

TOWN OF WILLIAMSTOWN, VERMONT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

**TOWN OF WILLIAMSTOWN, VERMONT
ANNUAL FINANCIAL REPORT
JUNE 30, 2019**

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Graham & Graham, P.C.

Certified Public Accountants
Business Advisors & Management Consultants

The Solution Group

INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen and Town Manager of
Town of Williamstown, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamstown, Vermont (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the 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 basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account 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, business-type activities, each major fund, and aggregate remaining fund information of the Town of Williamstown, Vermont as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

15 North Main Street, Suite 204, Concord, NH 03301 (603) 225-2944 Voice (603) 856-7635 Fax
174 Court Street, Laconia, NH 03246 (603) 527-8721 Voice (603) 527-8187 Fax
368 River Street, Suite 120, PO Box 886, Springfield, VT 05156 (802) 885-5340 Voice (802) 885-4999 Fax
Website: www.grahamcpa.com

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's discussion and analysis
- Schedule of the Town's Proportionate Share of the Net Pension Liability
- Schedule of the Town's Contributions – Pensions

Such information, although not 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 statistical section 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 December 27, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Graham & Graham, P.C.



Springfield, Vermont

December 27, 2019

VT Registration #92-0000282

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

Within this section of the Town of Williamstown, Vermont's (the "Town") annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the year ended June 30, 2019. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the auditor's opinion letter, which precedes the management's discussion and analysis.

Financial Highlights

- **Government-Wide Highlights**

Net Position – The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows on June 30, 2019 by \$6,620,409 (net position). Of this amount, \$1,381,359 (unrestricted net position) may be used by the various funds of the Town to meet the Town's ongoing obligations to citizens and creditors, and \$5,051,494 was invested in capital assets, net of related long-term debt. The remainder, \$187,556, is restricted for special purpose revenue funds and capital projects.

Changes in Net Position - The Town's total net position decreased by \$93,550. Of this amount, net position attributable to governmental activities increased by \$13,306. Net position attributable to business-type activities decreased by \$106,856.

- **Fund Highlights**

Government Funds – Governmental funds include general, special revenue, and capital projects. As of June 30, 2019, the Town's governmental funds reported a combined ending fund balance of \$1,055,553, a decrease of \$179,569.

Water Fund – The Town's Water Fund reported a total net position of \$892,406 as of June 30, 2019, a decrease of \$16,424. \$332,739 represents the *unrestricted balance* available for future expenses, and \$533,167 is the amount invested in capital assets, net of related debt.

Sewer Fund – The Town's Sewer Fund reported a total net position of \$1,310,872 as of June 30, 2019, a decrease of \$90,432. \$139,335 represents the *unrestricted balance* available for future expenses, and \$1,031,958 is the amount invested in capital assets, net of related debt.

Overview of the Town's Financial Statements

Management's discussion and analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-Wide Financial Statements. The Town's annual report includes two government-wide financial statements which provide both long- term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. They are comprised of the *statement of net position* and *statement of activities*.

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

The first of these government-wide statements is the Statement of Net Position (Exhibit A). This is a government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the Town is improving or deteriorating. In addition to the financial information provided in this report, evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of the state and federal governments, and the condition of the Town's infrastructure.

The second government-wide statement is the Statement of Activities (Exhibit B). This statement reports how the Town's net position changed during the current fiscal year. All current revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the design of the Statement of Activities is to show the financial reliance of the Town's activities or functions on revenues provided by the Town's taxpayers.

Both of the above government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, health and social services, and culture and recreation. The business-type activities of the Town include the water and sewer departments.

The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund Financial Statements. A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, propriety funds, and fiduciary funds.

The fund financial statements provide detailed information about each of the Town's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining alike funds and presenting them in total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented in a single column.

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Governmental Funds Balance Sheet (Exhibit C-1) and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-2) have been reconciled to the Statement of Net Position (Exhibit A) Statement of Activities (Exhibit B) in the Reconciliation of the Governmental Fund

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

Balances to the Statement of Net Position – Governmental Activities (Exhibit C-2) and Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities (Exhibit C-4) to assist in understanding the differences between these two perspectives.

Budgetary Comparison Schedules are included in the financial statements for the General Fund (Schedule 1) and highway fund (Schedule 2). These schedules demonstrate regulatory compliance with the Town's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 13 through 16 of this report.

The Town has three major governmental funds. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Town.

Proprietary Funds are used by the Town to report functions of business-type activities in the government-wide statements. The Town maintains two propriety funds that are enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for the Town's water and sewer departments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

In addition to the statements above, the report also contains the following fund financial statements.

The Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds shows the operating revenue and operating expenses for the fiscal year along with any non-operating revenue and expenses. The results of operations are the change in net position. This added to the prior year net position and is the new net position shown on both this statement and the Statement of Net Position.

The Statement of Cash Flows - Proprietary Funds outlines the cash flow resulting from operations, investments, and the financing activities of the enterprise funds of the Town.

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.

Notes to Financial Statements. The notes provide additional information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements.

The following condensed and reformatted financial information is a condensed version of the government-wide financial statements presented in this report.

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

Government-wide Financial Analysis
Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 1,241,017	\$ 37,324	\$ 1,278,341
Non-current assets	6,097,740	3,005,241	9,102,981
Total assets	7,338,757	3,042,565	10,381,322
 Deferred outflows of resources	88,687	-	88,687
 Current liabilities	277,465	23,027	300,492
Long-term liabilities	2,611,371	816,260	3,427,631
Total liabilities	2,888,836	839,287	3,728,123
 Deferred inflows of resources	121,477	-	121,477
 Net position			
Net investment in capital assets	3,486,369	1,565,125	5,051,494
Restricted	21,477	166,079	187,556
Unrestricted	909,285	472,074	1,381,359
Total net position	\$ 4,417,131	\$ 2,203,278	\$ 6,620,409

The largest portion of the Town's net position, \$5,051,494, reflects its investment in capital assets (e.g. land, buildings and improvements, infrastructure, and furniture and equipment), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to the Town; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the general fund is not restricted by state law and is available for spending at the Town's discretion.

The following table provides a summary of government-wide revenues, expenses, and net position for the year ended June 30, 2019:

Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Revenues			
Program revenues			
Charges for services	\$ 119,394	\$ 337,973	\$ 457,367
Operating grants and contributions	238,365	-	238,365
Licenses and permits	10,835	5,360	16,195
Other	37,479	-	37,479

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

General Revenues			
Property taxes	1,958,087	-	1,958,087
Interest and penalties—property taxes	33,257	-	33,257
Earnings on investments	48,421	-	48,421
Total revenues	<u>2,445,838</u>	<u>343,333</u>	<u>2,789,171</u>
Expenses			
Governmental Activities:			
General government	515,606	-	515,606
Public safety	695,497	-	695,497
Highways and streets	1,011,234	-	1,011,234
Health and welfare	83,106	-	83,106
Culture and recreation	131,341	-	131,341
Interest on long-term debt	(76,755)	-	(76,755)
Capital outlay	72,503	-	72,503
Business-Type Activities:			
Water	-	183,695	183,695
Sewer	-	266,494	266,494
Total expenses	<u>2,432,532</u>	<u>450,189</u>	<u>2,882,721</u>
Change in net position	13,306	(106,856)	(93,550)
Net position, beginning of year	<u>4,403,825</u>	<u>2,310,134</u>	<u>6,713,959</u>
Net position, end of year	<u>\$ 4,417,131</u>	<u>\$ 2,203,278</u>	<u>\$ 6,620,409</u>

Financial Analysis of the Town's Funds

As discussed, the Town's governmental funds are reported in the fund statements with a modified accrual basis that focuses on the short-term inflow and outflow of resources available for spending. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental Activities

Program Revenues. In accordance with GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues.

