

TOWN OF WILLIAMSTOWN, VERMONT

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF WILLIAMSTOWN, VERMONT  
 FOR THE YEAR ENDED JUNE 30, 2018  
 TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Exhibit A	9
Statement of Activities - Exhibit B	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds - Exhibit C	11
Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position – Exhibit D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances -Governmental Funds - Exhibit E	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Exhibit F	14
Proprietary Fund Statements:	
Statement of Fund Net Position – Exhibit G	15
Statement of Revenues, Expenses and Changes in Fund Net Position – Exhibit H	16
Statement of Cash Flows – Exhibit I	17
Fiduciary Fund Statements:	
Statement of Fund Net Position – Exhibit J	18
Notes to Financial Statements	19-36
Required Information:	
Schedule of Proportionate Share of Net Pension Liability VMERS Defined Benefit Plan – Schedule 1	37
Schedule of Contributions VMERS Defined Benefit Plan – Schedule 2	38

TOWN OF WILLIAMSTOWN, VERMONT  
FOR THE YEAR ENDED JUNE 30, 2018  
TABLE OF CONTENTS  
(Continued)

Supplementary Information:

Statement of Revenue, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual – Schedule 3	39
Statement of Revenue, Expenditures and Changes in Fund Balance – Highway Fund – Budget and Actual – Schedule 4	40
Combining Balance Sheet – Non-Major Governmental Funds – Schedule 5	41
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds – Schedule 6	42
Balance Sheet – Non-Major Special Revenue Funds – Schedule 7	43
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue – Schedule 8	44
Balance Sheet – Non-Major Capital Projects – Schedule 9	45
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Capital Projects – Schedule 10	46
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 <i>Government Auditing Standards</i>	47-49



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## Batchelder Associates, PC

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen  
Town of Williamstown  
Williamstown, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Williamstown, Vermont ("Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, for the year ended June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1, the Schedule of Contributions on Schedule 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedule for the General and Highway fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2018, on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Batchelder Associates, P.C.*

Batchelder Associates, PC  
License #945  
Barre, Vermont  
October 15, 2018

TOWN OF WILLIAMSTOWN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

Our discussion and analysis of the Town of Williamstown, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. This report should be read in conjunction with the Town's financial statements.

**Financial Highlights**

- The Town's net position increased by \$194,528 as a result of this year's operations. Net position of our business-type activities decreased by \$7,360 and net position of our governmental activities decreased by \$128,560.
- In the Town's business-type activities, revenues and transfers were \$382,156, while expenses and transfers were \$389,516. Net position at June 30, 2018 totaled \$2,310,135
- The cost of all the Town's programs was \$2,451,152 this year, with no new programs added.
- The General Fund reported a surplus this year of \$39,805.
- The unassigned fund balance for the General Fund was \$125,702 as of June 30, 2018. This amount represents the need for excess funds to be allocated to unrestricted fund balances to increase reserves.
- The Highway Fund reported a surplus this year of \$7,540 which resulted in a fund balance of \$294,988 as of June 30, 2018.
- The Public Safety Building Fund reported no change to the fund balance of \$1,000.
- The Fire Truck Fund reported a deficit this year of \$201,398 which resulted in a fund balance of \$51,102.
- The Road Rehab Funds reported a deficit of \$57,317 this year which decreased the cumulative surplus to \$46,672.
- The Other Governmental Funds reported surplus of \$82,810 which increased the cumulative surplus to \$642,375.

**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government.

*Reporting the Town as a Whole*

The government-wide financial statements are on Exhibit A and B. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. You can think of the Town's net position – the difference between assets, liabilities and deferred inflows/outflows – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

TOWN OF WILLIAMSTOWN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- **Governmental activities** – Most of the Town's basic services are reported here, including the police, public safety, highway and streets, sanitation, health and welfare, culture and recreation, equipment and building maintenance, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sewer and water activities are reported here.

*Reporting the Town's Most Significant Funds*

The fund financial statements begin on page 11 and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Select board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and E that are included in the financial statements.
- **Proprietary funds** – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- **Fiduciary Funds** – are used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

TOWN OF WILLIAMSTOWN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

**The Town as a Whole**

The Town's combined net position increased by \$187,168 from 2017, increasing from a balance of \$6,711,294 to \$6,898,462. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 2,148,711	\$ 1,838,917	\$ 660,659	\$ 664,180	\$ 2,809,370	\$ 2,503,097
Capital assets, non-depreciable	210,354	210,354	32,679	32,679	243,033	243,033
Capital assets, depreciable	6,129,455	5,826,507	2,478,602	2,547,060	8,608,057	8,373,567
<b>Total Assets</b>	<b>8,488,520</b>	<b>7,875,778</b>	<b>3,171,940</b>	<b>3,243,919</b>	<b>11,660,460</b>	<b>11,119,697</b>
Deferred outflows of resources	91,274	125,854	-	-	91,274	125,854
Long-term liabilities outstanding	2,966,879	2,954,943	839,192	884,000	3,806,071	3,838,943
Other liabilities	1,000,376	634,007	22,613	174	1,022,989	634,181
Deferred inflows of resources	24,212	18,883	-	42,250	24,212	61,133
<b>Total Liabilities</b>	<b>3,991,467</b>	<b>3,607,833</b>	<b>861,805</b>	<b>926,424</b>	<b>4,853,272</b>	<b>4,534,257</b>
<b>Net Position</b>						
Invested in capital assets, net of related debt	3,286,094	2,901,757	1,628,351	1,653,489	4,914,445	4,555,246
Non-Spendable	51,252	-	96,079	-	147,331	-
Restricted	21,318	-	-	96,079	21,318	96,079
Assigned	680,070	-	-	-	680,070	-
Committed	168,131	-	-	-	168,131	-
Unrestricted	381,462	1,492,042	585,705	567,927	967,167	2,059,969
<b>Total Net Position</b>	<b>\$ 4,588,327</b>	<b>\$ 4,393,799</b>	<b>\$ 2,310,135</b>	<b>\$ 2,317,495</b>	<b>\$ 6,898,462</b>	<b>\$ 6,711,294</b>

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from a \$1,492,042 surplus at June 30, 2017, to a \$381,462 surplus at June 30, 2018 for the governmental activities.

The net position of our business-type activities decreased to \$2,310,135 compared to \$2,317,495 in fiscal year 2017. The Town generally can only use these net positions to finance the continuing operations of the sewer and water operations.

TOWN OF WILLIAMSTOWN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

Our analysis below separately considers the operations of governmental and business-type activities.

*Governmental Activities*

The increase in net position for governmental activities was \$194,528 in 2018. Revenues increased by \$332,549 or 15%, and expenses increased by \$129,331 or 6%, compared to 2017.

The cost of all governmental activities this year was \$22,451,152. However, as shown in the Statement of Activities on Exhibit B, the amount that our taxpayers ultimately financed for these activities through Town taxes was \$1,899,409. Some of the cost was paid by those who directly benefited from the programs \$162,74 or by other governments and organizations that subsidized certain programs with grants and contributions \$388,979.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 162,764	\$ 191,751	\$ 382,156	\$ 324,101	\$ 544,920	\$ 515,852
Operating grants and contributions	228,579	241,446	-	-	228,579	241,446
Capital grants and contributions	160,400	-	-	-	160,400	-
General revenues						
Property taxes	1,928,240	1,833,150	-	-	1,928,240	1,833,150
Unrestricted investment earnings	26,711	7,230	-	8,826	26,711	16,056
Other revenues	138,986	39,554	-	997,171	138,986	1,036,725
Total Revenues	<u>2,645,680</u>	<u>2,313,131</u>	<u>382,156</u>	<u>1,330,098</u>	<u>3,027,836</u>	<u>3,643,229</u>
<b>EXPENSES</b>						
Governmental activities						
General government	579,742	475,753	-	-	579,742	475,753
Public safety	604,724	574,568	-	-	604,724	574,568
Highway and streets	926,279	1,038,264	-	-	926,279	1,038,264
Health and welfare	148,747	94,322	-	-	148,747	94,322
Culture and recreation	107,958	56,425	-	-	107,958	56,425
Water	-	-	156,218	114,753	156,218	114,753
Sewer	-	-	216,825	106,713	216,825	106,713
Interest on long-term debt	83,702	82,489	16,473	2,057	100,175	84,546
Total Expenses	<u>2,451,152</u>	<u>2,321,821</u>	<u>389,516</u>	<u>223,523</u>	<u>2,840,668</u>	<u>2,545,344</u>
Change in net assets before transfers	194,528	(8,690)	(7,360)	1,106,575	187,168	1,097,885
Transfers	-	-	-	-	-	-
Change in net assets	194,528	(8,690)	(7,360)	1,106,575	187,168	1,097,885
Net position-beginning of year	<u>4,393,799</u>	<u>4,402,489</u>	<u>2,317,495</u>	<u>1,210,920</u>	<u>6,711,294</u>	<u>5,613,409</u>
Net position - end of year	<u>\$ 4,588,327</u>	<u>\$ 4,393,799</u>	<u>\$ 2,310,135</u>	<u>\$ 2,317,495</u>	<u>\$ 6,898,462</u>	<u>\$ 6,711,294</u>

