

TOWN OF WAITSFIELD, VERMONT

AUDIT REPORT

JUNE 30, 2015

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Independent Auditor's Report

Selectboard
Town of Waitsfield, Vermont
9 Bridge Street
Waitsfield, Vermont 05673

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Waitsfield, Vermont as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Waitsfield, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waitsfield, Vermont as of June 30, 2015 and the respective changes in financial position thereof, for the year then ended in conformity with the modified cash basis of accounting, as described in Note I.D.

Change in Accounting Principles

As described in Note II.C., in previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, the Town prepared its financial statements using the modified cash basis of accounting.

As described in Note I.E. to the financial statements, effective June 30, 2015, the Town implemented Governmental Accounting Standards (GASB) Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27.

Other Matters

Basis of Accounting

We draw attention to Note I.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Required Supplementary Information

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

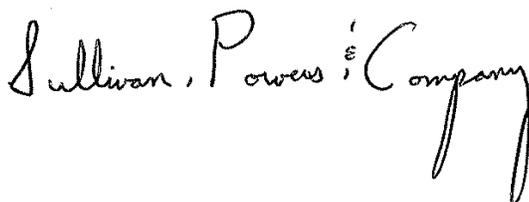
Other Information

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

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated June 21, 2016 on our consideration of the Town of Waitsfield, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Waitsfield, Vermont's internal control over financial reporting and compliance.

June 21, 2016
Montpelier, Vermont
VT Lic. #92-000180

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

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 906,401	\$ 113,341	\$ 1,019,742
Internal Balances	<u>46,286</u>	<u>(46,286)</u>	<u>0</u>
Total Assets	<u>952,687</u>	<u>67,055</u>	<u>1,019,742</u>
<u>LIABILITIES</u>			
Payroll Withholdings Payable	<u>1,447</u>	<u>0</u>	<u>1,447</u>
Total Liabilities	<u>1,447</u>	<u>0</u>	<u>1,447</u>
<u>NET POSITION</u>			
Restricted	448,931	0	448,931
Unrestricted	<u>502,309</u>	<u>67,055</u>	<u>569,364</u>
Total Net Position	<u>\$ 951,240</u>	<u>\$ 67,055</u>	<u>\$ 1,018,295</u>

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

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs:	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants/Loans and Contributions	Capital Grants/Loans and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,036,596	\$ 76,596	\$ 305,580	\$ 836,000	\$ 181,580	\$ 0	\$ 181,580
Public Safety	123,800	32,565	0	0	(91,235)	0	(91,235)
Highways and Streets	848,370	1,434	70,901	296,705	(479,330)	0	(479,330)
Culture and Recreation	258,553	10,166	141,881	0	(106,506)	0	(106,506)
Community Development	9,114	0	0	0	(9,114)	0	(9,114)
Sewer	92,466	0	0	122,718	30,252	0	30,252
Debt Service	108,030	0	0	0	(108,030)	0	(108,030)
Total Governmental Activities	<u>2,476,929</u>	<u>120,761</u>	<u>518,362</u>	<u>1,255,423</u>	<u>(582,383)</u>	<u>0</u>	<u>(582,383)</u>
Business-type Activities							
Water	452,977	179,088	0	0	0	(273,889)	(273,889)
Wait House	16,268	16,370	0	0	0	102	102
Total Business-type Activities	<u>469,245</u>	<u>195,458</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(273,787)</u>	<u>(273,787)</u>
Total Primary Government	<u>\$ 2,946,174</u>	<u>\$ 316,219</u>	<u>\$ 518,362</u>	<u>\$ 1,255,423</u>	<u>(582,383)</u>	<u>(273,787)</u>	<u>(856,170)</u>
General Receipts:							
Property Taxes					1,471,860	0	1,471,860
Interest on Delinquent Taxes					16,214	0	16,214
General State Grants					92,885	0	92,885
Unrestricted Investment Earnings					1,994	7	2,001
Other					292	0	292
Total General Receipts					<u>1,583,245</u>	<u>7</u>	<u>1,583,252</u>
Change in Net Position					1,000,862	(273,780)	727,082
Net Position/(Deficit) - July 1, 2014, As Restated					(49,622)	340,835	291,213
Net Position - June 30, 2015					<u>\$ 951,240</u>	<u>\$ 67,055</u>	<u>\$ 1,018,295</u>

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

TOWN OF WAITSFIELD, VERMONT
 STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 GOVERNMENTAL FUNDS
 JUNE 30, 2015

	General Fund	Vermont Grant Fund	Route 100 Transportation Path Fund	Town Office Fund	Covered Bridge Repair Fund	Solar Array Fund	2011 Storm Fund	Bridge Street Fund	Sewer Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS											
Cash	\$ 85,897	\$ 131,558	\$ 2	\$ 170,111	\$ 65,189	\$ 0	\$ 0	\$ 0	\$ 0	\$ 453,644	\$ 906,401
Due from Other Funds	<u>126,812</u>	<u>0</u>	<u>0</u>	<u>108,468</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>124,268</u>	<u>359,548</u>
Total Assets	<u>\$ 212,709</u>	<u>\$ 131,558</u>	<u>\$ 2</u>	<u>\$ 278,579</u>	<u>\$ 65,189</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 577,912</u>	<u>\$ 1,265,949</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Payroll Withholdings Payable	\$ 1,447	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,447
Due to Other Funds	<u>0</u>	<u>0</u>	<u>85,698</u>	<u>0</u>	<u>47,059</u>	<u>3,387</u>	<u>41,742</u>	<u>35,159</u>	<u>51,504</u>	<u>48,713</u>	<u>313,262</u>
Total Liabilities	<u>1,447</u>	<u>0</u>	<u>85,698</u>	<u>0</u>	<u>47,059</u>	<u>3,387</u>	<u>41,742</u>	<u>35,159</u>	<u>51,504</u>	<u>48,713</u>	<u>314,709</u>
Fund Balances/(Deficit):											
Restricted	0	131,558	0	278,579	0	0	0	0	0	38,794	448,931
Committed	0	0	0	0	0	0	0	0	0	80,854	80,854
Assigned	44,332	0	0	0	18,130	0	0	0	0	409,551	472,013
Unassigned/(Deficit)	<u>166,930</u>	<u>0</u>	<u>(85,696)</u>	<u>0</u>	<u>0</u>	<u>(3,387)</u>	<u>(41,742)</u>	<u>(35,159)</u>	<u>(51,504)</u>	<u>0</u>	<u>(50,558)</u>
Total Fund Balances/(Deficit)	<u>211,262</u>	<u>131,558</u>	<u>(85,696)</u>	<u>278,579</u>	<u>18,130</u>	<u>(3,387)</u>	<u>(41,742)</u>	<u>(35,159)</u>	<u>(51,504)</u>	<u>529,199</u>	<u>951,240</u>
Total Liabilities and Fund Balances	<u>\$ 212,709</u>	<u>\$ 131,558</u>	<u>\$ 2</u>	<u>\$ 278,579</u>	<u>\$ 65,189</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 577,912</u>	<u>\$ 1,265,949</u>