Total program revenues from governmental activities were \$406,073 in fiscal year 2019 compared to \$530,329 in the prior year. Governmental program revenues come from *charges for services*, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues and *operating grants and contributions*, which include operating-specific and discretionary (either operating or capital) grants.

General Revenues. All other revenues not categorized as program revenues, and include all taxes, as well as unrestricted grants, contributions and investment earnings. Total general revenues from governmental activities were \$2,039,765 in fiscal year 2019 compared to \$2,115,351 in the prior year. Taxes and related revenue of \$1,991,344 comprised approximately 82% of the Town's general revenues for fiscal year 2019.

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

Governmental Expenses. Total government activity expenses were \$2,625,407 in fiscal year 2019 compared to \$2,451,152 in fiscal year 2018, an increase of approximately 18%. The largest expenses were incurred for general government, public safety, and highways and streets.

Business-Type Activities

Net position for business-type activities (Water and Sewer Departments) was \$2,203,278 as of June 30, 2019, a decrease of \$106,856 from the prior year. Total water and sewer revenues for the 2019 fiscal year were \$343,333, a decrease of 11% compared to the prior fiscal year. Total water and sewer operating expenses for the 2019 fiscal year were \$450,189, an increase of 16% compared to the prior year. The largest increases were for general repairs, capital asset acquisition and improvements, and collection system maintenance.

Financial Analysis of Individual Funds

As noted earlier, the Town used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$1,055,553.

The fund balance of the General Fund as of June 30, 2019 was \$255,901, an increase of \$56,916 from the prior year.

In summary, (as indicated in the balance sheet on page 13) the fund balance committed in the governmental funds total \$151,584. The fund balance has been principally earmarked for the following purposes:

Reappraisal fund	\$ <u>151,584</u>
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General Fund Budgetary Highlights

The Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund beginning on page 17 compares the actual results for fiscal year 2019 to the approved budget for the General Fund. Differences between budgeted amounts and actual amounts are briefly summarized below.

The most significant variances were as follows:

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes – interest and penalties	\$ 20,000	\$ 33,257	\$ 13,257
Investment income	5,900	48,421	42,421
Miscellaneous	56,347	31,801	(24,546)
Expenses			
Planning commission	\$ 10,290	\$ 4,825	\$ 5,465
Listers	28,200	17,172	11,028
Public safety	91,830	75,518	16,312
Fire department	113,090	136,913	(23,823)

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

Capital Assets and Debt Administration

Capital Assets

The Town's government activities investment in capital assets, net of accumulated depreciation and related short and long-term debt as of June 30, 2019, was \$5,051,494, which represents an increase of \$137,049 as compared to the prior year. Investment in capital assets includes land, land improvements, machinery and equipment, buildings, and infrastructure. Infrastructure assets are items that are normally immovable and of value to the Town such as roads, bridges, streets, drainage systems, lighting systems and similar items. The additions, net of any trade-in allowances and disposals, amounted to \$167,147. Depreciation expense for the 2019 fiscal year totaled \$409,216. The net decrease in capital assets was \$242,069.

Capital asset additions during the current fiscal year included the following:

- 2019 Dodge Ram highway truck
- 2020 HX630 SBA 6x4 International truck

The Town's investment in capital assets for the Water and Sewer Departments totaled \$7,998 as of June 30, 2019.

Capital asset additions to the Sewer Departments during the current fiscal year included the following:

- Pump heads
- Discharge hoses
- Gas alert microchips

Depreciation expense on buildings, vehicles, and equipment in service for the year ended June 30, 2019 amounted to \$28,612 and \$86,285, respectively, for the Water and Sewer Funds.

Long-Term Debt

At the end of the year, the Town's Governmental funds had total debt outstanding of \$2,611,371. The Sewer Fund had total debt outstanding of \$839,257.

These amounts owed are backed by the full faith and credit of the Town with voter approved property taxes and user fees used to pay the obligations. These proceeds are being used to fund the addition and alterations of the capital assets.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors when setting the fiscal year 2019 budget, tax rates, and fees.

When adopting the budget for the 2019-2020 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, 2019 and 2018.

TOWN OF WILLIAMSTOWN, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in the report or requests for additional information should be addressed to:

WILLIAMSTOWN TOWN OFFICES
2470 Vermont Route 14
Williamstown, VT 05679

EXHIBIT A
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF NET POSITION
June 30, 2019

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 1,640,193	\$ -	\$ 1,640,193
Accounts receivable, net	32,811	37,324	70,135
Delinquent taxes receivable, net	100,231	-	100,231
Prepaid expenses	57,114	-	57,114
Due from library fund	11,527	-	11,527
Capital assets:			
Not depreciable - land	210,354	32,679	243,033
Depreciable:			
Buildings and improvements	2,765,277	490,998	3,256,275
Equipment and vehicles	4,243,663	-	4,243,663
Infrastructure	2,338,379	-	2,338,379
Water/sewer system and improvements	-	2,915,256	2,915,256
Less accumulated depreciation	<u>(3,459,933)</u>	<u>(1,034,551)</u>	<u>(4,494,484)</u>
Total assets	<u>7,338,757</u>	<u>3,042,565</u>	<u>10,381,322</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>88,687</u>	<u>-</u>	<u>88,687</u>
Total deferred outflows of resources	<u>88,687</u>	<u>-</u>	<u>88,687</u>
LIABILITIES			
Accounts payable	60,601	30	60,631
Accrued salary and benefits	17,769	-	17,769
Bonds and notes payable due within one year	163,859	22,997	186,856
Net pension liability	188,311	-	188,311
Accrued compensated absences	10,784	-	10,784
Bonds and notes payable due after one year	2,447,512	816,260	3,263,772
Total liabilities	<u>2,888,836</u>	<u>839,287</u>	<u>3,728,123</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid property taxes	13,814	-	13,814
Unavailable revenue - property taxes	93,280	-	93,280
Deferred inflows related to pension	14,383	-	14,383
Total deferred inflows of resources	<u>121,477</u>	<u>-</u>	<u>121,477</u>
NET POSITION			
Net investment in capital assets	3,486,369	1,565,125	5,051,494
Restricted	21,477	166,079	187,556
Unrestricted	909,285	472,074	1,381,359
Total net position	<u>\$ 4,417,131</u>	<u>\$ 2,203,278</u>	<u>\$ 6,620,409</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements

EXHIBIT B
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Net (Expense) Revenue and Changes in Net Position					
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs:						
Governmental Activities:						
General government	\$ 515,606	\$ 31,356	\$ 75,477	\$ (408,773)	\$ -	\$ (408,773)
Public safety	695,497	88,038	-	(607,459)	-	(607,459)
Highways and streets	1,011,234	-	162,888	(848,346)	-	(848,346)
Health and welfare	83,106	-	-	(83,106)	-	(83,106)
Culture and recreation	131,341	-	-	(131,341)	-	(131,341)
Interest on long-term debt	(76,755)	-	-	76,755	-	76,755
Capital outlay	72,503	-	-	(72,503)	-	(72,503)
Total Governmental Activities	<u>2,432,532</u>	<u>119,394</u>	<u>238,365</u>	<u>(2,074,773)</u>	<u>-</u>	<u>(2,074,773)</u>
Business-Type Activities:						
Water	183,695	161,911	-	-	(21,784)	(21,784)
Sewer	266,494	176,062	-	-	(90,432)	(90,432)
Total Business-Type Activities	<u>450,189</u>	<u>337,973</u>	<u>-</u>	<u>-</u>	<u>(112,216)</u>	<u>(112,216)</u>
Total	<u>\$ 2,882,721</u>	<u>\$ 457,367</u>	<u>\$ 238,365</u>	<u>(2,074,773)</u>	<u>(112,216)</u>	<u>(2,186,989)</u>
General Revenues:						
Property taxes				1,958,087	-	1,958,087
Interest and penalties				33,257	5,360	38,617
Licenses and permits				10,835	-	10,835
Earnings on investments				48,421	-	48,421
Other				37,479	-	37,479
Total general revenues and transfers				<u>2,088,079</u>	<u>5,360</u>	<u>2,093,439</u>
Change in net position				13,306	(106,856)	(93,550)
Net position - beginning of year				<u>4,403,825</u>	<u>2,310,134</u>	<u>6,713,959</u>
Net position - end of year				<u>\$ 4,417,131</u>	<u>\$ 2,203,278</u>	<u>\$ 6,620,409</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT C-1
TOWN OF WILLIAMSTOWN, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Highway Fund	Highway Reserve Fund	Non-major Governmental Funds	Total Government Funds
ASSETS					
Cash	\$ 1,636,023	\$ -	\$ -	\$ 4,170	\$ 1,640,193
Accounts receivable, net	16,766	16,045	-	-	32,811
Delinquent taxes receivable	100,231	-	-	-	100,231
Prepaid expenses	57,114	-	-	-	57,114
Due from library fund	11,527	-	-	-	11,527
Due from other funds	233,838	242,376	226,433	352,315	1,054,962
Total assets	<u>2,055,499</u>	<u>258,421</u>	<u>226,433</u>	<u>356,485</u>	<u>2,896,838</u>
LIABILITIES					
Accounts payable	60,601	-	-	-	60,601
Accrued salaries and benefits	17,769	-	-	-	17,769
Due to other funds	1,614,134	-	-	41,687	1,655,821
Total liabilities	<u>1,692,504</u>	<u>-</u>	<u>-</u>	<u>41,687</u>	<u>1,734,191</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid property taxes	13,814	-	-	-	13,814
Unavailable revenue - property tax	93,280	-	-	-	93,280
Total deferred inflows of resources	<u>107,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,094</u>
FUND BALANCES					
Nonspendable	57,114	-	-	-	57,114
Restricted	4,513	-	-	16,964	21,477
Committed	-	-	-	151,584	151,584
Assigned	101,813	-	226,433	146,250	474,496
Unassigned	92,461	258,421	-	-	350,882
Total fund balances	<u>255,901</u>	<u>258,421</u>	<u>226,433</u>	<u>314,798</u>	<u>1,055,553</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,055,499</u>	<u>\$ 258,421</u>	<u>\$ 226,433</u>	<u>\$ 356,485</u>	<u>\$ 2,896,838</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT C-2
TOWN OF WILLIAMSTOWN, VERMONT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2019

Total fund balances of governmental funds (Exhibit C-1) \$ 1,055,553

Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not considered financial
resources for fund perspective reporting and, therefore, are not reported
as assets in governmental funds.

Cost	9,557,673	
Less accumulated depreciation	<u>(3,459,933)</u>	6,097,740

Deferred outflows and inflows of resources related to pensions are
applicable to future periods and, therefore, are not reported in the funds

Deferred outflows of resources related to pensions	88,687
Deferred inflows of resources related to pensions	(14,383)

Long-term liabilities, including bonds payable, are not due and payable
in the current period and are therefore not reported as liabilities in
the governmental funds. Long-term liabilities at year end consist of:

Net pension liability	(188,311)	
Accrued compensated absences	(10,784)	
General obligation bonds and other debt payable	<u>(2,611,371)</u>	<u>(2,810,466)</u>

Net position of governmental activities (Exhibit A) \$ 4,417,131

EXHIBIT C-3
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Highway Fund	Highway Reserve Fund	Non-major Governmental Funds	Total Government Funds
REVENUES					
Property taxes	\$ 1,138,384	\$ 819,703	\$ -	\$ -	\$ 1,958,087
Property taxes - interest and penalties	33,257	-	-	-	33,257
Intergovernmental	61,698	162,888	-	13,779	238,365
Charges for services	119,394	-	-	-	119,394
Licenses and permits	9,950	885	-	-	10,835
Investment income	48,421	-	-	-	48,421
Miscellaneous	31,801	5,518	-	160	37,479
Total revenues	<u>1,442,905</u>	<u>988,994</u>	<u>-</u>	<u>13,939</u>	<u>2,445,838</u>
EXPENDITURES					
General government	460,930	-	-	30,326	491,256
Public safety	472,654	-	-	52,573	525,227
Highways and streets	-	790,561	-	-	790,561
Health and social services	39,810	-	-	43,296	83,106
Culture and recreation	129,363	-	-	655	130,018
Capital outlay	(1,962)	-	230,723	10,889	239,650
Debt service:					
Principal	116,650	-	65,693	100,000	282,343
Interest	74,544	-	5,855	2,847	83,246
Total expenditures	<u>1,291,989</u>	<u>790,561</u>	<u>302,271</u>	<u>240,586</u>	<u>2,625,407</u>
Excess (deficiency) of revenues over (under) expenses	150,916	198,433	(302,271)	(226,647)	(179,569)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	195,000	134,000	329,000
Transfers out	(94,000)	(235,000)	-	-	(329,000)
Total other financing sources (uses)	<u>(94,000)</u>	<u>(235,000)</u>	<u>195,000</u>	<u>134,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	56,916	(36,567)	(107,271)	(92,647)	(179,569)
FUND BALANCES - JULY 1, 2018	<u>198,985</u>	<u>294,988</u>	<u>333,704</u>	<u>407,445</u>	<u>1,235,122</u>
FUND BALANCES - JUNE 30, 2019	<u>\$ 255,901</u>	<u>\$ 258,421</u>	<u>\$ 226,433</u>	<u>\$ 314,798</u>	<u>\$ 1,055,553</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT C-4
TOWN OF WILLIAMSTOWN, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Net change in fund balances of governmental fund (Exhibit C-3) \$ (179,569)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay purchases	167,146
Depreciation	(409,216)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayment of bonds and notes payable	442,343
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Change in net pension liability	(17,272)
Change in pension related deferred outflows	(2,587)
Change in pension related deferred inflows	623
Change in compensated absences	<u>11,838</u>