*Business-type Activities*

The business-type activities net position decreased by \$7,360 in 2018. Revenues decreased by \$947,942 or 71.3%, and expenses increased by \$165,993 or 75%, compared to 2017. Most of this decrease in revenue is the grants received in 2017.

Table 3 presents the cost of each of the Town's five largest programs – general government, public safety, highways and street, health and welfare, and culture and recreation – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TOWN OF WILLIAMSTOWN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

Table 3  
Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 579,742	\$ 464,748	\$ 475,753	\$ 357,938
Public safety	604,724	486,344	574,568	417,200
Highway and streets	926,279	611,400	1,038,264	883,800
Health and welfare	148,747	145,257	94,322	90,772
Culture and recreation	107,958	107,958	56,425	56,425
Interest on debt	83,702	83,702	82,489	82,489
Totals	<u>\$ 2,451,152</u>	<u>\$ 1,899,409</u>	<u>\$ 2,321,821</u>	<u>\$ 1,888,624</u>

**The Town's Funds**

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$1,341,461 which represents a decrease of \$128,560 from last year's total of \$1,470,021. Included in this year's total change in fund balance is an increase of \$41,568 in the Town's General Fund.

Exhibit J compares actual to budget for the General Fund and the Highway Fund. The most significant variances of actual to budget were as follows:

	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
General Budget	\$ 1,273,927	\$ 1,453,575	\$ 179,648
Highway and Streets	\$ 954,953	\$ 956,470	\$ 1,517
<b>Expenditures:</b>			
General Budget	\$ 1,227,924	\$ 1,324,520	\$ (96,596)
Highway and Streets	\$ 719,953	\$ 713,930	\$ 6,023

TOWN OF WILLIAMSTOWN, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

**Capital Assets and Debt Administration**

*Capital Assets*

At June 30, 2018, the Town had \$6,339,809 invested in a broad range of capital assets, including police, ambulance and fire equipment, buildings and water and sewer lines, net of accumulated depreciation. (See Table 4 below). This amount represents a net increase (including additions, disposals and depreciation) of \$302,948 from last year.

Table 4  
Capital Assets at Year-End  
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 210,354	\$ 210,354	\$ 32,679	\$ 32,679	\$ 243,033	\$ 243,033
Capital assets						
Buildings and improvements	2,399,566	2,469,479	12,750	13,750	2,412,316	2,483,229
Vehicles and equipment	2,120,009	1,904,835	-	-	2,120,009	1,904,835
Utility Systems	-	-	2,465,852	639,709	2,465,852	639,709
Infrastructure	1,609,880	1,452,193	-	1,893,601	1,609,880	3,345,794
<b>Total Assets</b>	<b>\$ 6,339,809</b>	<b>\$ 6,036,861</b>	<b>\$ 2,511,281</b>	<b>\$ 2,579,739</b>	<b>\$ 8,851,090</b>	<b>\$ 8,616,600</b>

*Debt Administration*

At June 30, 2018, the Town had \$3,915,520 in bonds and notes outstanding versus \$4,019,104 on June 30, 2017 – a decrease of \$103,584 – as shown in Table 5.

Table 5  
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 3,053,715	\$ 3,135,104	\$ 861,805	\$ 884,000	\$ 3,915,520	\$ 4,019,104

**Economic Factors and Next Year's Budgets and Rates**

The Town's elected and appointed officials consider many factors when setting the fiscal year 2018 budget, tax rates, and fees.

When adopting the budget for the 2018-2019 year, the Select board considered operational and capital needs of the Town, and the impact of spending on the tax rate.

The Town budgeted no change in fund balance for the fiscal year ending June 30, 2018 and 2019.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Williamstown, Williamstown, Vermont, 05679.

TOWN OF WILLIAMSTOWN, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

EXHIBIT A

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash	\$ 1,894,880	\$ -	\$ 1,894,880
Accounts receivable, net	117,465	36,538	154,003
Delinquent taxes receivable, net	85,114	-	85,114
Prepaid expenses	51,252	-	51,252
Internal balances	-	-	-
Due from other funds	(624,121)	624,121	-
Capital assets:			
Land	210,354	32,679	243,033
Construction in progress	-	-	-
Buildings and building improvements	2,765,277	490,998	3,256,275
Equipment and vehicles	4,209,643	-	4,209,643
Infrastructure	2,338,379	-	2,338,379
Sewer/water lines	-	2,907,258	2,907,258
Accumulated depreciation	(3,183,844)	(919,654)	(4,103,498)
Total Assets	7,864,399	3,171,940	11,036,339
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources related to the			
Town's participation in VMERS	91,274	-	91,274
Total Deferred Outflows of Resources	91,274	-	91,274
<b>LIABILITIES:</b>			
Accounts payable	78,720	-	78,720
Accrued wages	17,038	-	17,038
Bonds, notes & leases payable due within one year	280,497	22,613	303,110
Bonds, notes & leases payable due after one year	2,773,218	839,192	3,612,410
Net pension liability	171,039	-	171,039
Other Liabilities	22,622	-	22,622
Total liabilities	3,343,134	861,805	4,204,939
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Prepaid property taxes	9,206	-	9,206
Deferred inflows of resources related to the			
Town's participation in VMERS	15,006	-	15,006
Total deferred inflows of resources	24,212	-	24,212
<b>NET POSITION:</b>			
Net investment in capital assets	3,286,094	1,628,351	4,914,445
Non-Spendable	51,252	96,079	147,331
Restricted	21,318	-	21,318
Assigned	680,070	-	680,070
Committed	168,131	-	168,131
Unrestricted	381,462	585,705	967,167
Total net position	\$ 4,588,327	\$ 2,310,135	\$ 6,898,462

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

TOWN OF WILLIAMSTOWN, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT B

FUNCTIONS/PROGRAMS:	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 579,742	\$ 40,894	\$ 74,100	\$ -	\$ (464,748)	\$ -	\$ (464,748)
Public safety	604,724	118,380	-	-	(486,344)	-	(486,344)
Highway and streets	926,279	-	154,479	160,400	(611,400)	-	(611,400)
Health and welfare	148,747	3,490	-	-	(145,257)	-	(145,257)
Culture and recreation	107,958	-	-	-	(107,958)	-	(107,958)
Interest on debt	83,702	-	-	-	(83,702)	-	(83,702)
Total governmental activities	<u>2,451,152</u>	<u>162,764</u>	<u>228,579</u>	<u>160,400</u>	<u>(1,899,409)</u>	<u>-</u>	<u>(1,899,409)</u>
Business-type activities:							
Water	156,218	168,455	-	-	-	12,237	12,237
Sewer	216,825	213,701	-	-	-	(3,124)	(3,124)
Interest on debt	16,473	-	-	-	-	(16,473)	(16,473)
Total business-type activities	<u>389,516</u>	<u>382,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,360)</u>	<u>(7,360)</u>
Total primary government	<u>\$ 2,840,668</u>	<u>\$ 544,920</u>	<u>\$ 228,579</u>	<u>\$ 160,400</u>	<u>(1,899,409)</u>	<u>(7,360)</u>	<u>(1,906,769)</u>
GENERAL REVENUES:							
					1,889,249	-	1,889,249
					38,991	-	38,991
					11,131	-	11,131
					26,711	-	26,711
					127,855	-	127,855
					<u>2,093,937</u>	<u>-</u>	<u>2,093,937</u>
					194,528	(7,360)	187,168
					4,393,799	2,317,495	6,711,294
					\$ 4,588,327	\$ 2,310,135	\$ 6,898,462

