

D. LONG-TERM DEBT

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

TOWN OF WAITSFIELD, VERMONT
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The State of Vermont offers a number of low and no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the State of Vermont Special Environmental Revolving Fund for a water project.

The Town has other notes payable to finance various capital projects and purchases through local banks.

The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenue and in the business-type activities if debt is expected to be repaid from proprietary fund revenue.

Long-term debt outstanding as of June 30, 2018 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Community Bank, Irene Flood Assistance, Principal Payments of \$23,038 Plus Interest Payable on March 12 Annually, Interest at 1.87%, Due and Paid March, 2018	\$ 23,038	\$ 0	\$ 23,038	\$ 0
Capital Lease Payable, Gorham Leasing Corp., Tractor and Mower, Principal and Interest Payments of \$12,064 Payable on May 15 Annually, Interest at 5%, Due and Paid May, 2018	11,490	0	11,490	0
Bond Payable, Vermont Municipal Bond Bank, Town Office/Solar Array, Principal Payments of \$31,750 Payable on December 1 Annually, Interest Rates Ranging from 0.513% to 3.993% Payable Semi-Annually on May 15 and November 15, Due November, 2034	571,500	0	31,750	539,750
Note Payable, People's United Bank, Road Improvements, Principal Payments of \$10,000 Plus Interest Payable on August 18 Annually, Interest at 2.5%, Due August, 2019	30,000	0	10,000	20,000

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Wastewater Improvements, Principal Payments of 36,484 Payable on May 1 Annually, Interest at 0%, Due May, 2027	\$ 364,843	\$ 0	\$ 36,485	\$ 328,358
Note Payable, Community Bank, Capital Improvements, Principal Payments of \$17,571 Plus Interest Payable on August 26 Annually, Interest at 2.4%, Due August, 2019	52,715	0	17,571	35,144
Note Payable, People's United Bank Refunding of the Town's Deficit, Principal Payments of \$60,000 Plus Interest Payable on June 23 Annually, Interest at 2.5%, Due June, 2020	180,000	0	60,000	120,000
Bond Payable, People's United Bank, Bridge Street Improvements, Principal Payments of \$26,667 Payable on September 1 Annually, Interest Payments Payable Semi-Annually on February 1 and September 1, Interest at 2.6%, Due September, 2030	373,333	0	26,667	346,666
Note Payable, Community Bank, 2016 Paving, Principal Payments of \$48,000 Plus Interest Payable on September 14 Annually, Interest at 1.73%, Due September, 2020	192,000	0	48,000	144,000
Note Payable, People's United Bank, SCBA Equipment, Principal Payments of \$9,000 Plus Interest Payable on December 4, Interest at 2.1%, Due December, 2020	36,000	0	9,000	27,000
Bond Payable, Vermont Municipal Bond Bank, Town Office, Principal Payments of \$12,250 Payable November 1 Annually, Interest Rates Ranging from 1.491% to 3.091% Payable Semi-Annually on May 1 and November 1, Due November, 2036	245,000	0	12,250	232,750

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Community Bank, Construction of Highway Repairs, Principal Payments of \$18,346 Plus Interest Payable Beginning on July 26 Annually, Interest at 1.73%, Due July, 2021	\$ 91,730	\$ 0	\$ 18,346	\$ 73,384
Bond Payable, State of Vermont Special Environmental Revolving Fund, Authorized up to \$502,228 for Wastewater Improvements, Annual Principal and Interest Payments of \$30,715 Beginning on November 1, 2019, Interest at 2%, Due November, 2037	0	416,358	0	416,358
Note Payable, People's United Bank, Water Main Break, Principal Payments of \$23,000 Plus Interest Payable on May 11 Annually Beginning on May 11, 2019, Interest at 3.1%, Due May, 2023	0	115,000	0	115,000
Note Payable, People's United Bank, Storm Damage, Principal Payments of \$25,000 Plus Interest Payable on May 10 Annually Beginning on May 10, 2019, Interest at 3.1%, Due May, 2023	0	125,000	0	125,000
Note Payable, People's United Bank, Sidewalk Improvements, Principal Payments of \$19,325 Plus Interest Payable on September 26 Annually Beginning on September 26, 2018, Interest at 2.15%, Due September, 2019	<u>0</u>	<u>38,650</u> *	<u>0</u>	<u>38,650</u>
Total Governmental Activities	<u>\$2,171,649</u>	<u>\$ 695,008</u>	<u>\$ 304,597</u>	<u>\$2,562,060</u>