Change in net position of governmental activities (Exhibit B) \$ 13,306

EXHIBIT D-1
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,128,436	\$ 1,138,384	\$ 9,948
Property taxes - interest and penalties	20,000	33,257	13,257
Intergovernmental	57,200	61,698	4,498
Charges for services	126,000	119,394	(6,606)
Licenses and permits	8,600	9,950	1,350
Investment income	5,900	48,421	42,521
Miscellaneous	56,347	31,801	(24,546)
Total revenues	<u>1,402,483</u>	<u>1,442,905</u>	<u>40,422</u>
Expenditures			
Selectboard	5,381	5,072	309
Planning commission	10,290	4,825	5,465
Cemetery commission	48,361	40,810	7,551
Auditors	5,500	3,198	2,302
Listers	28,200	17,172	11,028
Board of civil authority	2,403	302	2,101
Elections	4,592	4,578	14
Manager's office	121,228	123,609	(2,381)
Clerk/Treasurer	109,565	104,615	4,950
General operating budget	181,121	168,791	12,330
Other operating expenditures	27,700	22,966	4,734
Public safety	91,830	75,518	16,312
Animal control	6,500	6,500	-
Ambulance	225,829	221,829	4,000
Public safety building	41,789	31,894	9,895
Capital expenditures	-	(1,962)	1,962
Debt service	170,567	191,194	(20,627)
Fire department	113,090	136,913	(23,823)
Library	66,990	86,017	(19,027)
Storm Water	4,200	4,801	(601)
Special articles	43,347	43,347	-
Total expenditures	<u>1,308,483</u>	<u>1,291,989</u>	<u>16,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>94,000</u>	<u>150,916</u>	<u>56,916</u>
OTHER FINANCING SOURCES (USES)			
Transfers out to other funds	<u>(94,000)</u>	<u>(94,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(94,000)</u>	<u>(94,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>56,916</u>	<u>\$ 56,916</u>
FUND BALANCE - JULY 1, 2018		<u>198,985</u>	
FUND BALANCE - JUNE 30, 2019		<u>\$ 255,901</u>	

EXHIBIT D-2
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HIGHWAY FUND
For the Year Ended June 30, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Property taxes	\$ 819,703	\$ 819,703	\$ -
State/Federal aid	155,000	162,888	7,888
Other	-	6,403	6,403
Total revenues	<u>974,703</u>	<u>988,994</u>	<u>14,291</u>
Expenditures			
Salary and benefits	336,298	334,503	1,795
Highway operations	345,305	369,784	(24,479)
Highway equipment	45,000	73,221	(28,221)
Garage expenditures	13,100	13,053	47
Total expenditures	<u>739,703</u>	<u>790,561</u>	<u>(50,858)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>235,000</u>	<u>198,433</u>	<u>(36,567)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out to other funds	<u>(235,000)</u>	<u>(235,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(235,000)</u>	<u>(235,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(36,567)</u>	<u>\$ (36,567)</u>
FUND BALANCE - JULY 1, 2018		<u>294,988</u>	
FUND BALANCE - JUNE 30, 2019		<u>\$ 258,421</u>	

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	WATER	SEWER	TOTAL
ASSETS			
Current Assets			
Accounts receivable, net	\$ 16,743	\$ 20,581	\$ 37,324
Due from other funds	342,496	258,363	600,859
Non-depreciable:			
Land	32,500	179	32,679
Depreciable:			
Buildings and improvements	-	490,998	490,998
Water/sewer system and improvements	862,636	2,052,620	2,915,256
Accumulated depreciation	(361,969)	(672,582)	(1,034,551)
TOTAL ASSETS	892,406	2,150,159	3,042,565
LIABILITIES			
Current Liabilities			
Accounts payable	-	30	30
Bonds payable due within one year	-	22,997	22,997
Bonds payable due after one year	-	816,260	816,260
TOTAL LIABILITIES	-	839,287	839,287
NET POSITION			
Invested in capital assets, net of related debt	533,167	1,031,958	1,565,125
Restricted	26,500	139,579	166,079
Unrestricted	332,739	139,335	472,074
TOTAL NET POSITION	\$ 892,406	\$ 1,310,872	\$ 2,203,278

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
OPERATING REVENUE			
Charges for services	\$ 161,911	\$ 176,062	\$ 337,973
Delinquent interest and penalties	5,360	-	5,360
Total operating revenue	<u>167,271</u>	<u>176,062</u>	<u>343,333</u>
 OPERATING EXPENSES			-
Administration	3,800	3,800	7,600
Supplies	3,495	15,411	18,906
Outside services	62,475	71,651	134,126
Insurance	1,831	3,783	5,614
Maintenance and repairs	57,612	25,696	83,308
Equipment and tools	-	21,332	21,332
Building and grounds	25,870	22,416	48,286
Depreciation expense	28,612	86,285	114,897
Total operating expenses	<u>183,695</u>	<u>250,374</u>	<u>434,069</u>
 Income (loss) from operations	<u>(16,424)</u>	<u>(74,312)</u>	<u>(90,736)</u>
 NON-OPERATING REVENUE (EXPENSE)			
Interest expense	-	(16,120)	(16,120)
Total non-operating revenues (expense)	<u>-</u>	<u>(16,120)</u>	<u>(16,120)</u>
 Change in net position	(16,424)	(90,432)	(106,856)
 Net position, beginning of year	<u>908,830</u>	<u>1,401,304</u>	<u>2,310,134</u>
 Net position, end of year	<u>\$ 892,406</u>	<u>\$ 1,310,872</u>	<u>\$ 2,203,278</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	WATER	SEWER	TOTAL
CASH FLOWS FROM (TO) OPERATING ACTIVITIES			
Cash received from customers	\$ 168,064	\$ 174,484	\$ 342,548
Cash payments to suppliers for goods and services	(155,084)	(164,060)	(319,144)
Net cash provided by (used in) operating activities	12,980	10,424	23,404
CASH FLOWS FROM (TO) NON-CAPITAL FINANCING ACTIVITIES			
Interfund proceeds (repayments)	(12,980)	36,242	23,262
Net cash provided by (used in) non-capital financing activities	(12,980)	36,242	23,262
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid on notes and bonds, net of rebate	-	(16,120)	(16,120)
Acquisition of capital assets	-	(7,998)	(7,998)
Principal payments on notes and bonds	-	(22,548)	(22,548)
Net cash provided by (used in) capital and financing activities	-	(46,666)	(46,666)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH BALANCE, BEGINNING OF YEAR	-	-	-
CASH BALANCE, END OF YEAR	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (16,424)	\$ (74,312)	\$ (90,736)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation expense	28,612	86,285	114,897
(Increase) decrease in accounts receivable	792	(1,579)	(787)
Increase (decrease) in accounts payable	-	30	30
<i>Net cash provided (used) by operating activities</i>	\$ 12,980	\$ 10,424	\$ 23,404