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

TOWN OF WILLIAMSTOWN, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

EXHIBIT C

	Capital Projects Funds						Total Governmental Funds
	General Fund	Highway Fund	Public Safety Building Fund	Fire Truck Fund	Road Rehab Fund	Other Governmental Funds	
<b>ASSETS:</b>							
Cash	\$ 1,890,710	\$ -	\$ -	\$ -	\$ -	\$ 4,170	\$ 1,894,880
Accounts receivable, net	11,126	-	-	-	-	106,339	117,465
Delinquent taxes receivable, net	85,114	-	-	-	-	-	85,114
Prepaid expenses	51,252	-	-	-	-	-	51,252
Advance to water fund	-	-	-	21,125	-	-	21,125
Due from other funds	206,572	294,988	1,000	29,977	46,672	653,880	1,233,089
<b>Total assets</b>	<b><u>\$ 2,244,774</u></b>	<b><u>\$ 294,988</u></b>	<b><u>\$ 1,000</u></b>	<b><u>\$ 51,102</u></b>	<b><u>\$ 46,672</u></b>	<b><u>\$ 764,389</u></b>	<b><u>\$ 3,402,925</u></b>
<b>LIABILITIES:</b>							
Accounts payable	\$ 78,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,721
Accrued wages	17,038	-	-	-	-	-	17,038
Due to other funds	1,756,321	-	-	-	-	122,014	1,878,335
<b>Total liabilities</b>	<b><u>1,852,080</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>122,014</u></b>	<b><u>1,974,094</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Prepaid property taxes	9,206	-	-	-	-	-	9,206
Unavailable property taxes, penalties and interest	78,164	-	-	-	-	-	78,164
<b>Total deferred inflows of resources</b>	<b><u>87,370</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>87,370</u></b>
<b>FUND BALANCES:</b>							
Nonspendable	51,252	-	-	-	-	-	51,252
Restricted	3,859	-	-	-	-	17,459	21,318
Assigned	124,511	-	1,000	51,102	46,672	456,785	680,070
Committed	-	-	-	-	-	168,131	168,131
Unassigned	125,702	294,988	-	-	-	-	420,690
<b>Total fund balances</b>	<b><u>305,324</u></b>	<b><u>294,988</u></b>	<b><u>1,000</u></b>	<b><u>51,102</u></b>	<b><u>46,672</u></b>	<b><u>642,375</u></b>	<b><u>1,341,461</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 2,244,774</u></b>	<b><u>\$ 294,988</u></b>	<b><u>\$ 1,000</u></b>	<b><u>\$ 51,102</u></b>	<b><u>\$ 46,672</u></b>	<b><u>\$ 764,389</u></b>	<b><u>\$ 3,402,925</u></b>

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

TOWN OF WILLIAMSTOWN, VERMONT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

EXHIBIT D

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Fund balance - total governmental funds (Exhibit C)		\$ 1,341,461
Capital assets used in governmental activities are not financial resources and, financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of assets	\$ 9,523,653	
Accumulated depreciation	<u>(3,183,844)</u>	6,339,809
Deferred outflows/inflows of resources are recognized on the accrual basis in the statement of net position, not the modified accrual basis. Deferred outflows/inflows of resources not available to pay current period expenditures consisted of the following:		
Unavailable property taxes, penalties and interest	<u>63,158</u>	63,158
Long-term liabilities, including bonds and leases payable are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:		
Bonds, notes & leases payable	(3,053,715)	
Net pension liability	<u>(193,660)</u>	(3,247,375)
Deferred outflows and inflows of resources related to the Town's participation in VMERS are applicable to future periods and, therefore, are not reported in the funds.	<u>91,274</u>	<u>91,274</u>
Net position - governmental activities (Exhibit A)		<u><u>\$ 4,588,327</u></u>

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

TOWN OF WILLIAMSTOWN VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT E

	Capital Projects Funds						Totals
	General Fund	Highway Fund	Public Safety Building Fund	Fire Truck Fund	Road Rehab Fund	Other Governmental Funds	
<b>REVENUES:</b>							
Property taxes	\$ 1,113,061	\$ 799,953	\$ -	\$ -	\$ -	\$ -	\$ 1,913,014
Property taxes - interest and penalties	38,991	-	-	-	-	-	38,991
Intergovernmental	74,100	154,479	-	-	-	160,400	388,979
Charges for services	162,764	-	-	-	-	-	162,764
Licenses and permits	10,006	1,125	-	-	-	-	11,131
Investment income	26,711	-	-	-	-	-	26,711
Miscellaneous	27,942	913	-	99,000	-	-	127,855
	<u>1,453,575</u>	<u>956,470</u>	<u>-</u>	<u>99,000</u>	<u>-</u>	<u>160,400</u>	<u>2,669,445</u>
Total revenues							
<b>EXPENDITURES:</b>							
General government	523,506	-	-	-	-	22,431	545,937
Public safety	448,082	-	-	-	-	16,508	464,590
Highway and streets	-	692,583	-	-	-	8,650	701,233
Health and social services	51,430	-	-	-	97,317	-	148,747
Culture and recreation	107,958	-	-	-	-	-	107,958
Capital outlay:							
Highways and streets	-	21,347	-	-	-	202,703	224,050
Public safety	-	-	-	440,398	-	-	440,398
General government	-	-	-	-	-	-	-
Debt service:							
Principal	117,879	-	-	-	-	63,511	181,390
Interest	75,665	-	-	-	-	8,037	83,702
	<u>1,324,520</u>	<u>713,930</u>	<u>-</u>	<u>440,398</u>	<u>97,317</u>	<u>321,840</u>	<u>2,898,005</u>
Total expenditures							
Excess (Deficiency) of Revenues Over Expenditures	129,055	242,540	-	(341,398)	(97,317)	(161,440)	(228,560)
<b>OTHER FINANCING SOURCES (USES)</b>							
Loan proceeds	-	-	-	100,000	-	-	100,000
Transfers in	-	-	-	40,000	40,000	244,250	324,250
Transfers out	(89,250)	(235,000)	-	-	-	-	(324,250)
	<u>(89,250)</u>	<u>(235,000)</u>	<u>-</u>	<u>140,000</u>	<u>40,000</u>	<u>244,250</u>	<u>100,000</u>
Total other financing sources (uses)							
Net Change in Fund Balances	39,805	7,540	-	(201,398)	(57,317)	82,810	(128,560)
Fund Balances - July 1, 2017	265,519	287,448	1,000	252,500	103,989	559,565	1,470,021
Fund Balances - June 30, 2018	<u>\$ 305,324</u>	<u>\$ 294,988</u>	<u>\$ 1,000</u>	<u>\$ 51,102</u>	<u>\$ 46,672</u>	<u>\$ 642,375</u>	<u>\$ 1,341,461</u>

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

TOWN OF WILLIAMSTOWN, VERMONT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT F