* When the Town's short-term note for sidewalk improvements were due in September, 2017, the Town made a principal payment of \$21,350 and refinanced the remaining balance over a two year period.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>		<u>Ending Balance</u>
Bond Payable, United States Department of Agriculture, Water System Improvements Semi-Annual Principal and Interest Payments of \$62,360 Payable on March 17 and September 17, Interest at 2.75%, Due September, 2054	\$2,814,698	\$ 0	\$ 47,641		\$2,767,057
Bond Payable, United States Department of Agriculture, Eagles Water System Improvements, Semi-Annual Principal and Interest Payments of \$4,138 Payable on May 21 and November 21, Interest at 2.75%, Due May, 2054	<u>191,285</u>	<u>0</u>	<u>3,036</u>		<u>188,249</u>
Total Business-type Activities	<u>\$3,005,983</u>	<u>\$ 0</u>	<u>\$ 50,677</u>		<u>\$2,955,306</u>

Maturities are estimated to be as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 358,064	\$ 58,643	\$ 52,080	\$ 80,916
2020	358,477	51,320	53,523	79,473
2021	252,002	43,854	55,005	77,991
2022	195,432	38,843	56,528	76,468
2023	177,525	34,740	58,093	74,903
2024-2028	618,034	129,599	315,503	349,477
2029-2033	433,746	65,041	361,670	303,310
2034-2038	168,780	10,656	414,591	250,389
2039-2043	0	0	471,578	189,756
2044-2048	0	0	488,703	123,362
2049-2053	0	0	493,479	55,878
2054-2055	<u>0</u>	<u>0</u>	<u>134,553</u>	<u>3,506</u>
Total	<u>\$ 2,562,060</u>	<u>\$ 432,696</u>	<u>\$ 2,955,306</u>	<u>\$ 1,665,429</u>

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

E. SHORT-TERM DEBT

Short-term debt activity during the year ended June 30, 2018 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Improvement Refunding Note, People's United Bank, Sidewalk Improvements, \$60,000 Available, Interest at 1.25%, Due September, 2017 at Which Time the Town Paid \$21,350 in Principal and Refinanced the Remaining Balance of \$38,650 Over Two Years.	\$ 60,000	\$ 0	\$ 60,000	\$ 0
Line of Credit, People's United Bank, Water Main Break, Interest at 1.25%, Due and Paid May, 2018	85,000	0	85,000	0
Bond Anticipation Note, People's United Bank, Wastewater System Improvements, Interest at 1.85%, Due and Paid December, 2017	407,000	0	407,000	0
Current Expense Note, People's United Bank, 2011 Storm Damage, Interest at 1.95%, Due and Paid May, 2018	125,000	0	125,000	0
Tax Anticipation Note, People's United Bank, Interest at 1.85%, Due and Paid September, 2017	0	65,000	65,000	0
Current Expense Note, People's United Bank, Fire Truck Purchase, Interest at 2.95%, Due June, 2019	<u>0</u>	<u>69,000</u>	<u>0</u>	<u>69,000</u>
Total Governmental Activities	<u>\$ 677,000</u>	<u>\$134,000</u>	<u>\$742,000</u>	<u>\$ 69,000</u>

F. SUBSEQUENT EVENTS

On July 9, 2018, the Town executed a Tax Anticipation Note in the amount of \$250,000 from People's United Bank. This note is due September 28, 2018 with interest at 2.65%.

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 1,402,617	\$ 1,476,823	\$ 74,206
Delinquent Tax Interest	15,000	21,734	6,734
Delinquent Tax Penalties	15,000	13,892	(1,108)
Act 60 Annual Support	10,000	10,659	659
Town Clerk Fees	28,000	30,060	2,060
Investment Income	900	1,362	462
Liquor Licenses	3,000	3,944	944
Zoning Fees	7,000	8,720	1,720
Highway State Aid	69,000	69,193	193
Road Department - Miscellaneous	800	905	105
Fire Department Income (Fayston)	40,037	36,818	(3,219)
Traffic Control Income	5,500	4,765	(735)
Dog Fines & Impoundment Fees	150	0	(150)
PILOT	6,000	5,927	(73)
Current Use	90,000	84,067	(5,933)
"Other" Grant Proceeds	16,000	11,902	(4,098)
Waitsfield Elementary School Solar Payment	12,000	9,984	(2,016)
Solar Array Credits	9,450	12,691	3,241
Library Insurance Reimbursement	2,276	4,044	1,768
Wait House Insurance Reimbursement	2,500	2,444	(56)
Water Admin. Reimbursement	1,545	1,500	(45)
Miscellaneous	0	4,335	4,335
Wastewater Loan Repayments - Phase 1 and 2	41,106	15,501	(25,605)
Insurance Proceeds	0	1,000	1,000
Transfer from Reserve Funds	10,000	7,682	(2,318)
Transfer from Sewer Fund	0	9,849	9,849
	<u>1,787,881</u>	<u>1,849,801</u>	<u>61,920</u>
Total Cash Receipts			
Cash Disbursements:			
Town Meeting:			
Elections Expense	2,500	35	2,465
Town Report	2,300	1,575	725
	<u>4,800</u>	<u>1,610</u>	<u>3,190</u>
Total Town Meeting			
Legal and Auditing:			
Legal	10,000	19,267	(9,267)
Auditing	16,000	22,038	(6,038)
	<u>26,000</u>	<u>41,305</u>	<u>(15,305)</u>
Total Legal and Auditing			