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

EXHIBIT F
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	<u>Cemetery</u>	<u>Playground</u>	<u>Jr. High</u>	<u>Overseer</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 37,398	\$ 639	\$ 826	\$ 1,153	\$ 40,016
Investments	<u>288,487</u>	<u>26,620</u>	<u>2,789</u>	<u>38,909</u>	<u>356,805</u>
Total assets	<u>325,885</u>	<u>27,259</u>	<u>3,615</u>	<u>40,062</u>	<u>396,821</u>
LIABILITIES					
Intergovernmental payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Restricted	<u>\$ 325,885</u>	<u>\$ 27,259</u>	<u>\$ 3,615</u>	<u>\$ 40,062</u>	<u>\$ 396,821</u>

See Independent Auditors' Report and Accompanying Notes to Basic Financial Statements.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies

Town of Williamstown, Vermont, (the "Town") was granted a charter under the provisions of the State of Vermont and operates under a trustee-treasurer form of government and provides services to Town residents as authorized by the charter.

The Town has adopted the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board ("GASB"), the accepted standard setting body for establishing accounting and financial reporting principals for government units, except for the omission from its financial statements of the financial position and results of operations of the Electric Light Department.

The Board of Trustees of the Town adopted the following policies which are consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

Reporting Entity

This report includes all of the funds of the Town. The 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 burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, the Williamstown Electric Department should be combined with the financial statements of the Town but has been omitted from these financial statements. The Electric Light Department operates separately, reporting on a calendar year basis, and is audited separately. A copy of that audit is available upon request.

Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements: The Statement of Net Position and the Statement of Activities display information about the primary government, the Town. These statements report financial information of the Town's non-fiduciary activities as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, state aid, grants, and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities, including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

- (1) Net investment in capital assets – total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets, including related deferred outflows of resources and deferred inflows of resources;
- (2) Restricted – for amounts when constraints placed on the net position are either externally imposed or are imposed by constitutional provisions or enabling legislation.
- (3) Unrestricted – the total net position which do not fit the two preceding categories. When both restricted and unrestricted resources are available for use, generally it is the Town's policy to use restricted assets first with unrestricted resources utilized as needed.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports on the following major governmental funds:

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

Highway Fund – This is the Town's fund that accounts for all financial resources relating to maintenance, repair and replacement of the Town's highway and street infrastructure.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Highway Reserve Fund – This is the Town’s fund that accounts for capital project funds reserved for use in maintaining and replacing the Town’s highway and street infrastructure assets and related equipment.

All other funds are non-major governmental funds 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 revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenue and expense. The generally accepted accounting principles applicable to these funds are similar to those applied to businesses in the private sector. The Town reports on the following major enterprise funds:

Sewer Fund – This fund is used to account for the operations of the Sewer Department.

Water Fund – This 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 treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., net position) is segregated into invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on Governmental fund balance sheets. Governmental fund financial statements reported fund balances (net current position) are considered a measure of available spendable resources and are segregated into non-spendable; restricted; committed; assigned and unassigned amounts. The 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 position. Accordingly, such statements are said to present a summary of sources and uses of available spendable resources during a period.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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.

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 (60) 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 assets 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Receivables

Receivables in the government-wide financial statements represent amounts due to the Town at June 30 that will be collected at some time in the future. They consist primarily of accrued taxes and related interest and penalties and are reported net of allowance for uncollectible accounts. Receivables reported in the governmental funds financial statements consist primarily of accrued taxes and related interest and penalties. Other receivables include primarily fees, fines, and expenditure reimbursements due to various Town programs and activities. Revenues accrued in the governmental funds' financial statements consist primarily of accrued taxes and related interest and penalties that will be collected by the Town within 60 days after year-end. Amounts estimated to be collected after the 60-day revenue recognition period are recorded as unavailable revenues (deferred inflows of resources).

Internal Balances

Activity between funds that is representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "Advances 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". Cash balances deposited and invested by the Treasurer in a combined cash account are reported as "Due to/from Other Funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund reserve account (non-spendable fund balance) in the applicable funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

The Town's property, plant, equipment, vehicles, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure asset records consistent with all other capital assets. The Town has elected under the requirements of GASB Statement No. 34 not to capitalize infrastructure costs prior to January 1, 2004. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	10 - 50
Equipment and Vehicles	5 - 20
Utility systems	8 - 50
Infrastructure	8 - 20

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

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 no items which arise under the accrual basis of accounting that qualifies for reporting in this category.

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 one type of transaction which arises under the modified accrual basis of accounting and one type which arises under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, “unavailable revenue”, is reported in the statement of net position and governmental funds balance sheet. The governmental funds balance sheet reports unavailable revenues from one source; unavailable property taxes, which are deferred and recognized as an inflow of resources in the period that the amounts become available.

Accrued Compensated Absences

Employees may carry forward ten days of vacation from one calendar year to the next. Upon termination, employees will be paid for these carryforward days plus days earned up to the date of termination. Sick time cannot be carried forward and will not be paid upon termination. Certain employees with ten years of service at the time that the policy was last modified to its current state, were allowed to carry forward sick time credits. These employees will be compensated for these credits upon retirement. Accrued compensated absences are not reported in the governmental fund financial statements. Compensated absences in these funds are recorded as expenditures in the year they are paid. As of June 30, 2019, accrued compensated absences amounted to \$10,784.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until then.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s), and so will not be recognized as an outflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Long-Term Liabilities

Long-term liabilities include bonds, notes and capital leases payable and other obligations such as compensated absences and the Town's proportionate share of net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheets.

Budgetary Accounting: General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary system in accordance with various legal requirements which govern the Town's operations. The Town's department heads and Town manager submit an annual budget to the Town's Trustees for review. A public hearing is held prior to the Town meeting to review the budget. The Town approves the budget at the annual Town meeting and the tax rate is determined by the Trustees based on the budget and grand list. Formal budgetary accounting is employed as a management control device in the General Fund.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form -prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

The emphasis in fund financial statements is on the major funds. Non-major funds by category are summarized into a single column. GASB 34 and 37 set forth minimum criteria for the determination of major funds. The General Fund is shown as the major governmental fund. All other governmental funds are non-major and are combined in a single column in each of the respective fund financial statements.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board, which is the Town's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes voter approved reservations and contractual obligations to the extent that the existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Assigned fund balance: This classification reflects the amounts constrained by the Board's "intent" to be used for specific purposes but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances on other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted funds first, then unrestricted funds. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Note 2. Deposits

Custodial Credit Risk – Deposits. The Treasurer works with the Board to limit custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it.