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit E)	\$ (128,560)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$664,448) is allocated over their estimated useful lives and reported as depreciation expense (\$361,500). This is the amount by which depreciation exceeded capital outlays in the current period.	302,948
Property taxes receivable, notes receivable and other receivables are recognized on the accrual basis in the statement of net position, not the modified accrual basis. The increase in this unearned and unavailable revenue for the year is:	(23,765)
The issuance of long-term debt (\$100,00) provides current financial resources to governmental funds, while increasing long-term debt in the statement of net position.	(100,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	181,390
In the statement of activities, accrued compensated absences and interest expense are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences and interest expense incurred was (greater)/less than the amounts paid.	(22,622)
Governmental funds report employer pension contributions as expenditures (\$23,447). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$38,310) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	<u>(14,863)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 194,528</u>

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

TOWN OF WILLIAMSTOWN, VERMONT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

EXHIBIT G

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS:</b>			
Current assets:			
Cash	\$ -	\$ -	\$ -
Accounts receivable, net of allowance	17,535	19,003	36,538
Due from other funds	350,641	294,605	645,246
Total current assets	<u>368,176</u>	<u>313,608</u>	<u>681,784</u>
Noncurrent assets:			
Capital assets			
Land	32,500	179	32,679
Buildings and building improvements	-	490,998	490,998
Construction in Progress	-	-	-
Sewer/water lines	862,636	2,044,622	2,907,258
Accumulated depreciation	<u>(333,357)</u>	<u>(586,297)</u>	<u>(919,654)</u>
Total noncurrent assets	<u>561,779</u>	<u>1,949,502</u>	<u>2,511,281</u>
Total assets	<u>\$ 929,955</u>	<u>\$ 2,263,110</u>	<u>\$ 3,193,065</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to the Town's participation in VMERS			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	-	-	-
Bonds, notes & leases payable - current portion	<u>-</u>	<u>22,613</u>	<u>22,613</u>
Total current liabilities	<u>-</u>	<u>22,613</u>	<u>22,613</u>
Noncurrent liabilities:			
Advance from general fund	21,125	-	21,125
Bonds, notes & leases payable - noncurrent portion	<u>-</u>	<u>839,192</u>	<u>839,192</u>
Total noncurrent liabilities	<u>21,125</u>	<u>839,192</u>	<u>860,317</u>
Total liabilities	<u>21,125</u>	<u>861,805</u>	<u>882,930</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to the Town's participation in VMERS			
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>			
Net investment in capital assets	540,654	1,087,697	1,628,351
Restricted for sewer improvements - expendable	26,500	69,579	96,079
Unrestricted (deficit)	341,676	244,029	585,705
Total net position	<u>\$ 908,830</u>	<u>\$ 1,401,305</u>	<u>\$ 2,310,135</u>

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

TOWN OF WILLIAMSTOWN, VERMONT  
STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT H

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 165,791	\$ 209,914	\$ 375,705
Interest and penalties	2,664	3,787	6,451
<b>Total operating revenues</b>	<b>168,455</b>	<b>213,701</b>	<b>382,156</b>
<b>OPERATING EXPENSES:</b>			
Administration	3,800	3,800	7,600
Supplies	3,223	8,820	12,043
Outside services	54,274	84,526	138,800
Insurance	1,759	3,682	5,441
Maintenance and repairs	45,401	10,812	56,213
Equipment and tools	-	1,210	1,210
Buildings and grounds	19,170	21,046	40,216
Depreciation	28,591	82,929	111,520
<b>Total operating expenses</b>	<b>156,218</b>	<b>216,825</b>	<b>373,043</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>12,237</b>	<b>(3,124)</b>	<b>9,113</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal grant income	-	-	-
Investment income	-	-	-
Interest expense	-	(16,473)	(16,473)
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>(16,473)</b>	<b>(16,473)</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>12,237</b>	<b>(19,597)</b>	<b>(7,360)</b>
<b>TRANSFERS:</b>			
Transfers in	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>12,237</b>	<b>(19,597)</b>	<b>(7,360)</b>
Net Position - July 1, 2017	896,593	1,420,902	2,317,495
<b>Net Position - June 30, 2018</b>	<b>\$ 908,830</b>	<b>\$ 1,401,305</b>	<b>\$ 2,310,135</b>

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

TOWN OF WILLIAMSTOWN, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT I

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 164,393	\$ 217,741	\$ 382,134
Cash payments to suppliers for goods and services	(127,801)	(133,896)	(261,697)
Net cash provided (used) by operating activities	<u>36,592</u>	<u>83,845</u>	<u>120,437</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Interest expense on interfund balances	-	(16,473)	(16,473)
(Increase) decrease in due from other funds	(3,879)	(111,699)	(115,578)
Increase (decrease) in due to other funds	(21,125)	(22,195)	(43,320)
Net cash provided (used) by noncapital financing activities	<u>(25,004)</u>	<u>(150,367)</u>	<u>(175,371)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Grant revenue	-	97,996	97,996
Acquisition of capital assets	(11,588)	(31,474)	(43,062)
Principal paid on bonds, notes & leases	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(11,588)</u>	<u>66,522</u>	<u>54,934</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash	<u>-</u>	<u>-</u>	<u>-</u>
Cash - July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>
Cash - June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Income (loss) from operations	\$ 12,237	\$ (3,124)	\$ 9,113
Depreciation	28,591	82,929	111,520
(Increase) decrease in accounts receivable	(4,062)	4,040	(22)
Increase (decrease) in accounts payable	(174)	-	(174)
Net cash provided (used) by operating activities	<u>\$ 36,592</u>	<u>\$ 83,845</u>	<u>\$ 120,437</u>

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

STATEMENT OF FUND NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

EXHIBIT J

	Cemetery	Playground	Jr. High	Overseer	Total
ASSETS					
Cash	\$ 280,406	\$ 25,888	\$ 3,518	\$ 37,789	\$ 347,601
Investments	30,682	-	-	-	30,682
Total Assets	<u>\$ 311,088</u>	<u>\$ 25,888</u>	<u>\$ 3,518</u>	<u>\$ 37,789</u>	<u>\$ 378,283</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
FUND BALANCES					
Restricted	311,088	25,888	3,518	37,789	378,283
Total Fund Balances	311,088	25,888	3,518	37,789	378,283
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 311,088</u>	<u>\$ 25,888</u>	<u>\$ 3,518</u>	<u>\$ 37,789</u>	<u>\$ 378,283</u>

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

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

The Town of Williamstown, Vermont (the Town), is organized according to Vermont State Law and Town Charter, under the governance of a five-member Select board to provide the following services for the Town of Williamstown: public health and safety, highways and streets, culture and recreation, public improvements, sanitation, planning and zoning, water, wastewater treatment and general administration. Included in public health and safety are ambulance services, which are also provided to certain surrounding towns under contract agreements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

*Reporting Entity*

This report includes all of the activity of the Town of Williamstown, 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.

*Basic Financial Statements – Government-Wide Statements*

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's water and sewer fund activities are classified as business-type. All other funds are governmental-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities (water and sewer). The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating and capital grants. Program revenues must be directly associated with the governmental function (public safety, highways and streets, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by governmental function or business-type activity) are normally covered by general revenues (property taxes, intergovernmental revenue, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows, fund equity, revenues and expenditures/expenses. The various funds are reported by major fund within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental category or enterprise type. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenses/expenditures of either fund category/type or the governmental and enterprise funds combined) for the determination of major funds. The General Fund, Highway Fund, Public Safety Building Fund, Fire Truck Fund, Road Rehab Fund and Cemetery Trust Fund are shown as major funds. All other funds are non-major and are combined in a single column in each of the respective fund financial statements.

*Proprietary Funds*

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the major enterprise funds of the Town:

Sewer Fund is used to account for the operations of the sewer department.

Water Fund is used to account for the operations of the water department.

*Fiduciary Funds*

Fiduciary Funds are used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

*Measurement Focus*

The accounting and financial reporting 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. This means that all assets, liabilities and deferred inflows and outflows associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e. net total position) is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, current liabilities and deferred inflows and outflows are generally reported on their balance sheets. Their reported fund balances (net current assets – are considered a measure of available spendable resources and, are segregated into nonspendable, restricted, committed, assigned and unassigned. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

*Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accrual Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual Basis of Accounting

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities, which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

*Cash and Cash Equivalents*

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents.