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TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Office Operations:			
Insurance and Bonds	\$ 19,056	\$ 18,032	\$ 1,024
Office Rent	3,970	4,941	(971)
Town Office Repairs and Maintenance	5,800	1,022	4,778
Postage	4,500	3,203	1,297
Supplies	7,000	6,392	608
Computer Services	1,500	603	897
Training	1,000	544	456
Cleaning	6,750	6,975	(225)
Equipment Maintenance & Contracts	7,500	10,024	(2,524)
Telephone	3,600	4,759	(1,159)
Office Equipment	5,000	154	4,846
Public Notice Expense	4,000	5,388	(1,388)
Special Services	1,000	1,178	(178)
	<u>70,676</u>	<u>63,215</u>	<u>7,461</u>
Town Clerk and Treasurer:			
Clerk/Treasurer & Assistant Salary	79,300	70,047	9,253
Ballot Clerks	350	270	80
Borrowing Interest	0	214	(214)
	<u>79,650</u>	<u>70,531</u>	<u>9,119</u>
Selectboard:			
Selectboard Reimbursement	3,250	3,146	104
Town Website	750	0	750
Town Administrator	70,000	82,143	(12,143)
Training	450	0	450
Mileage Reimbursement	220	90	130
Selectboard Recording Secretary	3,000	666	2,334
Communications	200	0	200
	<u>77,870</u>	<u>86,045</u>	<u>(8,175)</u>
Planning and Zoning:			
Minute Taker	800	333	467
Special Planning Projects	5,000	7,151	(2,151)
Zoning Administrator/Planning Director Salary	42,500	41,723	777
Training	400	335	65
Computer Equipment Services	1,000	658	342
Mileage Reimbursement	250	68	182
	<u>49,950</u>	<u>50,268</u>	<u>(318)</u>

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TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Board of Listers:			
Assessor Services	\$ 18,000	\$ 17,501	\$ 499
Computer Equipment Services	500	215	285
Property Map Maintenance	1,200	501	699
Training and Meetings	200	0	200
Total Board of Listers	<u>19,900</u>	<u>18,217</u>	<u>1,683</u>
Collector of Delinquent Taxes:	<u>15,000</u>	<u>13,505</u>	<u>1,495</u>
Conservation Committee:	<u>2,000</u>	<u>1,975</u>	<u>25</u>
Highway Department Labor:	<u>160,500</u>	<u>168,415</u>	<u>(7,915)</u>
Equipment Operation and Repairs:			
Road Department Insurance	8,500	8,671	(171)
Gas, Oil, Grease and Filters	6,000	5,584	416
Diesel	25,000	26,570	(1,570)
2013 International Dump Truck	3,500	1,860	1,640
2016 GMC Pickup Truck	1,000	1,204	(204)
2010 Low Pro Truck	3,500	9,743	(6,243)
1997 International Dump Truck	500	110	390
2009 John Deere Loader	1,500	587	913
2015 Tandem	1,500	2,983	(1,483)
1998 Galion Grader	1,500	553	947
2008 CAT Backhoe	4,500	2,161	2,339
Roadside Mower	600	0	600
Steel Pole Saw/Chainsaw	300	58	242
Garage Repairs	2,500	718	1,782
Garage Trash Removal	1,700	1,490	210
Garage Uniforms	2,800	3,798	(998)
Garage Heat	1,500	3,257	(1,757)
Garage Telephone	1,200	1,121	79
Garage Electricity	1,500	1,815	(315)
Garage Supplies/Hardware	3,000	2,873	127
Garage Miscellaneous	1,200	979	221
Chipper/Rake	500	1,077	(577)
Garage Alarm System	1,000	732	268
Water Service	800	800	0
Plow Blades and Shoes	6,000	6,931	(931)
Total Equipment Operation and Repairs	<u>81,600</u>	<u>85,675</u>	<u>(4,075)</u>