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

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Vermont Grant Fund	Route 100 Transportation Path Fund	Town Office Fund	Covered Bridge Repair Fund	Solar Array Fund	2011 Storm Fund	Bridge Street Fund	Sewer Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:											
Property Taxes	\$ 1,471,860	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,471,860
Interest on Delinquent Taxes	16,214	0	0	0	0	0	0	0	0	0	16,214
Intergovernmental	315,662	0	0	0	0	76,000	0	0	0	141,881	533,543
Charges for Services	63,530	0	0	0	0	0	0	0	0	8,000	71,530
Permits, Licenses and Fees	39,942	0	0	0	0	0	0	0	0	4,298	44,240
Fines and Forfeits	4,991	0	0	0	0	0	0	0	0	0	4,991
Investment Income	1,061	69	0	0	101	0	0	0	0	763	1,994
Other	260	0	0	0	0	0	0	0	0	0	260
Total Cash Receipts	1,913,520	69	0	0	101	76,000	0	0	0	154,942	2,144,632
Cash Disbursements:											
General Government	542,435	0	0	0	0	0	0	0	0	28,329	570,764
Public Safety	123,800	0	0	0	0	0	0	0	0	0	123,800
Highways and Streets	392,301	0	0	0	0	0	0	0	0	0	392,301
Culture and Recreation	119,279	0	0	0	0	0	0	0	0	139,274	258,553
Community Development	0	9,114	0	0	0	0	0	0	0	0	9,114
Capital Outlay:											
General Government	0	0	0	42,147	0	297,734	0	0	0	125,951	465,832
Highways and Streets	149,887	0	53,603	0	46,880	0	17,880	35,159	0	152,660	456,069
Sewer	0	0	0	0	0	0	0	92,466	0	0	92,466
Debt Service:											
Principal	86,540	0	0	0	0	0	0	0	0	0	86,540
Interest	21,490	0	0	0	0	0	0	0	0	0	21,490
Total Cash Disbursements	1,435,732	9,114	53,603	42,147	46,880	297,734	17,880	35,159	92,466	446,214	2,476,929
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	477,788	(9,045)	(53,603)	(42,147)	(46,779)	(221,734)	(17,880)	(35,159)	(92,466)	(291,272)	(332,297)
Other Financing Sources/(Uses):											
Proceeds from Long-term Debt	50,000	0	0	400,000	0	235,000	0	0	0	87,859	772,859
Proceeds from Short-term Debt	300,000	0	12,582	0	0	0	0	0	122,718	125,000	560,300
Transfers In	0	0	22,607	0	10,000	0	0	0	0	232,562	265,169
Transfers Out	(262,562)	0	0	0	0	0	0	0	0	(2,607)	(265,169)
Total Other Financing Sources/(Uses)	87,438	0	35,189	400,000	10,000	235,000	0	0	122,718	442,814	1,333,159
Net Change in Fund Balances	565,226	(9,045)	(18,414)	357,853	(36,779)	13,266	(17,880)	(35,159)	30,252	151,542	1,000,862
Fund Balances/(Deficit) - July 1, 2014, As Restated	(353,964)	140,603	(67,282)	(79,274)	54,909	(16,653)	(23,862)	0	(81,756)	377,657	(49,622)
Fund Balances/(Deficit) - June 30, 2015	\$ 211,262	\$ 131,558	\$ (85,696)	\$ 278,579	\$ 18,130	\$ (3,387)	\$ (41,742)	\$ (35,159)	\$ (51,504)	\$ 529,199	\$ 951,240

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

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Water Fund</u>	<u>Wait House Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ <u>110,156</u>	\$ <u>3,185</u>	\$ <u>113,341</u>
Total Assets	<u>110,156</u>	<u>3,185</u>	<u>113,341</u>
<u>LIABILITIES</u>			
Due to Other Funds	<u>46,064</u>	<u>222</u>	<u>46,286</u>
Total Liabilities	<u>46,064</u>	<u>222</u>	<u>46,286</u>
<u>NET POSITION</u>			
Unrestricted	<u>64,092</u>	<u>2,963</u>	<u>67,055</u>
Total Net Position	\$ <u><u>64,092</u></u>	\$ <u><u>2,963</u></u>	\$ <u><u>67,055</u></u>

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

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water Fund	Wait House Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Receipts:			
Charges for Services	\$ 179,088	\$ 16,370	\$ 195,458
Total Operating Receipts	<u>179,088</u>	<u>16,370</u>	<u>195,458</u>
Operating Disbursements:			
Administrative Charges	1,500	0	1,500
Administrative Supplies	938	0	938
Permits and Licenses	4,629	0	4,629
Insurance	519	0	519
Education/Training	1,031	0	1,031
Professional Services	23,164	4,053	27,217
Communications	1,252	0	1,252
Utilities	2,344	6,475	8,819
Chemicals	33	0	33
Maintenance	<u>10,714</u>	<u>1,496</u>	<u>12,210</u>
Total Operating Disbursements	<u>46,124</u>	<u>12,024</u>	<u>58,148</u>
Operating Income	<u>132,964</u>	<u>4,346</u>	<u>137,310</u>
Non-Operating Receipts/(Disbursements):			
Debt Proceeds	0	0	0
Investment Income	5	2	7
Capital Outlay	(80,985)	0	(80,985)
Debt Payments	(238,524)	(4,000)	(242,524)
Interest Expense	<u>(87,344)</u>	<u>(244)</u>	<u>(87,588)</u>
Total Non-Operating Receipts/(Disbursements)	<u>(406,848)</u>	<u>(4,242)</u>	<u>(411,090)</u>
Change in Net Position	(273,884)	104	(273,780)
Net Position - July 1, 2014, As Restated	<u>337,976</u>	<u>2,859</u>	<u>340,835</u>
Net Position - June 30, 2015	<u>\$ 64,092</u>	<u>\$ 2,963</u>	<u>\$ 67,055</u>

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

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the activity of the Town of Waitsfield, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

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

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

The Town reports on the following major governmental funds:

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

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

Route 100 Transportation Path Fund – This fund accounts for the assets held by the Town for the repaving of Route 100.

Town Office Fund – This fund accounts for the assets held by the Town for the construction of a new municipal building.

Covered Bridge Repair Fund – This fund accounts for assets held by the Town for the rehabilitation of the Town's covered bridge.

Solar Array Fund – This fund accounts for the assets held by the Town for the construction of a solar array facility.

2011 Storm Fund – This fund accounts for the assets held by the Town for the 2011 storm expenditures.

Bridge Street Fund – This fund accounts for the assets held by the Town for improvements to Bridge Street.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Sewer Fund – This fund accounts for the activity related to the repayment of a loan from the State for private sewer systems.

The Town reports on the following major proprietary funds:

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

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

Proprietary fund operating receipts, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating receipts, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) are considered a measure of available spendable resources and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

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

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exception to this is that the Town records payroll withholdings payable as liabilities.

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

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

E. New Pronouncement – Pension Plans

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

F. Assets, Liabilities and Equity

1. Cash

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

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

2. Fund Equity

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

3. Interfund Receivables/Payables

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

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures in the General Fund exceeded appropriations by \$40,665. These over-expenditures were funded by excess revenues.

C. Restatement of Net Position

In previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, however, the Town prepared its financial statements using the modified cash basis of accounting. Management believes the modified cash basis provides the information needed by the primary users of the financial statements. The Town also reclassified the Wait House Fund to an Enterprise Fund from a Governmental Fund and the Sewer Fund to a Governmental Fund from an Enterprise Fund. In addition, certain errors were corrected by management during the year. As a result, beginning net position for the Governmental Activities, the Business-type Activities, the Water Fund and the Sewer Fund and the beginning fund balances for the Governmental Funds have been restated. The amount of the restatements are not known.

III. DETAILED NOTES ON ALL FUNDS

A. Cash

Cash as of June 30, 2015 consist of the following:

Cash:	
Deposits with Financial Institutions	\$1,019,742
Total Cash	\$1,019,742

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. brokerdealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the Town's deposits.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 420,109	\$ 420,109
Uninsured, Uncollateralized	<u>599,633</u>	<u>660,726</u>
Total	<u>\$1,019,742</u>	<u>\$1,080,835</u>

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

\$491,582 of uninsured, uncollateralized cash could be offset by debt at the respective bank.

Due to higher cash flows at certain times during the year, the amount of uninsured, uncollateralized cash was much higher than at year-end.

Interest Rate Risk

Interest rate risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town has no investments subject to interest rate risk disclosure requirements.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have any policy to limit the exposure to credit risk. The Town has no investments subject to credit risk.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town has no investments subject to concentration of credit risk.