*Budgetary Accounting*

The Town approves a budget for the General Fund at an annual Town Meeting and the Select board, based on the budget and Grand List, determines the tax rate. Any budgetary changes require voter approval. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

*Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Building Improvements	10 - 50 years
Equipment, Vehicles and Machinery	5 - 20 years
Utility Plant and Capacity Rights	40 - 50 years
Infrastructure	8 - 20 years

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB No. 34 requires the Town to report and depreciate new general infrastructure assets starting July 1, 2003. The Town has elected not to record infrastructure prior to this date. General infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

*Accrued Compensated Absences*

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements - Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

*Net Position*

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

*Fund Balances*

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Select board or by an official or body to which the Select board delegates the authority.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Nonspendable and Restricted funds are so-designated by external funds sources, such as in the case of the nonspendable Cemetery Trust Fund corpus, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so-designated by action of the voters or the Select board, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Investments*

Investments are stated at fair value, (quoted market price, or the best available estimate).

*Interfund Balances*

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from 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”.

*New Pronouncement – Pension Plans*

Effective June 30, 2015, the Town implemented GASB Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town’s participation in the Vermont Municipal Employees’ Retirement System (VMERS) as well as additional disclosures and required supplemental information.

*Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which, arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred outflows of resources from one source; deferred outflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

*Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. The governmental funds balance sheet reports deferred inflows of resources from three sources; prepaid property taxes, unavailable property taxes, penalties and interest and unavailable receivables. The business-type activities and proprietary funds report deferred inflows of resources from one source; deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2 – CASH AND INVESTMENTS**

*A. Cash and Investments*

The Town's cash and investments as of June 30, 2018 are as follows:

Cash:	
Cash on hand	\$ 300
Deposits with financial institutions	<u>1,894,580</u>
Total Cash	<u>\$ 1,894,880</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.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations reflects the distribution of the Town's investments by maturity. The municipal bonds mature between 2034 and 2039.

**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. Presented below are the actual ratings as of June 30, 2018. The ratings are provided by Standard & Poor's. The Town does not have any policy to limit the exposure to credit risk.

**Concentration of Credit Risk**

The Town does not have any limitations on the amount that can be invested in any one issuer.

**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. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town's investments are held in its name and are, therefore, not subject to custodial credit risk. The Town does not have any policy to limit the exposure to custodial credit risk.

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

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3 - RECEIVABLES**

Receivables and the allowance for uncollectible accounts as of June 30, 2018 are as follows:

	<u>Receivables</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivables</u>
General Fund:			
Delinquent taxes receivable	\$ 91,148	\$ (6,034)	\$ 85,114
Miscellaneous receivables	11,126	-	11,126
Total General Fund	<u>102,274</u>	<u>(6,034)</u>	<u>96,240</u>
Non-major Special Revenue Funds:			
FEMA	<u>106,339</u>	-	<u>106,339</u>
Total Non-Major Revenue Funds	<u>106,339</u>	<u>-</u>	<u>106,339</u>
Proprietary Funds:			
Water Fund			
Accounts receivable	20,035	(2,500)	17,535
Sewer Fund			
Accounts receivable	<u>21,503</u>	<u>(2,500)</u>	<u>19,003</u>
Total Proprietary Funds	<u>41,538</u>	<u>(5,000)</u>	<u>36,538</u>
Total Interfund Receivables & Payables	<u>\$ 250,151</u>	<u>\$ (11,034)</u>	<u>\$ 239,117</u>

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

The Town has combined some of the cash resources of its governmental and proprietary fund types for accounting and reporting purposes and that portion of the pooled cash is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2018 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 206,572	\$ 1,756,321
Highway Fund	294,988	-
Public Safety Building Fund	1,000	-
Fire Truck Fund	29,977	-
Road Rehab Fund	46,672	-
Other Non-Major Funds	653,880	122,014
Water Fund	350,641	-
Sewer Fund	<u>294,605</u>	<u>-</u>
	<u>\$ 1,878,335</u>	<u>\$ 1,878,335</u>

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Disposals	Depreciation	Balance June 30, 2018
<b>Governmental Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 210,354	\$ -	\$ -	\$ -	\$ 210,354
Total Capital Assets, Not Being Depreciated	<u>210,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,354</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	2,765,277	-	-	-	2,765,277
Equipment and vehicles	3,964,473	440,398	(195,228)	-	4,209,643
Infrastructure	2,114,329	224,050	-	-	2,338,379
Total capital assets being depreciated	<u>8,844,079</u>	<u>664,448</u>	<u>(195,228)</u>	<u>-</u>	<u>9,313,299</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(295,798)	(69,913)	-	-	(365,711)
Equipment and vehicles	(2,059,638)	(225,224)	195,228	-	(2,089,634)
Infrastructure	(662,136)	(66,363)	-	-	(728,499)
Total accumulated depreciation	<u>(3,017,572)</u>	<u>(361,500)</u>	<u>195,228</u>	<u>-</u>	<u>(3,183,844)</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,036,861</u>	<u>\$ 302,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,339,809</u>
<b>Business-Type Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 32,679	\$ -	\$ -	\$ -	\$ 32,679
Total Capital Assets, Not Being Depreciated	<u>32,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,679</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	490,998	-	-	-	490,998
Utility Systems and equipment	970,595	1,936,663	-	-	2,907,258
Construction in progress	1,893,601	-	(1,893,601)	-	-
Total Capital Assets, Being Depreciated	<u>3,355,194</u>	<u>1,936,663</u>	<u>(1,893,601)</u>	<u>-</u>	<u>3,398,256</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(477,248)	(1,000)	-	-	(478,248)
Utility Systems	(330,886)	(110,520)	-	-	(441,406)
Total accumulated depreciation	<u>(808,134)</u>	<u>(111,520)</u>	<u>-</u>	<u>-</u>	<u>(919,654)</u>
Business-type Activities Capital Assets - Net	<u>\$ 2,579,739</u>	<u>\$ 1,825,143</u>	<u>\$ (1,893,601)</u>	<u>\$ -</u>	<u>\$ 2,511,281</u>

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 5 - CAPITAL ASSETS (Continued)**

June 30, 2018 Depreciation Expense	
Governmental Activities:	
General Government	\$ 2,699
Public Safety	66,540
Highway	<u>292,261</u>
Total Government Activities	<u>\$ 361,500</u>
Business-Type Activities:	
Water	\$ 28,591
Sewer	<u>82,929</u>
Total Business-Type Activities	<u>\$ 111,520</u>

**NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources in the Governmental Activities consists of \$91,274 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A.

**NOTE 7 – DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources in the Governmental Activities consists of \$9,206 of prepaid property taxes and \$15,006 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note 12. Total deferred inflows of resources in the Governmental Activities is \$24,212.

Deferred inflows of resources in the General Fund consists of \$9,206 of prepaid property taxes, \$78,164 of delinquent property taxes (including penalties and interest on those taxes) that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund are \$87,370.