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TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Road Hired Equipment and Labor:			
Sidewalk Mowing	\$ 1,000	\$ 700	\$ 300
Sidewalk Plowing	28,500	28,500	0
Other Equipment Rental	500	0	500
Contracted Plowing	2,500	1,493	1,007
Grading	750	250	500
	<u>33,250</u>	<u>30,943</u>	<u>2,307</u>
Total Road Hired Equipment and Labor			
	<u>33,250</u>	<u>30,943</u>	<u>2,307</u>
Road Department Materials:			
Salt	33,000	49,724	(16,724)
Sand	37,000	46,340	(9,340)
Chloride	9,000	6,957	2,043
Stone	5,000	6,926	(1,926)
Culverts	3,700	5,397	(1,697)
Guardrails	1,000	1,201	(201)
Tools	2,000	1,634	366
Signs	1,800	306	1,494
Cold Patch, Hay and Seed	2,000	2,118	(118)
	<u>94,500</u>	<u>120,603</u>	<u>(26,103)</u>
Total Road Department Materials			
	<u>94,500</u>	<u>120,603</u>	<u>(26,103)</u>
Road Department Miscellaneous			
Fayston Winter Agreement	7,400	7,400	0
Sidewalk Maintenance and Repairs	1,000	0	1,000
Bridge Repairs	1,000	350	650
Gravel Pit Management	3,000	275	2,725
Pavement Sealing	6,000	0	6,000
Line Painting	3,500	0	3,500
Street Lights	4,500	4,602	(102)
Bridge Lights	250	240	10
Radios and Pagers	500	213	287
Road Department Training	250	45	205
	<u>27,400</u>	<u>13,125</u>	<u>14,275</u>
Total Road Department Miscellaneous			
	<u>27,400</u>	<u>13,125</u>	<u>14,275</u>
Employee Benefits:			
FICA	27,131	22,513	4,618
Medicare	5,100	5,265	(165)
Retirement	19,024	18,220	804
Unemployment	517	488	29
Workers Compensation	10,043	12,152	(2,109)
Health Insurance	85,818	81,928	3,890
Life and Disability Insurance	2,372	1,995	377
	<u>150,005</u>	<u>142,561</u>	<u>7,444</u>
Total Employee Benefits			
	<u>150,005</u>	<u>142,561</u>	<u>7,444</u>

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TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department:			
Gas, Oil and Grease	\$ 3,000	\$ 1,400	\$ 1,600
Insurance	9,360	8,772	588
Telecommunication	27,000	23,808	3,192
Electricity	1,800	2,146	(346)
Heat	4,000	5,853	(1,853)
Water	800	800	0
Building Repair and Maintenance	5,200	1,125	4,075
Alarm	350	101	249
Truck Repairs	5,000	11,576	(6,576)
Equipment Repairs	3,000	608	2,392
Bottled Gas	400	0	400
Training	3,400	1,600	1,800
Hose and Equipment	3,200	3,056	144
Gear	4,500	697	3,803
Fire Prevention	400	429	(29)
Miscellaneous	500	374	126
Physical Exams	2,000	0	2,000
Labor	22,000	19,305	2,695
FICA and Medicare	1,683	1,377	306
Ladder/Hose Testing	2,500	0	2,500
	<u>100,093</u>	<u>83,027</u>	<u>17,066</u>
Total Fire Department			
Public Safety:			
Sheriff Department Billing	28,000	23,130	4,870
Dog Warden Salary and Fees	750	720	30
Dog Pound Fees	150	0	150
Emergency Management	500	0	500
Fire Warden	250	0	250
Fire Hydrant Maintenance	500	1,500	(1,000)
Generator Expense	850	626	224
Insurance	2,541	0	2,541
Training	500	0	500
Town Health Officer	250	250	0
	<u>34,291</u>	<u>26,226</u>	<u>8,065</u>
Total Public Safety			
Dues and Assessments:			
Central Vermont Regional Planning	1,891	1,891	0
Joslin Memorial Library	56,036	56,036	0
Mad River Resource Management Alliance	10,314	10,314	0
Mad River Valley Planning District	41,986	43,027	(1,041)
Mad River Valley Recreation District	15,000	15,000	0
Vermont League of Cities and Towns	3,920	2,940	980
Washington County Tax	29,164	29,164	0
	<u>158,311</u>	<u>158,372</u>	<u>(61)</u>
Total Dues and Assessments			