B. Interfund Balances and Activity

Interfund balances as of June 30, 2015 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$126,812	\$ 0
Route 100 Transportation Path Fund	0	85,698
Town Office Fund	108,468	0
Covered Bridge Repair Fund	0	47,059
Solar Array Fund	0	3,387
2011 Storm Fund	0	41,742
Bridge Street Fund	0	35,159
Sewer Fund	0	51,504
Non-Major Governmental Funds	124,268	48,713
Water Fund	0	46,064
Wait House Fund	<u>0</u>	<u>222</u>
Totals	<u>\$359,548</u>	<u>\$359,548</u>

Interfund transfers during the year ended June 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Route 100 Transportation Path Fund	\$ 20,000	Annual Contribution
General Fund	Covered Bridge Repair Fund	10,000	Annual Contribution
General Fund	Reappraisal Fund	20,000	Annual Contribution
General Fund	Restroom, Recreation & Conservation Fund	10,000	Annual Contribution
General Fund	Agricultural Support Fund	2,500	Annual Contribution
General Fund	Fire Department Equipment Fund	33,000	Annual Contribution
General Fund	Street Trees Fund	3,500	Annual Contribution
General Fund	Equipment Fund	40,000	Annual Contribution
General Fund	Heavy Equipment Fund	20,000	Annual Contribution
General Fund	Fire Department Building & Equipment Fund	7,500	Annual Contribution
General Fund	Bridge & Culvert Fund	10,000	Annual Contribution
General Fund	Bridge & Culvert Fund	86,062	Fund Project Expenses
Safe Routes to School Fund	Route 100 Transportation Path Fund	<u>2,607</u>	Close Fund
Total		<u>\$ 265,169</u>	

C. Fund Balances

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

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

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

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

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

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

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

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

Major Funds

Vermont Grant Fund:

Restricted for Community Development by Grant Agreement (Source of Revenue is Grant Revenue)	<u>\$131,558</u>
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Town Office Fund:

Restricted for Construction of the Town Office Building by Bond Agreement (Source of Revenue is Bond Proceeds)	<u>278,579</u>
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TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Non-Major Funds

Special Revenue Funds:

Restricted for Restoration Expenses by Statue (Source
of Revenue is Restoration Fees) \$ 26,541

Restricted for Entrust Conservation Expenses by
Donations (Source of Revenue is Donations) 12,124

Total Special Revenue Funds 38,665

Capital Projects Funds:

Restricted for Water Main Break Expenditures –
Unspent Bond Proceeds 129

Total Non-Major Funds 38,794

Total Restricted Fund Balances \$448,931

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

Non-Major Funds:

Special Revenue Funds:

Committed for Restroom Recreation Expenses by the Voters \$ 73,342

Committed for Agricultural Support by the Voters 7,512

Total Committed Fund Balances \$ 80,854

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

Major Funds

General Fund:

Assigned for Town Forest Stewardship Expenditures \$ 44,332

Covered Bridge Repair Fund:

Assigned for Bridge Rehabilitation Expenditures 18,130

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	\$ <u>55,328</u>
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Capital Projects Funds:

Assigned for Fire Department Equipment Expenditures	44,344
Assigned for Town Clock Expenditures	1,897
Assigned for Ancient Road Expenditures	726
Assigned for Lareau Park Improvement Expenditures	5,445
Assigned for Street Trees Expenditures	5,028
Assigned for Equipment Expenditures	82,475
Assigned for Heavy Equipment Expenditures	81,277
Assigned for Fire Department Building & Equipment Expenditures	22,255
Assigned for Bridge and Culvert Expenditures	101,962
Assigned for Energy Projects Expenditures	<u>8,814</u>

Total Capital Projects Funds	<u>354,223</u>
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Total Non-Major Funds	<u>409,551</u>
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Total Assigned Fund Balances	<u>\$472,013</u>
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The unassigned deficit of \$85,696 in the Route 100 Transportation Path Fund will be funded with the collection of future grant revenue and a transfer from the General Fund.

The unassigned deficit of \$3,387 in the Solar Array Fund will be funded with the collection of future grant revenue.

The unassigned deficit of \$41,742 in the 2011 Storm Fund will be funded with the collection of future grant revenue and a transfer from the General Fund.

The unassigned deficit of \$35,159 in the Bridge Street Fund will be funded with the collection of future grant revenue and bond proceeds.

The unassigned deficit of \$51,504 in the Sewer Fund will be funded with the collection of bond proceeds and grant revenue.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

D. Restricted and Designated Net Position

The restricted net position in the Governmental Activities consists of the restricted fund balances of \$448,931.

The designated net position of the Town as of June 30, 2015 consists of the following:

Water Fund:	
Designated for Water Operations	\$64,092
Wait House Fund:	
Designated for Wait House Operations	<u>2,963</u>
Total Designated Net Position	<u>\$67,055</u>

IV. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

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

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the 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.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

As of June 30, 2014, the measurement date selected by the State of Vermont, VMERS was funded at 98.32% and had a plan fiduciary net position of \$534,525,477 and a total pension liability of \$543,652,090 resulting in a net position liability of \$9,126,613. As of June 30, 2015, the Town's proportionate share of this was 0.1313% resulting in a net pension liability of \$11,988. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. As of June 30, 2014, the Town's proportion of 0.1313% was a decrease of 0.0077% from its proportion measured as of June 30, 2013.

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

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

Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

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

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

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

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

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

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

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

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

Member Contributions – Group B – 4.75% effective July 1, 2014 (increased from 4.625%).

Employer Contributions – Group B – 5.275% effective July 1, 2014 (increased from 5.125%).

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

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Significant Actuarial Assumptions and Methods

Interest Rate - A select-and-ultimate interest rate set, specified as follows. 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 of Terminated Vested and Retired Participants – Assumed to occur at the rate of 1.8% per annum for members of Group B.

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%.

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.

TOWN OF WAITSFIELD, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

Long-term Expected Rate of Return:

The long-term expected rate of return on 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	31.50%	6.70%
Fixed Income	33.00%	2.94%
Alternatives	15.50%	6.26%
Multi-strategy	20.00%	5.98%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate - The discount rate used to measure the total pension liability was 8.23%. 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 members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.23%) or one percent higher (9.23%):

TOWN OF WAITSFIELD, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

<u>1% Decrease (7.23%)</u>	<u>Discount Rate (8.23%)</u>	<u>1% Increase (9.23)</u>
\$100,988	\$11,988	\$(62,681)

B. PROPERTY TAXES

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Selectboard based on the voter approved budget, the estimated grand list and the State education property tax liability. Property taxes are due in four equal installments on September 10, November 14, February 11 and May 15. The penalty rate is eight percent (8%) after the September payment. Interest is charged at one percent (1%) per month for the first three months and one and a half percent (1-1/2%) per month for each month thereafter. The tax rates for 2015 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.4202	.4202
Local Agreement	.0030	.0030
Education	<u>1.4847</u>	<u>1.4150</u>
Total	<u>1.9079</u>	<u>1.8382</u>

C. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. The Town paid no unemployment claims during fiscal year 2015.