The table below reflects the custodial credit risk of the Town's Deposits.

Insured by FDIC	\$	500,000
Insured by SPIC		-
Uninsured - collateralized		<u>1,188,577</u>
Total bank balances	\$	<u>1,688,577</u>

Note 3. Advances to Other Funds

Transfers 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."

Advances to other funds for the year ended June 30, 2019 were as follows:

		General Fund		Library Fund
(Advances to)/receipts from other funds	\$	<u>(11,527)</u>	\$	<u>11,527</u>
Total	\$	<u>(11,527)</u>	\$	<u>11,527</u>

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 4. Due to/From Other Funds

The Town has combined some of the cash resources of its governmental and proprietary funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an inter-fund balance. Inter-fund balances at June 30, 2019 were as follows:

	Due to Other Funds		Due from Other Funds
Governmental Funds			
General Fund	\$ 1,614,134	\$	233,838
Highway fund	-		242,376
Highway reserve fund	-		226,433
Non-major Funds	41,687		352,315
Proprietary Funds			
Water Fund	-		342,496
Sewer Fund	-		258,363
Totals	\$ 1,655,821	\$	1,655,821

Note 5. Capital Assets Activity

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 210,354	\$ -	\$ -	\$ 210,354
Total capital assets not being depreciated	210,354	-	-	210,354
Capital Assets being depreciated:				
Buildings and improvements	2,765,277	-	-	2,765,277
Equipment and vehicles	4,209,643	167,147	(133,127)	4,243,663
Infrastructure	2,338,379	-	-	2,338,379
Total capital assets being depreciated	9,313,299	167,147	(133,127)	9,347,319
Accumulated depreciation			-	
Buildings and improvements	(365,711)	(69,913)	-	(435,624)
Equipment and vehicles	(2,089,634)	(268,459)	133,127	(2,224,966)
Infrastructure	(728,499)	(70,844)	-	(799,343)
Total accumulated depreciation	(3,183,844)	(409,216)	133,127	(3,459,933)
Governmental Activities Capital Assets, Net	\$ 6,339,809	\$ (242,069)	\$ -	\$ 6,097,740

Governmental Activities capital asset activity for the year ended June 30, 2019 was as follows:

Depreciation expense was charged to governmental functions as follows:

General government	\$ 26,795
Public safety	167,333
Highways and streets	215,088
	\$ 409,216

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5. Capital Assets Activity (continued)

Proprietary funds capital asset activity for the year ended June 30, 2019 was as follows

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 32,679	\$ -	\$ -	\$ 32,679
Capital assets being depreciated:				
Buildings and improvements	490,998	-	-	490,998
Water/sewer system and improvements	2,907,258	7,998	-	2,915,256
Totals	3,398,256	7,998	-	3,406,254
Accumulated depreciation:				
Buildings and improvements	(478,248)	(1,000)	-	(479,248)
Water/sewer system and improvements	(441,406)	(113,897)	-	(555,303)
Total accumulated depreciation	(919,654)	(114,897)	-	(1,034,551)
Business-Type Activities Capital Assets, Net	\$ 2,511,281	\$ (106,899)	\$ -	\$ 2,404,382

Note 6. Long-Term Liabilities

	Total June 30, 2018	Additions	Reductions	Total June 30, 2019	Due Within One Year
Governmental Activities:					
Bonds and notes payable	\$ 3,053,715	\$ -	\$ (388,344)	\$ 2,665,371	\$ 163,859
Compensated absences	22,622	-	(11,838)	10,784	-
Net pension liability	171,039	17,272	-	188,311	-
Total governmental activities long-term liabilities	\$ 3,247,376	\$ 17,272	\$ (400,182)	\$ 2,864,466	\$ 163,859

Long-term notes and bonds payable consist of the following at June 30, 2019:

	Balance June 30, 2018	Additions	Payments	Balance June 30, 2019	Amount Due Within One Year
<u>Governmental Activities:</u>					
Bond payable (public safety building), Vermont Municipal Bond Bank, annual payments of \$20,322, plus interest at a rate of minus 3 percent (-3%). Bond matures February 1, 2039.	\$ 606,804	\$ -	\$ (200,374)	\$ 406,430	\$ 20,322
Note payable (fire truck), People's United Bank, balloon payment of \$100,000 due June 13, 2019, with interest at 2.85%. Loan was forgiven by the lender during fiscal year 2019	100,000	-	(100,000)	-	-
Capital lease payable, Kansas State Bank, annual payments of \$22,263, with interest at 3.36%. Lease matures September 2021.	82,048	-	(19,507)	62,541	20,162

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-Term Liabilities (continued)

Bond payable (fire station), Vermont Municipal Bond Bank, annual principal payments of \$76,966, with interest at 3.88%. Bond matures November 2044.

2,077,201 - (76,933) 2,000,268 76,933

Note payable, Caterpillar Financial Services, annual principal and interest payments of \$49,284, with interest at 2%. Note matures 2022.

187,662 - (45,530) 142,132 46,442

Total governmental activities

\$ 3,053,715 \$ - \$ (442,344) \$ 2,611,371 \$ 163,859

Business-Type Activities:

Sewer Fund:

Rural development loan (sewer improvement), USDA, annual payments of \$22,195, plus interest at a rate of 1.88%. Note matures March 1, 2047.

\$ 861,805 \$ - \$ (22,548) \$ 839,257 \$ 22,997

Scheduled maturities of notes and bonds payable are as follows as of June 30, 2019:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 163,859	\$ 83,969	\$ 247,828
2021	165,465	79,324	244,789
2022	167,114	74,635	241,749
2023	97,255	69,908	167,163
2024	97,255	66,868	164,123
Thereafter	1,920,423	182,369	2,102,792
	<u>\$ 2,611,371</u>	<u>\$ 557,073</u>	<u>\$ 3,168,444</u>

Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 22,997	\$ 15,671	\$ 38,668
2021	23,472	15,196	38,668
2022	23,915	14,753	38,668
2023	24,243	14,425	38,668
2024	24,698	13,970	38,668
Thereafter	719,867	169,497	889,364
	<u>\$ 839,192</u>	<u>\$ 243,512</u>	<u>\$ 1,082,704</u>

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 7. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are as follows:

	Entity-Wide Basis	Governmental Funds
	Government Activities	General
Governmental Activities:		
Deferred amounts related to pension	\$ 88,687	-
Total deferred outflows of resources	\$ 88,687	\$ -

Deferred inflows of resources are as follows:

	Entity-Wide Basis	Governmental Funds
	Government Activities	General
Governmental Activities:		
Prepaid property taxes	\$ 13,814	13,814
Unavailable revenue – property taxes	93,280	93,280
Deferred amounts related to pension	14,383	-
Total deferred outflows of resources	\$ 121,477	\$ 107,094

8. Pension Plan

Summary of Significant Accounting Policies

Pensions

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Vermont Municipal Employees’ Retirement System (VMERS), and additions to/deductions from VMERSs’ fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

The Vermont Municipal Employees’ Retirement System 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 school districts and other municipal 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.