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TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Special Appropriations:			
Circle	\$ 175	\$ 175	\$ 0
Central Vermont Adult Basic Education	300	300	0
Central Vermont Community Action Council	150	150	0
Central Vermont Community Land Trust	500	500	0
Central Vermont Council on Aging	700	700	0
Central Vermont Economic Development	400	400	0
Central Vermont Home Health & Hospice	1,725	1,725	0
Family Center of Washington County	250	250	0
Good Beginnings of Central Vermont	150	150	0
Green Up Vermont	50	50	0
Green Mountain Transit Agency	462	462	0
Mad River Valley Health Center	4,000	4,000	0
Mad River Valley Seniors	7,000	7,000	0
Peoples Health and Wellness	250	250	0
Retired Senior Voluntary Program	150	150	0
Sexual Assault Crisis Team	125	125	0
Center for Independent Living	310	310	0
Washington County Youth Service	375	375	0
Total Special Appropriations	<u>17,072</u>	<u>17,072</u>	<u>0</u>
Miscellaneous:			
Administration Fees	0	60	(60)
Maintenance of Parks	13,000	11,922	1,078
Trail Maintenance	1,500	1,500	0
Solar Array Maintenance	1,000	532	468
Membership and Dues	185	65	120
Cemetery Veteran's Flags	100	0	100
Mad River Valley Television Hearing Coverage	3,800	3,400	400
Other	0	2,780	(2,780)
Transfers Out	0	18,837	(18,837)
Total Miscellaneous	<u>19,585</u>	<u>39,096</u>	<u>(19,511)</u>
Lareau Park Improvements:	<u>10,000</u>	<u>0</u>	<u>10,000</u>

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TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Debt Service:			
Town Office/Solar Array Bond	\$ 49,378	\$ 49,378	\$ 0
Town Office Bond	18,233	18,142	91
Bridge Street/Covered Bridge Bond	36,027	36,085	(58)
Roadside Mower	12,064	12,064	0
Flood Expenses Debt Service	23,470	23,457	13
Wastewater Loan - RF1-058	36,484	36,484	0
2014 Paving Loan	10,750	10,750	0
2015 Paving Loan	51,322	51,324	(2)
2016 Paving Loan	20,107	20,102	5
Tremblay Road Culvert Loan	18,837	18,837	0
Fiscal Year Transition Loan	66,000	64,495	1,505
Fire Dept. SCBA Equipment Loan	9,756	9,756	0
Pocket Park Loan	4,650	0	4,650
Sidewalk Line of Credit Interest	21,350	22,098	(748)
August 2011 Storm Deficit	29,500	0	29,500
	<u>407,928</u>	<u>372,972</u>	<u>34,956</u>
Contribution to Reserves:			
Equipment Reserve Fund	40,000	40,000	0
Heavy Equipment Reserve Fund	20,000	20,000	0
Fire Department Equipment Reserve Fund	40,000	40,000	0
Fire Department Building Reserve Fund	7,500	7,500	0
Conservation Fund	10,000	10,000	0
Paving Reserve	10,000	10,000	0
Covered Bridge Repair Fund	5,000	5,000	0
Water Main Break Fund	15,000	15,000	0
	<u>147,500</u>	<u>147,500</u>	<u>0</u>
	<u>1,787,881</u>	<u>1,752,258</u>	<u>35,623</u>
Excess of Cash Receipts			
Over Cash Disbursements	\$ <u>0</u>	97,543	\$ <u>97,543</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
Budget Stabilization Fund Investment Income		1	
Budget Stabilization Fund Transfer Out		(1,068)	
Town Forest Stewardship Fund Investment Income		221	
Town Forest Stewardship Fund Income		72,472	
Town Forest Stewardship Fund Expenses		(9,615)	
		<u>159,554</u>	
Net Change in Fund Balance		<u>159,554</u>	
Fund Balance - July 1, 2017		<u>232,198</u>	
Fund Balance - June 30, 2018		<u>\$ <u>391,752</u></u>	

The reconciling items are due to combining two (2) funds, the Budget Stabilization Fund and the Town Forest Stewardship Fund with the General Fund in order to comply with GASB Statement No. 54

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
 LIABILITIES AND FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total
<u>ASSETS</u>	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 134,675	\$ 290,630	\$ 425,305
Due from Other Funds	<u>32,925</u>	<u>97</u>	<u>33,022</u>
Total Assets	<u>\$ 167,600</u>	<u>\$ 290,727</u>	<u>\$ 458,327</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	\$ <u>0</u>	\$ <u>86</u>	\$ <u>86</u>
Total Liabilities	<u>0</u>	<u>86</u>	<u>86</u>
Fund Balances:			
Restricted	83,473	28,856	112,329
Committed	10,048	245,637	255,685
Assigned	74,079	16,229	90,308
Unassigned/(Deficit)	<u>0</u>	<u>(81)</u>	<u>(81)</u>
Total Fund Balances	<u>167,600</u>	<u>290,641</u>	<u>458,241</u>
Total Liabilities and and Fund Balances	<u>\$ 167,600</u>	<u>\$ 290,727</u>	<u>\$ 458,327</u>