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

D. LONG-TERM DEBT

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

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

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

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

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

Long-term debt outstanding as of June 30, 2015 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Vermont Economic Development Authority, Irene Flood Assistance, Monthly Principal and Interest Payments of \$1,182, Interest at 5.5%, Due March, 2018	\$ 76,870	\$ 0	\$20,976	\$ 55,894
Note Payable, State of Vermont, Dump Truck, Principal Payments of \$19,155 Plus Interest Payable on June 30 Annually, Interest at 2%, Due and Paid June, 2015	19,155	0	19,155	\$ 0

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Lease Payable, Gorham Leasing Corp., Tractor and Mower, Principal and Interest Payments of \$12,064 Payable on May 30 Annually, Interest at 5%, Due May, 2018	\$ 42,779	\$ 0	\$ 9,925	\$ 32,854
Bond Payable, Vermont Municipal Bond Bank, Town Office/Solar Array, Principal Payments of \$31,750 Payable on December 1 Annually, Interest Rates Ranging from 0.513% to 3.993% Payable on June 1 and December 1, Due December, 2034	0	635,000	0	635,000
Note Payable, People's United Bank, Road Improvements, Principal Payments of \$10,000 Plus Interest Payable on August 18 Annually, Interest at 2.5%, Due August, 2019	0	50,000	0	50,000
Bond Payable, State of Vermont Special Environmental Revolving Fund, Wastewater Improvements, Principal Payments of 36,484 Payable on May 1 Annually, Interest at 0%, Due May, 2027	474,295	0	36,484	437,811
Note Payable, Merchant's Bank, Capital Improvements, Principal and Interest Payments of \$17,572 Payable on August 26 Annually, Interest at 2.4%, Due August, 2019	<u>0</u>	<u>87,859</u>	<u>0</u>	<u>87,859</u>
Total Governmental Activities	<u>\$613,099</u>	<u>\$772,859</u>	<u>\$86,540</u>	<u>\$1,299,418</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, United States Department of Agriculture, Water System Improvements Semi-Annual Principal and Interest Payments of \$62,360 Payable on March 17 and September 17, Interest at 2.75%, Due September, 2052	\$2,950,038	\$ 0	\$43,887	\$2,906,151

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, United States Department of Agriculture, Water System Improvements Semi-Annual Principal and Interest Payments of \$4,138 Payable on May 21 and November 21, Interest at 2.75%, Due September, 2054	\$ 200,000	\$ 0	\$ 2,886	\$ 197,114
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Principal Payments Of \$28,667 Payable on August 1 Annually, Interest at 0%, Due August, 2018	210,203	0	0	210,203
Note Payable, People's United Bank, Wait House Capital Improvements, Principal Payments of \$4,000 Plus Interest Payable on September 13 Annually, Interest at 3.05%, Due and Paid September, 2015	<u>8,000</u>	<u>0</u>	<u>4,000</u>	<u>4,000</u>
Total Business-type Activities	<u>\$3,368,241</u>	<u>\$ 0</u>	<u>\$50,773</u>	<u>\$3,317,468</u>

Maturities are estimated to be as follows:

Year Ending June 30	Governmental Activities			Business-type Activities	
	Principal	Interest	Capital Lease	Principal	Interest
2016	\$ 116,782	\$ 21,422	\$ 12,064	\$ 80,623	\$ 85,162
2017	116,782	20,624	12,064	77,966	83,697
2018	109,748	19,613	12,064	78,026	82,332
2019	95,806	18,488	0	52,067	80,929
2020	95,805	17,245	0	53,495	79,501
2021-2025	341,170	70,630	0	290,618	374,390
2026-2030	231,721	44,963	0	442,461	331,867
2031-2035	158,750	15,485	0	397,913	283,123
2036-2040	0	0	0	437,724	227,256
2041-2045	0	0	0	501,789	163,191
2046-2050	0	0	0	575,217	89,763
2051-2055	0	0	0	329,569	14,389
Total	1,266,564	228,470	36,192	3,317,468	1,895,600
Less: Imputed Interest	<u>0</u>	<u>0</u>	<u>(3,338)</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,266,564</u>	<u>\$ 228,470</u>	<u>\$ 32,854</u>	<u>\$ 3,317,468</u>	<u>\$ 1,895,600</u>

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

E. SHORT-TERM DEBT

Short-term debt outstanding as of June 30, 2015 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Anticipation Note, People's United Bank, Town Office, Principal Payment of \$100,000 Payable August 27, Interest At 1.45%, Due and Paid August, 2014	\$ 0	\$100,000	\$100,000	\$ 0
Line of Credit, People's United Bank, Sidewalk Improvements, \$65,000 Available, Interest at 1.25%, Expired September, 2015 at Which Time the Line of Credit was Extended.	0	12,582	0	12,582
Line of Credit, People's United Bank, Water Main Break, \$125,000 Available, Interest at 1.25%, Expires May, 2016	0	125,000	0	125,000
Note Payable, People's United Bank, Tax Anticipation, Principal Payment of \$300,000 Payable June 23, Interest at 0.89%, Due June, 2016	0	300,000	0	300,000
Line of Credit, Merchant's Bank, Wastewater System Improvements, \$185,000 Available, Interest at 1.13%, Expires March, 2016	0	4,298	0	4,298
Line of Credit, Merchant's Bank, Wastewater System Improvements, \$515,000 Available, Interest at 1.13%, Expires March, 2016	<u>0</u>	<u>118,420</u>	<u>0</u>	<u>118,420</u>
Total Governmental Activities	\$ <u>0</u>	\$ <u>660,300</u>	\$ <u>100,000</u>	\$ <u>560,300</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Line of Credit, People's United Bank, Water System Improvements, \$200,000 Available, Interest at 1.35%, Expired September, 2014	<u>\$191,751</u>	<u>\$ 0</u>	<u>\$191,751</u>	<u>\$ 0</u>
Total Business-type Activities	<u>\$191,751</u>	<u>\$ 0</u>	<u>\$191,751</u>	<u>\$ 0</u>

TOWN OF WAITSFIELD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

F. SUBSEQUENT EVENTS

On September 1, 2015, the Town issued a Public Highway Improvement Bond in the amount of \$400,000 to fund part of the cost of certain public highway improvements. The Bond matures on September 1, 2030 with interest at 2.6%.

On September 16, 2015 the Town received a Capital Improvement Loan from the Merchants Bank in the amount of \$240,000 to finance the construction of highway repairs. The loan is due on September 14, 2020 with interest at 1.73%.

On September 28, 2015, the Town received a short-term loan from the People's United Bank in the amount of \$60,000 to refund a borrowing originally issued to make sidewalk improvements. The loan is due on September 27, 2016 with interest at 1.25%.

On October 15, 2015, the Town received a Bond Anticipation Note from the People's United Bank in the amount of \$250,000 to fund construction of the new Town office. The note is due on August 15, 2016 with interest at 1.19%.

On December 4, 2015, the Town received a Capital Equipment Note from the People's United Bank in the amount of \$45,000 to purchase firefighting equipment. The note is due on December 4, 2020 with interest at 2.1%

On January 12, 2016, the Town received a Current Expense Refunding Note from the Merchant's Bank in the amount of \$46,077. This was used to pay off the FEMA Flood Assistance Note with the Vermont Economic Development Authority. The note is due on March 12, 2018 with interest at 1.87%.

On March 17, 2016, the Town received a Grant Anticipation Note from the Merchant's Bank in the amount of \$559,435 to refund two borrowings originally issued to make wastewater system improvements. The note is due on September 1, 2016 with interest at 1.28%.

On May 13, 2016, the Town received a Current Expense Note from the People's United Bank in the amount of \$180,000 to refund a borrowing originally issued to repair a water main break. The note is due on May 12, 2017 with interest at 1.70%.

On June 23, 2016, the Town received a Refunding Note from the People's United Bank in the amount of \$240,000 to refund a borrowing originally issued to fund the Town's deficit. The note is due on June 23, 2020 with interest at 2.5%.