TOWN OF WILLIAMSTOWN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

Note 8. Pension Plan (continued)

During the plan year ended June 30, 2018, the retirement system consisted of 402 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 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.

Summary of System Provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service
Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Group B and C – average annual compensation during highest 3 consecutive years. Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance Eligibility	Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service. Groups C and D – age 55 with 5 years of service.
Amount	Group A – 1.4% of AFC x service Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC. Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC. Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above includes the portion of the allowance provided by member contributions.
Early Retirement Allowance Eligibility	Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 8. Pension Plan (continued)

Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement proceeds Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.
Vested Retirement Allowance	
Eligibility	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" described below.
Disability Retirement Allowance	
Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.
Death Benefit	
Eligibility	Death after 5 years of service.
Amount	For Groups A, B, C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefits under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.
Optional Benefit and Death after Retirement	For Groups A, B, C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
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 2% for Group A and 3% for Groups B, C and D.
Member Contributions	Group A – 2.625% effective July 1, 2018 Group B – 5.00% effective July 1, 2018 Group C – 10.125% effective July 1, 2018 Group D – 11.475% effective July 1, 2018
Employer Contributions	Group A – 4.125% effective July 1, 2018 Group B – 5.625% effective July 1, 2018 Group C – 7.375% effective July 1, 2018 Group D – 9.975% effective July 1, 2018
Retirement Stipend	\$25 per month payable at the option of the Board of Retirees.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 8. Pension Plan (continued)

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

At June 30, 2018, the Town reported a liability of \$188,311 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and was determined based upon the results of the actuarial valuation as of June 30, 2017, adjusted forward using standard actuarial techniques. 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 employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.13%, which was a decrease of .007311% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$23,447.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,357	\$ 3,011
Net difference between projected and actual investment earnings on pension plan investments	21,825	-
Change in assumptions	20,853	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	522	11,372
Town's required employer contributions made subsequent to the measurement date	29,130	
Total	\$ 88,687	\$ 14,383

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$29,130 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	\$ 9,929
2021	291
2022	3,405
2023	-
Thereafter	-

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 8. Pension Plan (continued)

Significant Actuarial Assumptions and Methods

Interest Rate: A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year:

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and Later: 9.00%
Year 9: 8.50%	

Salary Increases: 5% per year.

Deaths:

Active Participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants – the 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-living Adjustments to Benefits Terminated Vested and Retired Participants: Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D.

Actuarial Cost Method: Entry Age Normal – Level Percentage of Pay.

Asset Valuation Method: Invested assets are reported at fair value.

Note – for funding purposes – a smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

TOWN OF WILLIAMSTOWN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

Note 8. Pension Plan (continued)

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

TOWN OF WILLIAMSTOWN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

Note 8. Pension Plan (continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Town's combined proportionate share of the net pension liability	\$ 319,048	\$ 188,311	\$ 82,084

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available as a part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at:
http://finance.vermont.gov/reports_and_publications/CAFR

Note 9. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty-days notice. Fund underwriting and 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 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. 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 attach as an enforceable lien on property as of April 1, annually. Property taxes are due in a single installment on November 16th. All late payments are subject to an 8% penalty and interest is calculated at 1% per month. Property taxes are recognized as revenue in the period for which they are levied, which is the fiscal year during which tax payments are due, provided the taxes are received within sixty (60) days after year-end. The remaining receivables are reported as unearned revenue, a deferred inflow of resources.

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 11. Property Taxes (continued)

The Town tax rate for fiscal year 2019 were as follows:

	Residential	Non-Residential
General fund	\$ 0.2232	\$ 0.2232
Highway fund	0.2725	0.2725
Fire department	0.0599	0.0599
Ambulance	0.0508	0.0508
Cemetery	0.0153	0.0153
Library	0.0219	0.0219
Special articles	0.0154	0.0154
Local agreement	0.0058	0.0058
State education tax	1.5562	1.7733
	\$ 2.2210	\$ 2.4381

Note 12. Net Position

Governmental and business-type activities net position reported on the government-wide Statement of Net Position at June 30, 2019 includes the following:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Net property, buildings and equipment	\$ 6,097,740	\$ 2,404,382	\$ 8,502,122
Less:			
General obligation bonds/notes payable	2,611,371	839,257	3,450,628
Total net investment in capital assets	3,486,369	1,565,125	5,051,494
Restricted:			
Veteran's park	4,513	-	4,513
Parade fund	200	-	200
Cemetery burial fund	5,476	-	5,476
Cemetery donation fund	5,425	-	5,425
Henry Baker fund	4,170	-	4,170
Other funds	1,693	-	1,693
Water reserve funds	-	26,500	26,500
Sewer reserve funds	-	29,579	29,579
Sludge reserve funds	-	110,000	110,000
Total restricted	21,477	166,079	187,556
Unrestricted:			
Total unrestricted	909,285	472,074	1,381,359
Total net position	\$ 4,417,131	\$ 2,203,278	\$ 6,346,507

Note 13. Governmental Fund Balances

	General Fund	Other Governmental Funds	Total
Non-spendable:			
Prepaid items	\$ 57,114	\$ -	\$ 57,114
Total non-spendable	57,114	-	57,114

TOWN OF WILLIAMSTOWN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 13. Governmental Fund Balances (continued)

Restricted:

Veteran's park	4,513	-	4,513
Parade fund	-	200	200
Cemetery burial fund	-	5,476	5,476
Cemetery donation fund	-	5,425	5,425
Henry Baker fund	-	4,170	4,170
Other funds	-	1,693	1,693
Total restricted	4,513	16,964	21,477

Committed:

Reappraisal fund	-	151,584	151,584
Total committed	-	151,584	151,584

Assigned:

Tax rate stabilization reserve fund	160,897	-	160,897
Records restoration reserve fund	34,932	-	34,932
Energy grant reserve fund	987	-	987
Library reserve fund	562	-	562
Cemetery perpetual care fund	7,534	-	7,534
Cemetery project reserve fund	22,310	-	22,310
Ambulance memorial fund	-	-	-
Special appropriations	(123,312)	-	(123,312)
Cemetery fund	(2,097)	-	(2,097)
Highway reserve fund	-	226,433	226,433
Ambulance fund	-	106,880	106,880
Fire truck fund	-	(11,745)	(11,745)
Road rehab fund	-	36,824	36,824
Public safety fund	-	12	12
Public safety building fund	-	1,000	1,000
Town hall renovation fund	-	13,279	13,279
Total assigned	101,813	372,683	474,496

Unassigned:

General fund	92,461	258,421	350,882
	\$ 255,901	\$ 799,652	1,055,553

Note 14. Subsequent Events

Management has evaluated subsequent events through December 27, 2019, the date that the financial statements were available to be issued.