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total
Cash Receipts:			
Intergovernmental	\$ 0	\$ 154,656	\$ 154,656
Charges for Services	7,345	0	7,345
Permits, Licenses and Fees	1,265	0	1,265
Investment Income	174	412	586
Donations	0	119,047	119,047
Other	760	0	760
	<u>9,544</u>	<u>274,115</u>	<u>283,659</u>
Cash Disbursements:			
General Government	5,583	0	5,583
Highways and Streets	0	3,179	3,179
Cemetery	30,237	0	30,237
Capital Outlay:			
General Government	0	30,016	30,016
Public Safety	0	297,617	297,617
Highways and Streets	0	11,439	11,439
Debt Service:			
Principal	0	210,000	210,000
Interest	0	2,432	2,432
	<u>35,820</u>	<u>554,683</u>	<u>590,503</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(26,276)</u>	<u>(280,568)</u>	<u>(306,844)</u>
Other Financing Sources/(Uses):			
Proceeds from Long-term Debt	0	240,000	240,000
Proceeds from Short-term Debt	0	69,000	69,000
Transfers In	22,829	215,448	238,277
Transfers Out	(2,500)	(65,725)	(68,225)
	<u>20,329</u>	<u>458,723</u>	<u>479,052</u>
Net Change in Fund Balances	(5,947)	178,155	172,208
Fund Balances - July 1, 2017, As Restated	<u>173,547</u>	<u>112,486</u>	<u>286,033</u>
Fund Balances - June 30, 2018	<u>\$ 167,600</u>	<u>\$ 290,641</u>	<u>\$ 458,241</u>

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Records Restoration Fund	Reappraisal Fund	Entrust Conservation Fund	Agricultural Support Fund	Cemetery Commission Fund	Total
<u>ASSETS</u>						
Cash	\$ 0	\$ 74,079	\$ 14,181	\$ 10,048	\$ 36,367	\$ 134,675
Due from Other Funds	<u>32,925</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,925</u>
Total Assets	<u>\$ 32,925</u>	<u>\$ 74,079</u>	<u>\$ 14,181</u>	<u>\$ 10,048</u>	<u>\$ 36,367</u>	<u>\$ 167,600</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to Other Funds	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:						
Restricted	32,925	0	14,181	0	36,367	83,473
Committed	0	0	0	10,048	0	10,048
Assigned	<u>0</u>	<u>74,079</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>74,079</u>
Total Fund Balances	<u>32,925</u>	<u>74,079</u>	<u>14,181</u>	<u>10,048</u>	<u>36,367</u>	<u>167,600</u>
Total Liabilities and Fund Balances	<u>\$ 32,925</u>	<u>\$ 74,079</u>	<u>\$ 14,181</u>	<u>\$ 10,048</u>	<u>\$ 36,367</u>	<u>\$ 167,600</u>

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Records Restoration Fund	Reappraisal Fund	Entrust Conservation Fund	Agricultural Support Fund	Cemetery Commission Fund	Total
Cash Receipts:						
Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,345	\$ 7,345
Permits, Licenses and Fees	1,265	0	0	0	0	1,265
Investment Income	0	107	21	15	31	174
Other	0	0	0	0	760	760
Total Cash Receipts	<u>1,265</u>	<u>107</u>	<u>21</u>	<u>15</u>	<u>8,136</u>	<u>9,544</u>
Cash Disbursements:						
General Government	5,583	0	0	0	0	5,583
Cemetery	0	0	0	0	30,237	30,237
Total Cash Disbursements	<u>5,583</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,237</u>	<u>35,820</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(4,318)</u>	<u>107</u>	<u>21</u>	<u>15</u>	<u>(22,101)</u>	<u>(26,276)</u>
Other Financing Sources/(Uses):						
Transfers In	0	0	0	0	22,829	22,829
Transfers Out	0	0	0	0	(2,500)	(2,500)
Total Other Financing Sources/(Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,329</u>	<u>20,329</u>
Net Change in Fund Balances	(4,318)	107	21	15	(1,772)	(5,947)
Fund Balances - July 1, 2017, As Restated	<u>37,243</u>	<u>73,972</u>	<u>14,160</u>	<u>10,033</u>	<u>38,139</u>	<u>173,547</u>
Fund Balances - June 30, 2018	<u>\$ 32,925</u>	<u>\$ 74,079</u>	<u>\$ 14,181</u>	<u>\$ 10,048</u>	<u>\$ 36,367</u>	<u>\$ 167,600</u>