TOWN OF WAITSFIELD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 1,025,034	\$ 1,483,762	\$ 458,728
Delinquent Tax Interest	15,000	15,931	931
Delinquent Tax Penalties	16,000	8,946	(7,054)
Act 60 Annual Support	10,000	10,198	198
Town Clerk Fees	32,000	25,803	(6,197)
Investment Income	1,000	986	(14)
Liquor Licenses	3,000	3,600	600
Great Escape Ticket Sales	190	0	(190)
Planning Grants	13,600	5,580	(8,020)
Zoning Fees	9,000	10,195	1,195
Highway State Aid	69,703	70,901	1,198
Road Department - Miscellaneous	750	1,434	684
Fire Department Income - Fayston	35,831	27,230	(8,601)
Fire Department Income	0	344	344
Traffic Control Income	3,000	4,899	1,899
Dog Fines & Impoundment Fees	400	92	(308)
PILOT	5,800	6,003	203
Current Use	68,000	76,684	8,684
Library Insurance Reimbursement	2,166	2,166	0
Miscellaneous	0	292	292
Wastewater Loan Repayments	17,720	0	(17,720)
Better Back Roads Grant Income	0	9,632	9,632
Brook Road Culvert Grant Income	0	136,632	136,632
Proceeds from Paving Note	50,000	50,000	0
Tax Anticipation Note	300,000	300,000	0
	<u>1,678,194</u>	<u>2,251,310</u>	<u>573,116</u>
Total Cash Receipts			
Cash Disbursements:			
Town Meeting:			
Elections Expense	200	178	22
Town Report	2,600	2,527	73
	<u>2,800</u>	<u>2,705</u>	<u>95</u>
Total Town Meeting			
Legal and Auditing:			
Legal	10,000	12,524	(2,524)
Auditing	4,500	0	4,500
	<u>14,500</u>	<u>12,524</u>	<u>1,976</u>
Total Legal and Auditing			

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TOWN OF WAITSFIELD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Office Operations:			
Insurance and Bonds	\$ 16,481	\$ 7,452	\$ 9,029
Office Rent	23,200	23,200	0
Town Office Repairs and Maintenance	1,000	13	987
Postage	4,400	4,095	305
Supplies	8,000	6,096	1,904
Computer Services	900	2,602	(1,702)
Training	1,000	2,763	(1,763)
Cleaning	5,200	3,413	1,787
Equipment Maintenance & Contracts	6,530	5,680	850
Telephone	2,600	2,793	(193)
Office Equipment	2,000	796	1,204
Public Notice Expense	3,500	6,348	(2,848)
Great Escape Tickets	190	0	190
	<u>75,001</u>	<u>65,251</u>	<u>9,750</u>
Total Town Office Operations			
Town Clerk and Treasurer:			
Clerk/Treasurer & Assistant Salary	80,277	86,036	(5,759)
Borrowing Interest	3,500	0	3,500
Ballot Clerks	345	1,000	(655)
	<u>84,122</u>	<u>87,036</u>	<u>(2,914)</u>
Total Town Clerk and Treasurer			
Selectboard:			
Selectboard Reimbursement	3,250	3,250	0
Town Website	400	478	(78)
Town Administrator	63,360	64,825	(1,465)
Training	440	265	175
Mileage Reimbursement	220	120	100
Selectboard Recording Secretary	2,750	2,463	287
Communications	200	0	200
	<u>70,620</u>	<u>71,401</u>	<u>(781)</u>
Total Selectboard			
Planning and Zoning:			
Minute Taker	1,000	184	816
Special Planning Projects	20,500	8,289	12,211
Zoning Administrator/Planning Director Salary	40,892	38,840	2,052
Training	700	340	360
Computer Equipment Services	960	12	948
Mileage Reimbursement	250	230	20
	<u>64,302</u>	<u>47,895</u>	<u>16,407</u>
Total Planning and Zoning			

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TOWN OF WAITSFIELD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Board of Listers:			
Assessor Services	\$ 16,000	\$ 18,058	\$ (2,058)
Computer Equipment Services	700	364	336
Training and Meetings	200	420	(220)
Total Board of Listers	<u>16,900</u>	<u>18,842</u>	<u>(1,942)</u>
Collector of Delinquent Taxes:	<u>16,000</u>	<u>8,663</u>	<u>7,337</u>
Conservation Committee:	<u>2,000</u>	<u>50</u>	<u>1,950</u>
Highway Department Labor:	<u>139,035</u>	<u>145,453</u>	<u>(6,418)</u>
Equipment Operation and Repairs:			
Road Department Insurance	9,019	5,929	3,090
Gas, Oil, Grease and Filters	7,000	5,345	1,655
Diesel	27,000	30,350	(3,350)
2008 Pickup Truck	1,000	1,448	(448)
2013 International Dump Truck	3,000	3,805	(805)
2010 Low Pro Truck	3,000	2,949	51
1997 International Dump Truck	500	1,998	(1,498)
2015 Tandem Truck	4,000	7,100	(3,100)
2009 John Deere Loader	1,000	1,415	(415)
1998 Galion Grader	3,000	599	2,401
2008 CAT Backhoe	1,000	143	857
Roadside Mower	500	0	500
Steel Pole Saw/Chainsaw	300	366	(66)
Garage Repairs	1,500	687	813
Garage Trash Removal	1,700	1,216	484
Garage Uniforms	2,500	2,852	(352)
Garage Heat	3,200	2,881	319
Garage Telephone	1,100	1,147	(47)
Garage Electricity	1,500	1,279	221
Garage Supplies/Hardware	3,000	3,604	(604)
Garage Miscellaneous	1,200	4,599	(3,399)
Chipper/Rake	300	491	(191)
Garage Alarm System	1,000	549	451
Water Service	800	800	0
Plow Blades and Shoes	5,000	4,072	928
Total Equipment Operation and Repairs	<u>83,119</u>	<u>85,624</u>	<u>(2,505)</u>

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TOWN OF WAITSFIELD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Road Hired Equipment and Labor:			
Sidewalk Mowing	\$ 700	\$ 1,030	\$ (330)
Sidewalk Plowing	25,000	22,310	2,690
Other Equipment Rental	2,000	86	1,914
Contracted Plowing	2,000	2,160	(160)
Grading	3,500	630	2,870
Total Road Hired Equipment and Labor	<u>33,200</u>	<u>26,216</u>	<u>6,984</u>
Road Department Materials:			
Salt	28,000	49,461	(21,461)
Sand	43,000	37,230	5,770
Chloride	9,000	8,751	249
Crushed Gravel	16,500	16,753	(253)
Stone	5,000	3,072	1,928
Culverts	5,000	3,417	1,583
Guardrails	1,000	0	1,000
Tools	2,500	1,810	690
Signs	1,500	182	1,318
Fabric	1,000	0	1,000
Cold Patch, Hay and Seed	1,500	1,515	(15)
Total Road Department Materials	<u>114,000</u>	<u>122,191</u>	<u>(8,191)</u>
Road Department Miscellaneous			
Fayston Winter Agreement	5,500	5,500	0
Sidewalk Maintenance and Repairs	3,000	0	3,000
Bridge Repairs	3,000	2,376	624
Gravel Pit Management	4,080	228	3,852
Pavement Sealing	6,000	0	6,000
Line Painting	800	0	800
Street Lights	5,500	4,114	1,386
Bridge Lights	250	264	(14)
Radios and Pagers	1,000	222	778
Road Department Training	250	45	205
Total Road Department Miscellaneous	<u>29,380</u>	<u>12,749</u>	<u>16,631</u>
Employee Benefits:			
FICA	22,652	21,179	1,473
Medicare	4,700	4,953	(253)
Retirement	17,189	18,100	(911)
Unemployment	1,656	1,896	(240)
Workers Compensation	5,695	6,128	(433)
Health Insurance	80,000	68,490	11,510
Life and Disability Insurance	2,520	1,871	649
Total Employee Benefits	<u>134,412</u>	<u>122,617</u>	<u>11,795</u>