EXHIBIT G
TOWN OF WILLIAMSTOWN, VERMONT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PLAN
For the Year Ended June 30, 2019

	June 30,				
	2015	2016	2017	2018	2019
Town's proportion of the net pension liability	0.16%	0.17%	0.16%	0.14%	0.13%
Town's proportionate share of the net pension liability	\$ 14,676	\$ 129,380	\$ 200,305	\$ 171,039	\$ 188,311
Town's covered payroll	\$ 436,433	\$ 430,092	\$ 419,176	\$ 426,304	\$ 515,692
Town's proportionate share of the net pension liability as a percentage of its covered payroll	3.36%	30.08%	47.79%	40.12%	36.52%
Plan fiduciary net position as a percentage of the total pension liability	98.32%	87.42%	80.95%	83.64%	82.60%

See Disclaimer in Accompanying Independent Auditor's Report

EXHIBIT H
TOWN OF WILLIAMSTOWN, VERMONT
SCHEDULE OF TOWN CONTRIBUTIONS - PENSIONS
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PLAN
For the Year Ended June 30, 2019

	June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 23,458	\$ 23,655	\$ 23,055	\$ 23,447	\$ 29,130
Contribution in relation to the contractually required contributions	<u>23,458</u>	<u>23,655</u>	<u>23,055</u>	<u>23,447</u>	<u>29,130</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town's covered payroll	\$ 436,433	\$ 430,092	\$ 419,176	\$ 426,304	\$ 515,692
Contributions as a percentage of covered payroll	98.32%	87.42%	80.95%	83.64%	82.60%

See Disclaimer in Accompanying Independent Auditor's Report

**SCHEDULE 4
TOWN OF WILLIAMSTOWN, VERMONT
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2019**

	Special Revenue Funds							Capital Projects Funds						Total
	Reappraisal Fund	FEMA Fund	Parade Fund	Cemetery Burial Fund	Cemetery Donation Fund	Henry Baker Fund	Other Funds	Ambulance Fund	Fire Truck Fund	Road Rehab Fund	Public Safety Fund	Public Safety Building Fund	Town Hall Renovation Fund	
ASSETS														
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,170
Accounts receivable, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	151,584	-	200	5,476	5,425	-	1,693	106,880	-	36,824	29,954	1,000	13,279	352,315
Total assets	<u>151,584</u>	<u>-</u>	<u>200</u>	<u>5,476</u>	<u>5,425</u>	<u>4,170</u>	<u>1,693</u>	<u>106,880</u>	<u>-</u>	<u>36,824</u>	<u>29,954</u>	<u>1,000</u>	<u>13,279</u>	<u>356,485</u>
LIABILITIES														
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	11,745	-	29,942	-	-	41,687
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,745</u>	<u>-</u>	<u>29,942</u>	<u>-</u>	<u>-</u>	<u>41,687</u>
FUND BALANCES														
Restricted	-	-	200	5,476	5,425	4,170	1,693	-	-	-	-	-	-	16,964
Committed	151,584	-	-	-	-	-	-	-	-	-	-	-	-	151,584
Assigned	-	-	-	-	-	-	-	106,880	(11,745)	36,824	12	1,000	13,279	146,250
Total fund balances	<u>151,584</u>	<u>-</u>	<u>200</u>	<u>5,476</u>	<u>5,425</u>	<u>4,170</u>	<u>1,693</u>	<u>106,880</u>	<u>(11,745)</u>	<u>36,824</u>	<u>12</u>	<u>1,000</u>	<u>13,279</u>	<u>314,798</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 151,584</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 5,476</u>	<u>\$ 5,425</u>	<u>\$ 4,170</u>	<u>\$ 1,693</u>	<u>\$ 106,880</u>	<u>\$ -</u>	<u>\$ 36,824</u>	<u>\$ 29,954</u>	<u>\$ 1,000</u>	<u>\$ 13,279</u>	<u>\$ 356,485</u>
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

EXHIBIT C-3
TOWN OF WILLIAMSTOWN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Special Revenue Funds						Capital Projects Funds						Total	
	Reappraisal Fund	FEMA Fund	Parade Fund	Cemetery Burial Fund	Cemetery Donation Fund	Henry Baker Fund	Other Funds	Ambulance Fund	Fire Truck Fund	Road Rehab Fund	Public Safety Fund	Public Safety Building Fund		Town Hall Renovation Fund
REVENUES														
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	13,779	-	-	-	-	-	-	-	-	-	-	-	-	13,779
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	160	-	-	-	-	-	-	-	-	-	-	160
Total revenues	<u>13,779</u>	<u>-</u>	<u>160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,939</u>
EXPENDITURES														
General government	30,326	-	-	-	-	-	-	-	-	-	-	-	-	30,326
Public safety	-	-	-	-	-	-	-	981	-	-	51,592	-	-	52,573
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-	-	43,296	-	-	-	43,296
Culture and recreation	-	-	655	-	-	-	-	-	-	-	-	-	-	655
Capital outlay	-	-	-	-	-	-	-	-	-	6,552	4,337	-	-	10,889
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	100,000	-	-	-	-	100,000
Interest	-	-	-	-	-	-	-	-	2,847	-	-	-	-	2,847
Total expenditures	<u>30,326</u>	<u>-</u>	<u>655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>981</u>	<u>102,847</u>	<u>49,848</u>	<u>55,929</u>	<u>-</u>	<u>-</u>	<u>240,586</u>
Excess of revenues over expenditures	(16,547)	-	(495)	-	-	-	-	(981)	(102,847)	(49,848)	(55,929)	-	-	(226,647)
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	-	-	-	-	-	27,000	40,000	40,000	27,000	-	-	134,000
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal repayments of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,000</u>	<u>40,000</u>	<u>40,000</u>	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>134,000</u>
Net change in fund balances	(16,547)	-	(495)	-	-	-	-	26,019	(62,847)	(9,848)	(28,929)	-	-	(92,647)
Fund Balance, beginning of year	168,131	-	695	5,476	5,425	4,170	1,693	80,861	51,102	46,672	28,941	1,000	13,279	407,445
Fund Balance, end of year	<u>\$ 151,584</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 5,476</u>	<u>\$ 5,425</u>	<u>\$ 4,170</u>	<u>\$ 1,693</u>	<u>\$ 106,880</u>	<u>(11,745)</u>	<u>36,824</u>	<u>12</u>	<u>\$ 1,000</u>	<u>\$ 13,279</u>	<u>\$ 314,798</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLAINTS AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Selectmen
Town of Williamstown, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Williamstown, Vermont, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Williamstown, Vermont's, basic financial statements, and have issued our report thereon dated December 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Williamstown, Vermont's, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Williamstown, Vermont's, internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Williamstown, Vermont's, internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Williamstown, Vermont's, financial statements are free from material misstatement, we performed tests of its compliance with certain provisions, of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Graham & Graham, P.C.

Graham & Graham, PC

Springfield, Vermont

December 27, 2019

VT Registration #92-0000282

NH Registration #659

ME Registration #FMF 10001