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TOWN OF WAITSFIELD, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Fire Department Equipment Fund	Belden Fund	Ancient Road Fund	Lareau Park Improvement Fund	Street Trees Fund	Equipment Fund	Fire Department Building & Equipment Fund	Bridge & Culvert Fund	Energy Projects Fund	Bridge Street Storm Water Fund
ASSETS										
Cash	\$ 5	\$ 1,905	\$ 0	\$ 5,468	\$ 4,988	\$ 58,504	\$ 16,852	\$ 28,604	\$ 8,856	\$ 0
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>5</u>	\$ <u>1,905</u>	\$ <u>0</u>	\$ <u>5,468</u>	\$ <u>4,988</u>	\$ <u>58,504</u>	\$ <u>16,852</u>	\$ <u>28,604</u>	\$ <u>8,856</u>	\$ <u>0</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Due to Other Funds	\$ <u>86</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total Liabilities	<u>86</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances/(Deficits):										
Restricted	0	0	0	0	0	0	0	0	0	0
Committed	0	0	0	0	4,988	58,504	16,852	28,604	0	0
Assigned	0	1,905	0	5,468	0	0	0	0	8,856	0
Unassigned/(Deficit)	<u>(81)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances/ (Deficit)	<u>(81)</u>	<u>1,905</u>	<u>0</u>	<u>5,468</u>	<u>4,988</u>	<u>58,504</u>	<u>16,852</u>	<u>28,604</u>	<u>8,856</u>	<u>0</u>
Total Liabilities and Fund Balances	\$ <u>5</u>	\$ <u>1,905</u>	\$ <u>0</u>	\$ <u>5,468</u>	\$ <u>4,988</u>	\$ <u>58,504</u>	\$ <u>16,852</u>	\$ <u>28,604</u>	\$ <u>8,856</u>	\$ <u>0</u>

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TOWN OF WAITSFIELD, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Pocket Park Fund	Bridge Street Fund	Route 100 Transportation Path Fund	Solar Array Fund	Paving Reserve Fund	Town Office Fund	Covered Bridge Repair Fund	2011 Storm Fund	Heavy Equipment Fund	Water Main Break Fund	Total
ASSETS											
Cash	\$ 0	\$ 0	\$ 28,856	\$ 0	\$ 10,002	\$ 0	\$ 5,001	\$ 0	\$ 121,589	\$ 0	\$ 290,630
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>97</u>	<u>97</u>
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,856</u>	<u>\$ 0</u>	<u>\$ 10,002</u>	<u>\$ 0</u>	<u>\$ 5,001</u>	<u>\$ 0</u>	<u>\$ 121,589</u>	<u>\$ 97</u>	<u>\$ 290,727</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Due to Other Funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 86</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86</u>
Fund Balances/(Deficits):											
Restricted	0	0	28,856	0	0	0	0	0	0	0	28,856
Committed	0	0	0	0	10,002	0	5,001	0	121,589	97	245,637
Assigned	0	0	0	0	0	0	0	0	0	0	16,229
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(81)</u>
Total Fund Balances/ (Deficit)	<u>0</u>	<u>0</u>	<u>28,856</u>	<u>0</u>	<u>10,002</u>	<u>0</u>	<u>5,001</u>	<u>0</u>	<u>121,589</u>	<u>97</u>	<u>290,641</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,856</u>	<u>\$ 0</u>	<u>\$ 10,002</u>	<u>\$ 0</u>	<u>\$ 5,001</u>	<u>\$ 0</u>	<u>\$ 121,589</u>	<u>\$ 97</u>	<u>\$ 290,727</u>

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TOWN OF WAITSFIELD, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fire Department Equipment Fund	Belden Fund	Ancient Road Fund	Lareau Park Improvement Fund	Street Trees Fund	Equipment Fund	Fire Department Building & Equipment Fund	Bridge & Culvert Fund	Energy Projects Fund	Bridge Street Storm Water Fund
Cash Receipts:										
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Investment Income	102	3	0	8	8	34	16	25	13	0
Donations	119,047	0	0	0	0	0	0	0	0	0
Total Cash Receipts	119,149	3	0	8	8	34	16	25	13	0
Cash Disbursements:										
Highways and Streets	0	0	0	0	750	0	0	1,148	0	0
Capital Outlay:										
General Government	0	0	0	0	0	0	0	0	0	0
Public Safety	297,617	0	0	0	0	0	0	0	0	0
Highways and Streets	0	0	0	0	0	0	0	0	0	0
Debt Service:										
Principal	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0
Total Cash Disbursements	297,617	0	0	0	750	0	0	1,148	0	0
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	(178,468)	3	0	8	(742)	34	16	(1,123)	13	0
Other Financing Sources/(Uses):										
Proceeds from Long-term Debt	0	0	0	0	0	0	0	0	0	0
Proceeds from Short-term Debt	69,000	0	0	0	0	0	0	0	0	0
Transfers In	40,000	0	0	0	0	40,000	7,500	0	0	0
Transfers Out	0	0	(726)	0	0	0	0	0	0	(7,950)
Total Other Financing Sources/(Uses)	109,000	0	(726)	0	0	40,000	7,500	0	0	(7,950)
Net Change in Fund Balances	(69,468)	3	(726)	8	(742)	40,034	7,516	(1,123)	13	(7,950)
Fund Balances/(Deficit) - July 1, 2017	69,387	1,902	726	5,460	5,730	18,470	9,336	29,727	8,843	7,950
Fund Balances/(Deficit) - June 30, 2018	\$ (81)	\$ 1,905	\$ 0	\$ 5,468	\$ 4,988	\$ 58,504	\$ 16,852	\$ 28,604	\$ 8,856	\$ 0