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TOWN OF WAITSFIELD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department:			
Gas, Oil and Grease	\$ 3,000	\$ 2,373	\$ 627
Insurance	10,000	6,225	3,775
Telecommunication	21,000	23,390	(2,390)
Electricity	1,820	1,405	415
Heat	5,000	4,979	21
Water	1,000	800	200
Building Repair and Maintenance	2,000	2,456	(456)
Alarm	300	225	75
Truck Repairs	5,000	3,442	1,558
Equipment Repairs	3,000	2,949	51
Bottled Gas	400	245	155
Training	3,200	3,404	(204)
Hose and Equipment	3,500	3,428	72
Gear	4,300	4,502	(202)
Prevention	400	392	8
Miscellaneous	500	579	(79)
Dues	550	591	(41)
Physical Exams	2,000	0	2,000
Labor	21,000	30,305	(9,305)
FICA and Medicare	1,607	1,946	(339)
	<u>89,577</u>	<u>93,636</u>	<u>(4,059)</u>
Total Fire Department			
Public Safety:			
Sherriff Department Billing	32,945	25,010	7,935
Dog Warden Salary and Fees	1,000	720	280
Dog Pound Fees	100	146	(46)
Emergency Management	500	0	500
Fire Warden	250	250	0
Fire Hydrant Maintenance	2,000	1,700	300
Generator Expense	850	1,008	(158)
Insurance	1,690	1,163	527
Training	500	152	348
	<u>39,835</u>	<u>30,149</u>	<u>9,686</u>
Total Public Safety			
Dues and Assessments:			
Central Vermont Regional Planning	1,810	0	1,810
Joslin Memorial Library	51,421	51,421	0
Mad River Resource Management Alliance	4,727	6,876	(2,149)
Mad River Valley Planning District	30,778	38,780	(8,002)
Mad River Valley Recreation District	12,500	12,500	0
Vermont League of Cities and Towns	3,538	0	3,538
Washington County Tax	26,022	26,061	(39)
	<u>130,796</u>	<u>135,638</u>	<u>(4,842)</u>
Total Dues and Assessments			

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TOWN OF WAITSFIELD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Special Appropriations:			
Circle	\$ 350	\$ 350	\$ 0
Central Vermont Adult Basic Education	600	600	0
Central Vermont Community Action Council	300	300	0
Central Vermont Community Land Trust	1,000	1,000	0
Central Vermont Council on Aging	1,200	1,200	0
Central Vermont Economic Development	800	800	0
Central Vermont Home Health & Hospice	3,500	3,350	150
Family Center of Washington County	500	500	0
Good Beginnings of Central Vermont	300	300	0
Green Up Vermont	100	100	0
Green Mountain Transit Agency	923	923	0
Mad River Valley Health Center	5,000	5,000	0
Mad River Valley Seniors	7,000	7,000	0
Northern VT Resource Conservation and Development	100	0	100
Peoples Health and Wellness	500	500	0
Retired Senior Voluntary Program	300	300	0
Sexual Assault Crisis Team	250	250	0
Center for Independent Living	620	620	0
Washington County Youth Service	750	750	0
	<u>24,093</u>	<u>23,843</u>	<u>250</u>
Total Special Appropriations			
Miscellaneous:			
Town Pond Maintenance	5,000	0	5,000
Public Safety Training	0	15	(15)
Administration Fees	300	0	300
Maintenance of Parks	13,185	10,358	2,827
Trail Maintenance	1,500	1,500	0
Membership and Dues	185	205	(20)
Community Share Scheduled Maintenance	56,000	56,000	0
Cemetery Veteran's Flags	100	0	100
Mad River Valley Television Hearing Coverage	3,000	3,000	0
Tax Adjustments	10,000	11,902	(1,902)
Other	500	2,849	(2,349)
	<u>89,770</u>	<u>85,829</u>	<u>3,941</u>
Total Miscellaneous			
Joslin Hill Road Engineering:	<u>38,500</u>	<u>68</u>	<u>38,432</u>
Paving:	<u>100,000</u>	<u>84,539</u>	<u>15,461</u>
Brook Road Culvert Grant Expenditures:	<u>0</u>	<u>65,348</u>	<u>(65,348)</u>

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TOWN OF WAITSFIELD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Debt Service:			
Flood Expenses	\$ 20,512	\$ 24,593	\$ (4,081)
2010 International Dump Truck	19,538	19,538	0
Roadside Mower	12,064	12,064	0
Wastewater Loan - RF1-058	36,484	36,484	0
Wastewater Loan - RF1-164	9,382	0	9,382
Town Office Bond	<u>11,752</u>	<u>15,351</u>	<u>(3,599)</u>
 Total Debt Service	 <u>109,732</u>	 <u>108,030</u>	 <u>1,702</u>
Contribution to Reserves:			
Equipment Reserve Fund	40,000	40,000	0
Heavy Equipment Reserve Fund	20,000	20,000	0
Fire Department Equipment Reserve Fund	33,000	33,000	0
Fire Department Building Reserve Fund	7,500	7,500	0
Conservation Fund	10,000	10,000	0
Transportation Path Fund	20,000	20,000	0
Bridge and Culvert Fund	10,000	10,000	0
Reappraisal Fund	20,000	20,000	0
Covered Bridge Repair Fund	10,000	10,000	0
Trees Reserve Fund	3,500	3,500	0
Agriculture Support Fund	<u>2,500</u>	<u>2,500</u>	<u>0</u>
 Total Contribution to Reserves	 <u>176,500</u>	 <u>176,500</u>	 <u>0</u>
Transfer to Bridge and Culvert Fund:	<u>0</u>	<u>86,062</u>	<u>(86,062)</u>
 Total Cash Disbursements	 <u>1,678,194</u>	 <u>1,718,859</u>	 <u>(40,665)</u>
Excess of Cash Receipts Over Cash Disbursements	 <u>\$ 0</u>	 532,451	 <u>\$ 532,451</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
Town Forest Stewardship Fund Timber Sales		32,700	
Town Forest Stewardship Fund Investment Income		<u>75</u>	
Net Change in Fund Balance		565,226	
Fund Balance/(Deficit) - July 1, 2014		<u>(353,964)</u>	
Fund Balance - June 30, 2015		<u>\$ 211,262</u>	

The reconciling items are due to combining one (1) fund, the Town Forest Stewardship Fund, with the General Fund in order to comply with GASB Statement No. 54

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TOWN OF WAITSFIELD, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2015

	2015
Total Plan Net Pension Liability	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.1313%
Town's Proportionate Share of the Net Pension Liability	\$ 11,988
Town's Covered Employee Payroll	\$ 336,734
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	3.5601%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.32% as of June 30, 2014

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: None.

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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TOWN OF WAITSFIELD, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2015

	2015
Contractually Required Contribution (Actuarially Determined)	\$ 18,099
Contributions in Relation to the Actuarially Determined Contributions	18,099
Contribution Excess/(Deficiency)	\$ 0
Town's Covered Employee Payroll	\$ 336,734
Contributions as a Percentage of Town's Covered Employee Payroll	5.375%

Notes to Schedule

Valuation Date: June 30, 2014

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS,
 LIABILITIES AND FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 123,529	\$ 330,115	\$ 453,644
Due from Other Funds	<u>62,528</u>	<u>61,740</u>	<u>124,268</u>
Total Assets	<u>\$ 186,057</u>	<u>\$ 391,855</u>	<u>\$ 577,912</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	\$ <u>11,210</u>	\$ <u>37,503</u>	\$ <u>48,713</u>
Total Liabilities	<u>11,210</u>	<u>37,503</u>	<u>48,713</u>
Fund Balances:			
Restricted	38,665	129	38,794
Committed	80,854	0	80,854
Assigned	<u>55,328</u>	<u>354,223</u>	<u>409,551</u>
Total Fund Balances	<u>174,847</u>	<u>354,352</u>	<u>529,199</u>
Total Liabilities and and Fund Balances	<u>\$ 186,057</u>	<u>\$ 391,855</u>	<u>\$ 577,912</u>