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 8 – LONG-TERM LIABILITIES**

Long-term debt will mature approximately as follows:

Governmental Activities:	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2018</u>
General Obligations Bond Payable (Public Safety Building) to the Vermont Municipal Bond Bank, negative interest of 3% , annual payments of \$20,322. Matures February, 2039.	\$ 647,749	\$ -	\$ 40,945	\$ 606,804
Fire Truck Note Payable to the People's United Bank, annual payment of \$100,000. Interest of 2.85% , matures June 13, 2019.	-	100,000	-	100,000
Capital lease payable to Kansas State Bank, interest at 3.36% . Annual payments of \$22,263, including principal and interest. Matures September, 2021	100,922	-	18,874	\$ 82,048
Fire Station bond payable to the Vermont Municipal Bond Bank, net interest cost of 3.881% , principal payments of \$76,933. Matures November, 2044.	2,154,134	-	76,933	\$ 2,077,201
Note payable, Caterpillar Financial Services, interest at 2% . Payments to begin February, 2018 in the \$49,284 to include principal and interest, through 2022	<u>232,300</u>	<u>-</u>	<u>44,638</u>	<u>\$ 187,662</u>
<b>Total Governmental Bonds and Notes Payable</b>	<b><u>\$ 3,135,105</u></b>	<b><u>\$ 100,000</u></b>	<b><u>\$ 181,390</u></b>	<b><u>\$ 3,053,715</u></b>
 Business-Type Activities:				
Water Bond Payable to the Vermont Municipal Bond Bank, net interest of 5.374% . Remaining annual principal payments of \$5,000. Matures December, 2016.	\$ -	\$ -	\$ -	\$ -
USDA RUS Loan, \$884,000 for sewer improvement project. Funds are not scheduled to be repaid currently as project remains in progress.	<u>884,000</u>	<u>-</u>	<u>22,195</u>	<u>861,805</u>
<b>Total Business-Type Bonds and Notes Payable</b>	<b><u>\$ 884,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 22,195</u></b>	<b><u>\$ 861,805</u></b>

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 8 – LONG-TERM LIABILITIES (Continued)**

The following is a summary of long-term liabilities for the year ended June 30, 2018

Governmental Activities:

<u>Years ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2019	280,497	101,277	381,774
June 30, 2020	179,679	97,146	276,825
June 30, 2021	181,393	92,721	274,114
June 30, 2022	181,951	88,046	269,997
Thereafter	<u>2,230,195</u>	<u>995,105</u>	<u>3,225,300</u>
<b>Total</b>	<b><u>\$ 3,053,715</u></b>	<b><u>\$ 1,374,295</u></b>	<b><u>\$ 4,428,010</u></b>

Business-Type Activities:

<u>Years ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2019	22,613	16,055	38,668
June 30, 2020	22,997	15,671	38,668
June 30, 2021	23,472	15,196	38,668
June 30, 2022	23,915	14,753	38,668
Thereafter	<u>768,808</u>	<u>197,892</u>	<u>966,700</u>
<b>Total</b>	<b><u>\$ 861,805</u></b>	<b><u>\$ 259,567</u></b>	<b><u>\$ 1,121,372</u></b>

**NOTE 9 - FUND BALANCE/NET POSITION CATEGORIES**

The fund balances/net position of the Town are categorized as follows:

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

	Individual Funds Statements		Government-Wide Statements (Exhibit A)	
	Governmental Funds (Exhibit C)	Proprietary Funds (Exhibit G)	Governmental Activities	Business-type Activities
<b>Nonspendable:</b>				
Prepaid expenses of Governmental Funds	\$ 51,252	\$ -	\$ 51,252	\$ -
Total Nonspendable	<u>51,252</u>	<u>-</u>	<u>51,252</u>	<u>-</u>
<b>Restricted:</b>				
General Fund - Williamstown Veterans Memorial	3,859	-	3,859	-
Non-Major Special Revenue Parade Fund	695	-	695	-
Non-Major Special Revenue Cemetery Burial Fund	5,476	-	5,476	-
Non-Major Special Revenue Cemetery Donation Fund	5,425	-	5,425	-
Non-Major Special Revenue Henry Baker Fund	4,170	-	4,170	-
Non-Major Special Revenue Other Fund	1,693	-	1,693	-
Water Fund - Sewer Improvements	-	26,500	-	26,500
Sewer Fund - Sewer Improvements	-	69,579	-	69,579
Total Restricted	<u>21,318</u>	<u>96,079</u>	<u>21,318</u>	<u>96,079</u>
<b>Assigned:</b>				
General Fund - Tax Stabilization Fund	138,221	-	138,221	-
General Fund - Record Restoration Reserve	32,756	-	32,756	-
General Fund - Energy Grant Reserve	987	-	987	-
General Fund - Library Reserve Fund	2,668	-	2,668	-
General Fund - Cemetery Perpetual Care	7,534	-	7,534	-
General Fund - Cemetery Project Reserve	22,310	-	22,310	-
General Fund - Special Appropriations	(79,965)	-	(79,965)	-
Non-Major Capital Projects Ambulance Fund	80,861	-	80,861	-
Non-Major Capital Projects Public Safety Fund	28,941	-	28,941	-
Non-Major Capital Projects Highway Reserve Fund	333,704	-	333,704	-
Non-Major Capital Project Town Hall Renovation Fund	13,279	-	13,279	-
Public Safety Building Fund	1,000	-	1,000	-
Fire Truck Fund	51,102	-	51,102	-
Road Rehab Fund	46,672	-	46,672	-
Total Assigned	<u>680,070</u>	<u>-</u>	<u>680,070</u>	<u>-</u>
<b>Committed:</b>				
Non-Major Special Revenue Reappraisal Fund	168,131	-	168,131	-
Highway Reserve Fund	-	-	-	-
Total Committed	<u>168,131</u>	<u>-</u>	<u>168,131</u>	<u>-</u>
<b>Unassigned:</b>				
General Fund	125,702	-	86,474	-
Highway Fund	294,988	-	294,988	-
Water Fund	-	341,676	-	341,676
Sewer Fund	-	244,029	-	244,029
Total Unassigned	<u>420,690</u>	<u>585,705</u>	<u>381,462</u>	<u>585,705</u>
<b>Invested in Capital Assets, Net of Related Debt:</b>				
Capital Assets, net of accumulated depreciation	-	1,628,351	3,286,094	1,628,351
Total Invested in Capital Assets	<u>-</u>	<u>1,628,351</u>	<u>3,286,094</u>	<u>1,628,351</u>
Total Fund Balances/Net Position	<u>\$ 1,341,461</u>	<u>\$ 2,310,135</u>	<u>\$ 4,588,327</u>	<u>\$ 2,310,135</u>

TOWN OF WILLIAMSTOWN, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**NOTE 10 – CONTINGENT LIABILITIES**

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2018 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 11 - PROPERTY TAXES**

Property taxes are assessed based on valuations as of April 1, annually. Property taxes were due in one installments on November 16<sup>th</sup>. All late payments are subject to an 8% penalty and interest is calculated at 1% per month.

Town property tax revenue is recognized in the General Fund for the period for which the tax is levied to the extent they result in current receivables, which will be collected within 60 days of the fiscal year end. The tax rates for fiscal year 2018 were as follows:

	Residential	Non-residential
General Fund	\$ 0.2081	\$ 0.2081
Highway Fund	0.2663	0.2663
Fire Department	0.0558	0.0558
Ambulance	0.0456	0.0456
Cemetery	0.0154	0.0154
Library	0.0195	0.0195
Special Articles	0.0154	0.0154
Local Agreement	0.0054	0.0054
Residential Education Tax	1.6343	-
Non-Residential Education Tax	-	1.7187
	\$ 2.2658	\$ 2.3502

**NOTE 12 - PENSION PLANS**

**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 437 participating employers.

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

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

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - PENSION PLANS (Continued)**

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 pension liability of \$121,155,552. As of June 30, 2017, the Town's proportionate share of this was .32117887% resulting in a liability of \$411,557. 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 entities, actuarially determined. As of June 30, 2017, the Town's proportion of .14117283% was a decrease of 0.01442717% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2018, the Town recognized pension expense of \$23,055.

As of June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of	Deferred Inflow of
Difference between expected and actual experience	\$ 2,488	\$ -
Changes in assumptions	35,807	-
Difference between projected and actual earnings on pension plan investments	28,487	-
Changes in proportional share of contributions	1,045	15,006
Difference between the employer contributions and proportionate share of total contributions	-	-
Town's required employer contributions made subsequent to the measurement date	23,447	-
	\$ 91,274	\$ 15,006

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - PENSION PLANS (Continued)**

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$91,274 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2018	\$ 36,480
2019	<u>11,206</u>
	<u>\$ 47,686</u>

**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 and 50% of AFC. The previous amounts include the portion of the allowance provided by member contributions.

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.

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - PENSION PLANS (Continued)**

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 – 5.5%

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

**Significant Actuarial Assumptions and Methods**

Interest Rate – 7.5%, net of pension plan investment expense, including inflation.