TOWN OF WAITSFIELD, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Pocket Park Fund	Bridge Street Fund	Route 100 Transportation Path Fund	Solar Array Fund	Paving Reserve Fund	Town Office Fund	Covered Bridge Repair Fund	2011 Storm Fund	Heavy Equipment Fund	Water Main Break Fund	Total
Cash Receipts:											
Intergovernmental	\$ 8,946	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,366	\$ 0	\$ 125,344	\$ 0	\$ 0	\$ 154,656
Investment Income	0	0	44	0	2	0	2	0	155	0	412
Donations	0	0	0	0	0	0	0	0	0	0	119,047
Total Cash Receipts	8,946	0	44	0	2	20,366	2	125,344	155	0	274,115
Cash Disbursements:											
Highways and Streets	0	0	0	0	0	0	914	0	0	367	3,179
Capital Outlay:											
General Government	0	0	0	0	0	30,016	0	0	0	0	30,016
Public Safety	0	0	0	0	0	0	0	0	0	0	297,617
Highways and Streets	8,269	3,170	0	0	0	0	0	0	0	0	11,439
Debt Service:											
Principal	0	0	0	0	0	0	0	125,000	0	85,000	210,000
Interest	0	0	0	0	0	0	0	779	0	1,653	2,432
Total Cash Disbursements	8,269	3,170	0	0	0	30,016	914	125,779	0	87,020	554,683
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	677	(3,170)	44	0	2	(9,650)	(912)	(435)	155	(87,020)	(280,568)
Other Financing Sources/(Uses):											
Proceeds from Long-term Debt	0	0	0	0	0	0	0	125,000	0	115,000	240,000
Proceeds from Long-term Debt	0	0	0	0	0	0	0	0	0	0	69,000
Transfers In	10,844	0	0	0	10,000	0	16,797	55,307	20,000	15,000	215,448
Transfers Out	0	(51,161)	0	(613)	0	(5,275)	0	0	0	0	(65,725)
Total Other Financing Sources/(Uses)	10,844	(51,161)	0	(613)	10,000	(5,275)	16,797	180,307	20,000	130,000	458,723
Net Change in Fund Balances	11,521	(54,331)	44	(613)	10,002	(14,925)	15,885	179,872	20,155	42,980	178,155
Fund Balances/(Deficit) - July 1, 2017	(11,521)	54,331	28,812	613	0	14,925	(10,884)	(179,872)	101,434	(42,883)	112,486
Fund Balances/(Deficit) - June 30, 2018	\$ 0	\$ 0	\$ 28,856	\$ 0	\$ 10,002	\$ 0	\$ 5,001	\$ 0	\$ 121,589	\$ 97	\$ 290,641

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Sullivan, Powers & Co., P.C.

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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"

Selectboard
Town of Waitsfield, Vermont
4144 Main Street
Waitsfield, Vermont 05673

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, each major fund, and the aggregate remaining fund information of the Town of Waitsfield, Vermont, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Waitsfield, Vermont's basic financial statements, and have issued our report thereon dated November 15, 2018. Our opinion on the governmental activities and the Cemetery Trust Fund was qualified because of the recording of investments at market value rather than cost.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Waitsfield, 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 the Town of Waitsfield, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Waitsfield, 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 Town of Waitsfield, Vermont'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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 the Town of Waitsfield, 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".

However, we noted certain other matters that we have reported to the Town of Waitsfield, Vermont in a separate letter dated November 15, 2018.

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 Town of Waitsfield, Vermont'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 Town of Waitsfield, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 15, 2018
Montpelier, Vermont
VT Lic. #92-000180