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total
Cash Receipts:			
Intergovernmental	\$ 141,881	\$ 0	\$ 141,881
Charges for Services	8,000	0	8,000
Permits, Licenses and Fees	4,298	0	4,298
Investment Income	210	553	763
	<u>154,389</u>	<u>553</u>	<u>154,942</u>
Cash Disbursements:			
General Government	28,329	0	28,329
Culture and Recreation	139,274	0	139,274
Capital Outlay:			
General Government	0	125,951	125,951
Highways and Streets	0	152,660	152,660
	<u>167,603</u>	<u>278,611</u>	<u>446,214</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(13,214)</u>	<u>(278,058)</u>	<u>(291,272)</u>
Other Financing Sources/(Uses):			
Proceeds from Long-term Debt	0	212,859	212,859
Transfers In	32,500	200,062	232,562
Transfers Out	(2,607)	0	(2,607)
	<u>29,893</u>	<u>412,921</u>	<u>442,814</u>
Net Change in Fund Balances	16,679	134,863	151,542
Fund Balances - July 1, 2014, As Restated	<u>158,168</u>	<u>219,489</u>	<u>377,657</u>
Fund Balances - June 30, 2015	<u>\$ 174,847</u>	<u>\$ 354,352</u>	<u>\$ 529,199</u>

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015

	Records Restoration Fund	Reappraisal Fund	Restroom, Recreation & Conservation Fund	Entrust Conservation Fund	Agricultural Support Fund	Safe Routes to School Fund	Total
<u>ASSETS</u>							
Cash	\$ 0	\$ 41,821	\$ 53,363	\$ 23,334	\$ 5,011	\$ 0	\$ 123,529
Due from Other Funds	<u>26,541</u>	<u>13,507</u>	<u>19,979</u>	<u>0</u>	<u>2,501</u>	<u>0</u>	<u>62,528</u>
Total Assets	<u>\$ 26,541</u>	<u>\$ 55,328</u>	<u>\$ 73,342</u>	<u>\$ 23,334</u>	<u>\$ 7,512</u>	<u>\$ 0</u>	<u>\$ 186,057</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 11,210	\$ 0	\$ 0	\$ 11,210
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,210</u>	<u>0</u>	<u>0</u>	<u>11,210</u>
Fund Balances:							
Restricted	26,541	0	0	12,124	0	0	38,665
Committed	0	0	73,342	0	7,512	0	80,854
Assigned	<u>0</u>	<u>55,328</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,328</u>
Total Fund Balances	<u>26,541</u>	<u>55,328</u>	<u>73,342</u>	<u>12,124</u>	<u>7,512</u>	<u>0</u>	<u>174,847</u>
Total Liabilities and Fund Balances	<u>\$ 26,541</u>	<u>\$ 55,328</u>	<u>\$ 73,342</u>	<u>\$ 23,334</u>	<u>\$ 7,512</u>	<u>\$ 0</u>	<u>\$ 186,057</u>

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Records Restoration Fund	Reappraisal Fund	Restroom, Recreation & Conservation Fund	Entrust Conservation Fund	Agricultural Support Fund	Safe Routes to School Fund	Total
Cash Receipts:							
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,881	\$ 141,881
Charges for Services	0	0	8,000	0	0	0	8,000
Permits, Licenses and Fees	4,298	0	0	0	0	0	4,298
Investment Income	<u>0</u>	<u>72</u>	<u>91</u>	<u>38</u>	<u>9</u>	<u>0</u>	<u>210</u>
Total Cash Receipts	<u>4,298</u>	<u>72</u>	<u>8,091</u>	<u>38</u>	<u>9</u>	<u>141,881</u>	<u>154,389</u>
Cash Disbursements:							
General Government	0	0	20,515	7,814	0	0	28,329
Culture and Recreation	0	0	0	0	0	139,274	139,274
Debt Service:							
Principal	0	0	0	0	0	0	0
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Disbursements	<u>0</u>	<u>0</u>	<u>20,515</u>	<u>7,814</u>	<u>0</u>	<u>139,274</u>	<u>167,603</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>4,298</u>	<u>72</u>	<u>(12,424)</u>	<u>(7,776)</u>	<u>9</u>	<u>2,607</u>	<u>(13,214)</u>
Other Financing Sources/(Uses):							
Transfers In	0	20,000	10,000	0	2,500	0	32,500
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,607)</u>	<u>(2,607)</u>
Total Other Financing Sources/(Uses)	<u>0</u>	<u>20,000</u>	<u>10,000</u>	<u>0</u>	<u>2,500</u>	<u>(2,607)</u>	<u>29,893</u>
Net Change in Fund Balances	4,298	20,072	(2,424)	(7,776)	2,509	0	16,679
Fund Balances - July 1, 2014, As Restated	<u>22,243</u>	<u>35,256</u>	<u>75,766</u>	<u>19,900</u>	<u>5,003</u>	<u>0</u>	<u>158,168</u>
Fund Balances - June 30, 2015	<u>\$ 26,541</u>	<u>\$ 55,328</u>	<u>\$ 73,342</u>	<u>\$ 12,124</u>	<u>\$ 7,512</u>	<u>\$ 0</u>	<u>\$ 174,847</u>

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2015

	Fire Department Equipment Fund	Belden Fund	Ancient Road Fund	Lareau Park Improvement Fund	Street Trees Fund	Equipment Fund	Heavy Equipment Fund	Fire Department Building & Equipment Fund	Bridge & Culvert Fund	Energy Projects Fund	Water Main Break Fund	Total
ASSETS												
Cash	\$ 11,330	\$ 1,890	\$ 0	\$ 5,077	\$ 6,259	\$ 105,746	\$ 61,280	\$ 14,756	\$ 113,744	\$ 10,033	\$ 0	\$ 330,115
Due from Other Funds	<u>33,014</u>	<u>7</u>	<u>726</u>	<u>368</u>	<u>0</u>	<u>0</u>	<u>19,997</u>	<u>7,499</u>	<u>0</u>	<u>0</u>	<u>129</u>	<u>61,740</u>
Total Assets	<u>\$ 44,344</u>	<u>\$ 1,897</u>	<u>\$ 726</u>	<u>\$ 5,445</u>	<u>\$ 6,259</u>	<u>\$ 105,746</u>	<u>\$ 81,277</u>	<u>\$ 22,255</u>	<u>\$ 113,744</u>	<u>\$ 10,033</u>	<u>\$ 129</u>	<u>\$ 391,855</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,231	\$ 23,271	\$ 0	\$ 0	\$ 11,782	\$ 1,219	\$ 0	\$ 37,503
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,231</u>	<u>23,271</u>	<u>0</u>	<u>0</u>	<u>11,782</u>	<u>1,219</u>	<u>0</u>	<u>37,503</u>
Fund Balances:												
Restricted	0	0	0	0	0	0	0	0	0	0	129	129
Assigned	<u>44,344</u>	<u>1,897</u>	<u>726</u>	<u>5,445</u>	<u>5,028</u>	<u>82,475</u>	<u>81,277</u>	<u>22,255</u>	<u>101,962</u>	<u>8,814</u>	<u>0</u>	<u>354,223</u>
Total Fund Balances	<u>44,344</u>	<u>1,897</u>	<u>726</u>	<u>5,445</u>	<u>5,028</u>	<u>82,475</u>	<u>81,277</u>	<u>22,255</u>	<u>101,962</u>	<u>8,814</u>	<u>129</u>	<u>354,352</u>
Total Liabilities and Fund Balances	<u>\$ 44,344</u>	<u>\$ 1,897</u>	<u>\$ 726</u>	<u>\$ 5,445</u>	<u>\$ 6,259</u>	<u>\$ 105,746</u>	<u>\$ 81,277</u>	<u>\$ 22,255</u>	<u>\$ 113,744</u>	<u>\$ 10,033</u>	<u>\$ 129</u>	<u>\$ 391,855</u>