Salary increases - 5% per year.

Mortality:

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

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

Disabled Post-retirement – RP-2014 Disabled Mortality Table with generational projection using 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 (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 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 Valuation 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%.

TOWN OF WILLIAMSTOWN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - PENSION PLANS (Continued)**

Inflation: 2.5%

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

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

100.00%

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB68, 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 the employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30,2018. 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 net pension liability, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.5% or one percent higher (8.5% than the current rate:

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$305,378	\$171,039	\$59,626

**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.

**NOTE 13 - RISK MANAGEMENT**

The Town of Williamstown 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.

TOWN OF WILLIAMSTOWN, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**NOTE 13 - RISK MANAGEMENT (continued)**

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 rate-setting 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.

**NOTE 14 - INTERFUND TRANSFERS**

During the year Interfund transfers occurred between funds. The transfers were made in accordance with budgetary authorizations. The transfers represent the Town's per capita fee for the ambulance service and the amount used for operations in the Cemetery Fund. Interfund transfers for the year ended June 30, 2018 are as follows:

	Transfers - In					
	Ambulance Fund	Public Safety Fund	Highway Reserve Fund	Fire Truck Fund	Road Rehab Fund	Totals
Transfers Out						
General	\$ 27,000	\$ 22,250	\$ -	\$ -	\$ 40,000	\$ 89,250
Highway Reserve Fund	-	-	195,000	40,000	-	235,000
Total Transfers	\$ 27,000	\$ 22,250	\$ 195,000	\$ 40,000	\$ 40,000	\$ 324,250

**NOTE 15 – SUBSEQUENT EVENTS**

We have examined subsequent events from the close of the fiscal year through the date of this report. There are no events that would significantly impact the presentation of these financial statements.

TOWN OF WILLIAMSTOWN, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NEW PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 JUNE 30, 2018

SCHEDULE 1

	2018	2017	2016	2015
Total Plan Net Pension Liability	\$121,155,552	\$128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.14117%	0.15564%	0.16782%	0.16080%
Town's Proportionate Share of the Net Pension Liability	\$ 171,039	\$ 200,305	\$ 129,380	\$ 14,676
Town's Covered Employee Payroll	\$ 426,304	\$ 419,176	\$ 430,092	\$ 436,433
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	40.12%	47.79%	30.08%	3.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.95% as of June 30, 2017	80.95% as of June 30, 2016	87.42% as of June 30, 2015	98.32% as of June 30, 2014

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions: None.

GASB 68 requires ten (10) years of information to be presented in this table. Implementation began in 2015. Until a (10) year period is compiled, only those years for which information is available will be presented.

Data reported is using the beginning fiscal year measurement date.

TOWN OF WILLIAMSTOWN, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 23,447	\$ 23,055	\$ 23,655	\$ 23,458
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 23,447</u>	<u>\$ 23,055</u>	<u>\$ 23,655</u>	<u>\$ 23,458</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 426,304	\$ 419,176	\$ 430,092	\$ 436,433
Contributions as a Percentage of Town's Covered Employee Payroll	5.500%	5.500%	5.500%	5.375%

**Notes to Schedule**

Valuation Date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
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GASB 68 requires ten (10) years of information to be presented in this table. Implementation began in 2015. Until a (10) year period is compiled, only those years for which information is available will be presented.

Data reported is using the beginning fiscal year measurement date.

TOWN OF WILLIAMSTOWN, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 3

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Property Taxes	\$ 1,035,154	\$ 1,113,061	\$ 77,907
Delinquent Taxes Interest and Penalties	20,000	38,991	18,991
Intergovernmental	67,973	74,100	6,127
Charges for services	138,600	162,764	24,164
Licenses and permits	8,000	10,006	2,006
Investment Income	3,900	26,711	22,811
Miscellaneous	300	27,942	27,642
Total Revenue	1,273,927	1,453,575	179,648
<b>EXPENDITURES:</b>			
Select Board	5,381	5,259	122
Planning Commission	9,938	4,112	5,826
Cemetery Commission	48,403	51,430	(3,027)
Auditors	5,500	4,649	851
Listers	22,100	15,593	6,507
Board of Civil Authority	1,327	749	578
Elections	2,215	2,486	(271)
Manager's Office	123,376	123,120	256
Clerk/Treasurer	107,062	92,896	14,166
General Operating Budget	180,406	240,629	(60,223)
Other Operating Expenditures	27,700	14,484	13,216
Public Safety	91,830	88,675	3,155
Animal Control	6,500	6,500	-
Ambulance	210,160	212,111	(1,951)
Public Safety Building	40,000	40,074	(74)
Capital Expenditures	-	12,198	(12,198)
Debt Service	135,019	193,544	(58,525)
Fire Department	105,239	104,858	381
Library	60,721	64,711	(3,990)
Storm Water	1,800	3,195	(1,395)
Special Articles	43,247	43,247	-
Total Expenditures	1,227,924	1,324,520	(96,596)
Excess / (Deficiency) of Revenue Over / (Under) Expenditures	46,003	129,055	83,052
<b>Other Financing Sources / (Uses):</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	(89,250)	(89,250)	-
	(89,250)	(89,250)	-
Excess / (Deficiency) of Revenue Over / Under Expenditures and Other Financing Uses	\$ (43,247)	\$ 39,805	\$ 83,052
Fund Balances - July 1, 2017		265,519	
Fund Balances - June 30, 2018		\$ 305,324	

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

TOWN OF WILLIAMSTOWN, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
HIGHWAY FUND - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 4

	Budget Original And Final	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property Taxes	\$ 799,953	\$ 799,953	\$ -
State/Federal aid	155,000	154,479	(521)
Other	-	2,038	2,038
	954,953	956,470	1,517
EXPENDITURES:			
Highway Operations	198,200	185,270	12,930
Highway Equipment	155,479	149,264	6,215
Employee Benefits	352,174	363,205	(11,031)
Garage Expenditures	14,100	16,191	(2,091)
	719,953	713,930	6,023
Excess / (Deficiency) of Revenue Over / (Under) Expenditures	235,000	242,540	7,540
Other Financing Sources / (Uses):			
Operating Transfers Out	(235,000)	(235,000)	-
Excess of Revenue Over Expenditures and Other Financing Uses	\$ -	\$ 7,540	\$ 7,540
Fund Balances - July 1, 2017		287,448	
Fund Balances - June 30, 2018		\$ 294,988	

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF WILLIAMSTOWN, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

SCHEDULE 5

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash	\$ 4,170	\$ -	\$ 4,170
Accounts receivable	106,339	-	106,339
Due from other funds	<u>181,420</u>	<u>472,460</u>	<u>653,880</u>
Total Assets	<u>\$ 291,929</u>	<u>\$ 472,460</u>	<u>\$ 764,389</u>
<b>LIABILITIES:</b>			
Due to other funds	<u>\$ 106,339</u>	<u>\$ 15,675</u>	<u>\$ 122,014</u>
Total Liabilities	<u>106,339</u>	<u>15,675</u>	<u>122,014</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable receivables	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Restricted	17,459	-	17,459
Committed	168,131	-	168,131
Assigned	<u>-</u>	<u>456,785</u>	<u>456,785</u>
Total Fund Balances	<u>185,590</u>	<u>456,785</u>	<u>642,375</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 291,929</u>	<u>\$ 472,460</u>	<u>\$ 764,389</u>

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

TOWN OF WILLIAMSTOWN, VERMONT  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 6

	Special Revenue Fund	Capital Project Fund	Total
<b>REVENUES:</b>			
Intergovernmental	\$ -	\$ 160,400	\$ 160,400
Investment income	-	-	-
Total revenues	-	160,400	160,400
<b>EXPENDITURES:</b>			
General government	22,431	-	22,431
Public safety	-	16,508	16,508
Highways and streets	-	8,650	8,650
Capital outlay:			
Public safety	-	-	-
Highways and streets	-	202,703	202,703
Debt service:			
Principal	-	63,511	63,511
Interest	-	8,037	8,037
Total expenditures	22,431	299,409	321,840
Excess (Deficiency) of Revenues Over Expenditures	(22,431)	(139,009)	(161,440)
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	-	-	-
Transfers in	-	244,250	244,250
Total other financing sources (uses)	-	244,250	244,250
Net Change in Fund Balances	(22,431)	105,241	82,810
Fund Balances - July 1, 2017	208,021	351,544	559,565
Fund Balances - June 30, 2018	\$ 185,590	\$ 456,785	\$ 642,375

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

TOWN OF WILLIAMSTOWN, VERMONT  
BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018

SCHEDULE 7

	Reappraisal Fund	FEMA Fund	Parade Fund	Cemetery Burial Fund	Cemetery Donation Fund	Henry Baker Fund	Other Funds	Total
<b>ASSETS:</b>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,170	\$ -	\$ 4,170
Accounts receivable, net	-	106,339	-	-	-	-	-	106,339
Due from other funds	168,131	-	695	5,476	5,425	-	1,693	181,420
<b>Total Assets</b>	<b>\$ 168,131</b>	<b>\$ 106,339</b>	<b>\$ 695</b>	<b>\$ 5,476</b>	<b>\$ 5,425</b>	<b>\$ 4,170</b>	<b>\$ 1,693</b>	<b>\$ 291,929</b>
<b>LIABILITIES:</b>								
Due to other funds	\$ -	\$ 106,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,339
<b>Total Liabilities</b>	<b>-</b>	<b>106,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,339</b>
<b>FUND BALANCES:</b>								
Restricted	-	-	695	5,476	5,425	4,170	1,693	17,459
Committed	168,131	-	-	-	-	-	-	168,131
<b>Total Fund Balances</b>	<b>168,131</b>	<b>-</b>	<b>695</b>	<b>5,476</b>	<b>5,425</b>	<b>4,170</b>	<b>1,693</b>	<b>185,590</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 168,131</b>	<b>\$ 106,339</b>	<b>\$ 695</b>	<b>\$ 5,476</b>	<b>\$ 5,425</b>	<b>\$ 4,170</b>	<b>\$ 1,693</b>	<b>\$ 291,929</b>

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

TOWN OF WILLIAMSTOWN, VERMONT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 3, 2018

SHCEDULE 8

	Reappraisal Fund	FEMA Fund	Parade Fund	Cemetery Burial Fund	Cemetery Donation Fund	Henry Baker Fund	Other Funds	Total
REVENUES:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:								
General government	\$ 22,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,431
Total expenditures	<u>22,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,431</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(22,431)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,431)</u>
OTHER FINANCING SOURCES (USES)								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(22,431)	-	-	-	-	-	-	(22,431)
Fund Balances - July 1, 2017	<u>190,562</u>	<u>-</u>	<u>695</u>	<u>5,476</u>	<u>5,425</u>	<u>4,170</u>	<u>1,693</u>	<u>208,021</u>
Fund Balances - June 30, 2018	<u>\$ 168,131</u>	<u>\$ -</u>	<u>\$ 695</u>	<u>\$ 5,476</u>	<u>\$ 5,425</u>	<u>\$ 4,170</u>	<u>\$ 1,693</u>	<u>\$ 185,590</u>

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

TOWN OF WILLIAMSTOWN, VERMONT BALANCE SHEET  
NON-MAJOR CAPITAL PROJECT FUNDS  
JUNE 3, 2018

SCHEDULE 9

	Ambulance Fund	Public Safety Fund	Highway Reserve Fund	Town Hall Renovation Fund	Total
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	80,861	44,616	333,704	13,279	472,460
<b>Total Assets</b>	<b>\$ 80,861</b>	<b>\$ 44,616</b>	<b>\$ 333,704</b>	<b>\$ 13,279</b>	<b>\$ 472,460</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	15,675	-	-	15,675
<b>Total Liabilities</b>	<b>-</b>	<b>15,675</b>	<b>-</b>	<b>-</b>	<b>15,675</b>
<b>FUND BALANCES</b>					
Restricted	-	-	-	-	-
Assigned	80,861	28,941	333,704	13,279	456,785
<b>Total Fund Balances</b>	<b>80,861</b>	<b>28,941</b>	<b>333,704</b>	<b>13,279</b>	<b>456,785</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 80,861</b>	<b>\$ 44,616</b>	<b>\$ 333,704</b>	<b>\$ 13,279</b>	<b>\$ 472,460</b>

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

TOWN OF WILLIAMSTOWN, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 10

	Ambulance Fund	Public Safety Fund	Highway Reserve Fund	Town Hall Renovation Fund	Total
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	160,400	-	160,400
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>160,400</u>	<u>-</u>	<u>160,400</u>
EXPENDITURES:					
Public safety	1,200	15,308	-	-	16,508
Highways and streets	-	-	8,650	-	8,650
Capital outlay:			-		
Public safety	-	-	-	-	-
Highways and streets	-	-	202,703	-	202,703
Debt service:					
Principal	-	-	63,511	-	63,511
Interest	-	-	8,037	-	8,037
Total expenditures	<u>1,200</u>	<u>15,308</u>	<u>282,901</u>	<u>-</u>	<u>299,409</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>(1,200)</u>	<u>(15,308)</u>	<u>(122,501)</u>	<u>-</u>	<u>(139,009)</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	-	-	-	-	-
Transfers in	<u>27,000</u>	<u>22,250</u>	<u>195,000</u>	<u>-</u>	<u>244,250</u>
Total other financing sources (used)	<u>27,000</u>	<u>22,250</u>	<u>195,000</u>	<u>-</u>	<u>244,250</u>
Net Change in Fund Balances	25,800	6,942	72,499	-	105,241
Fund Balances - July 1, 2017	<u>55,061</u>	<u>21,999</u>	<u>261,205</u>	<u>13,279</u>	<u>351,544</u>
Fund Balances - June 30, 2018	<u>\$ 80,861</u>	<u>\$ 28,941</u>	<u>\$ 333,704</u>	<u>\$ 13,279</u>	<u>\$ 456,785</u>

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



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## Batchelder Associates, PC

### **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**

To the Select Board  
Town of Williamstown, Vermont  
Williamstown, Vermont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Williamstown, Vermont ("Town"), as of and for the year ended June 30, 2018, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 15, 2018. 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the management recommendation letter included with the audit report, we identified certain deficiencies in internal control over financial reporting that we consider to be immaterial weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

*A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2018-01 and 2018-02 to be material weaknesses.

*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. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2018-03 and 2018-04 to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance

Town of Williamstown

Page 2

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* for year ending June 30, 2018.

We noted certain other matters that we reported to management of the Town in a separate letter. There are no documented responses included with this audit.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the Town'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Batchelder Associates, P.C.*

Batchelder Associates, PC  
Barre, Vermont  
Vermont License # 945  
October 15, 2018

TOWN OF WILLIAMSTOWN, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
FOR THE YEAR ENDED JUNE 30, 2018

Material Weakness:

2018-01 Errors in Payroll

*Criteria:* Internal controls should be in place that require appropriate individuals to closely approve and monitor payroll.

*Condition:* We caught a major underpayment to an employee.

*Cause:* Unknown.

*Effect:* There could be major fines and penalties levied by both state and federal agencies.

*Recommendation:* We recommend that the Town implement procedures to compare time cards to the payroll reports each pay period, this could be accomplished by a non-submitting employee total the hours independently and trace them to the payroll reports received from the outside service.

*Management's Response:*

Significant Deficiencies:

2018-02 Review of Budget

*Criteria:* Internal controls should be in place for an analysis of the budget to actual on a timely basis.

*Condition:* Allocations to "Other" funds was missed, during the accounting period, and one allocation account had interest added to the account. Causing the ins and outs of the allocations to not clear.

*Cause:* Unknown.

*Effect:* This caused us to have to re-draft the financial statements, after they had been completed.

*Recommendation:* We recommend that the Town implement procedures to review the budget to actual on a timely basis.