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TOWN OF WAITSFIELD, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Fire Department Equipment Fund	Belden Fund	Ancient Road Fund	Lareau Park Improvement Fund	Street Trees Fund	Equipment Fund	Heavy Equipment Fund	Fire Department Building & Equipment Fund	Bridge & Culvert Fund	Energy Projects Fund	Water Main Break Fund	Total
Cash Receipts:												
Investment Income	\$ 33	\$ 19	\$ 0	\$ 15	\$ 10	\$ 146	\$ 103	\$ 25	\$ 183	\$ 19	\$ 0	\$ 553
Total Cash Receipts	33	19	0	15	10	146	103	25	183	19	0	553
Cash Disbursements:												
Capital Outlay:												
General Government	0	0	0	0	1,080	0	0	0	0	0	124,871	125,951
Highways and Streets	0	0	0	0	0	63,286	0	0	89,374	0	0	152,660
Total Cash Disbursements	0	0	0	0	1,080	63,286	0	0	89,374	0	124,871	278,611
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	33	19	0	15	(1,070)	(63,140)	103	25	(89,191)	19	(124,871)	(278,058)
Other Financing Sources:												
Proceeds from Long-term Debt	0	0	0	0	0	0	0	0	87,859	0	125,000	212,859
Transfers In	33,000	0	0	0	3,500	40,000	20,000	7,500	96,062	0	0	200,062
Total Other Financing Sources	33,000	0	0	0	3,500	40,000	20,000	7,500	183,921	0	125,000	412,921
Net Change in Fund Balances	33,033	19	0	15	2,430	(23,140)	20,103	7,525	94,730	19	129	134,863
Fund Balances - July 1, 2014, As Restated	11,311	1,878	726	5,430	2,598	105,615	61,174	14,730	7,232	8,795	0	219,489
Fund Balances - June 30, 2015	\$ 44,344	\$ 1,897	\$ 726	\$ 5,445	\$ 5,028	\$ 82,475	\$ 81,277	\$ 22,255	\$ 101,962	\$ 8,814	\$ 129	\$ 354,352

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Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
"Government Auditing Standards"

Selectboard
Town of Waitsfield, Vermont
9 Bridge Street
Waitsfield, Vermont 05673

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waitsfield, Vermont as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Waitsfield, Vermont's basic financial statements and have issued our report thereon dated June 21, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified certain deficiencies that we consider to be material weaknesses and others that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Waitsfield, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2015-1 and 2015-2 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2015-3 and 2015-4 to be significant deficiencies.

Compliance and Other Matters

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

We also noted certain other matters that we reported to the management of the Town of Waitsfield, Vermont in a separate letter dated June 21, 2016.

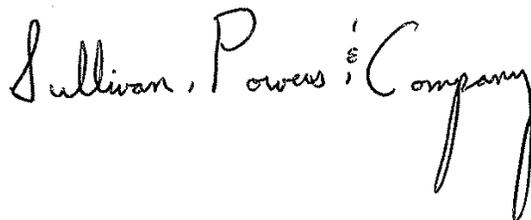
Town of Waitsfield, Vermont's Response to Deficiencies in Internal Control

The Town of Waitsfield, Vermont's response to the deficiencies in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Waitsfield, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Waitsfield, Vermont's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Waitsfield, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 21, 2016
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF WAITSFIELD, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2015

Deficiencies in Internal Control:

Material Weaknesses:

2015-1 Due To/From Other Funds Entries

Criteria:

The Town's due to/from accounts are generated automatically in their accounting software. Journal entries should be posted to separate revenue and expense accounts in their respective funds. Due to/from accounts should only be posted to in the event of a correction of an error. There are no controls in place to ensure that journal entries are not posted to the due to/from accounts.

Condition:

The Town posts journal entries directly to their due to/from accounts rather than to separate revenue and expense accounts in their respective funds.

Cause:

Unknown.

Effect:

Adjustments were required to correct the due to/from accounts.

Recommendation:

We recommend that the Town implement controls to ensure that all revenues and expenses are recorded accurately and that the Town posts journal entries to individual revenue and expense accounts rather than directly to due to/from accounts.

2015-2 Reconciliation of Bank Statements

Criteria:

Internal controls should be in place to ensure that all bank accounts are reconciled to the general ledger on a monthly basis.

Condition:

The Town does not have controls in place to ensure that all bank accounts are being reconciled to the general ledger. Bank reconciliations for all bank accounts are not being completed on a monthly basis in the accounting system module or manually and the bank balances are not being reconciled to the general ledger amounts. This resulted in variances that were required to be researched and adjusted.

TOWN OF WAITSFIELD, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2015

Cause:

Unknown.

Effect:

The Town's financial records may not report the true cash position of the Town at a given date.

Recommendation:

We recommend that the Town implement controls to ensure that bank statements are reconciled to the general ledger on a monthly basis so that errors can be detected and corrected.

Significant Deficiencies:

2015-3 Authorization of General Journal Entries

Criteria:

Internal controls should be in place that requires appropriate officials to authorize and review all adjustments to the books of original entry.

Condition:

The Town does not have a policy in place to require authorization or review of adjustments to the books of original entry.

Cause:

Unknown.

Effect:

This deficiency in the internal control structure could allow other working control policies to be circumvented.

Recommendation:

We recommend that the Town enact a policy that requires appropriate officials to authorize and review all general journal entries so as not to circumvent the original approval process.

TOWN OF WAITSFIELD, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2015

2015-4 Accounting and Procedures Manual

Criteria:

An accounting and procedures manual should be in place. This manual should define duties and responsibilities for current personnel so as to prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. It will also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees.

Condition:

The Town does not have an accounting and procedures manual in place.

Cause:

This has not been considered a priority as the small staff is busy recording the activity of the Town.

Effect:

The Town staff does not have a manual to turn to when questions arise about the scope of their duties and responsibilities.

Recommendation:

We recommend that the Town develop this document for all accounting procedures as soon as possible. Each individual should document their duties and how to perform them. The manual should include examples of forms with descriptions of their use. Once developed, only changes in procedures or forms will require changes in the manual.

We believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.

We also recommend that the Town make sure that there are no jobs related to accounting and finance that only one person knows how to perform. The procedures manual would also be useful in determining whether this situation exists.



TOWN OF WAITSFIELD

MEMORANDUM

TO: Sullivan Powers & Company, P.C.

FROM: Kellee Mazer, Town Treasurer ^{KM}
Valerie Capels, Town Administrator ^{VC}

DATE: June 28, 2016

SUBJECT: Staff Response to FY2015 Audit Findings and Recommendations

Staff has reviewed the findings and recommendations associated Sullivan & Powers' audit of the Town of Waitsfield's FY2015 financial systems and offers the following responses.

2015-1 Due To/Due From other Fund Entries

Staff concurs with the recommendation. Guidance in the past was lacking. Staff has already taken measures to implement controls.

2015-2 Reconciliation of Bank Statements

Staff concurs with the recommendation and has already made substantial progress incorporating specific accounts that had been maintained through Excel spreadsheets into the NEMRC accounting system. Accounts had been reconciled to the bank statements on a monthly basis, whether to NEMRC or the Excel spreadsheets.

2015-3 Authorization of General Journal Entries

Staff concurs with the recommendation and will draft and follow a policy to make sure all journal entries are authorized by appropriate officials.

2015-4 Accounting and Procedures Manual

Much of staff duties are governed by state statutes and staff has applied guidance developed by the Vermont League of Cities and Towns through their manuals, trainings, and other resources on a regular basis. Some operations, such as water billing procedures, are already in a separate binder. That said, the Treasurer will endeavor to develop a manual organized on a basis of daily, weekly, monthly, quarterly, and yearly duties, with a section for policies. Some sections may simply cross-reference those other separate instructive binders or manuals.