

**TOWN OF PROCTOR, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2018**

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AUDIT REPORT  
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Independent Auditor's Report

Selectboard  
Town of Proctor, Vermont  
45 Main Street  
Proctor, Vermont 05765

***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 Proctor, Vermont, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Proctor, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Proctor, Vermont'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 of Proctor, Vermont'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 Proctor, Vermont as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

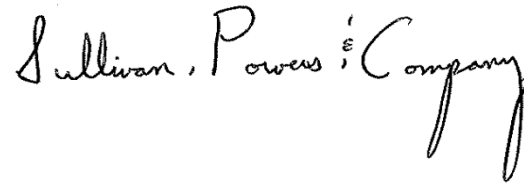
### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Proctor, 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 do not express an opinion or provide any assurance on them.

***Other Reporting Required by “Government Auditing Standards”***

In accordance with “Government Auditing Standards”, we have also issued our report dated November 14, 2018 on our consideration of the Town of Proctor, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Proctor, Vermont’s internal control over financial reporting and compliance.

November 14, 2018  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' and 'C'.

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

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 1,122,990	\$ 379,427	\$ 1,502,417
Investments	204,757	0	204,757
Receivables (Net of Allowance for Uncollectibles)	253,678	177,684	431,362
Internal Balances	(40,234)	40,234	0
Capital Assets:			
Land	102,780	497,524	600,304
Construction in Progress	54,740	304,487	359,227
Other Capital Assets, (Net of Accumulated Depreciation)	3,806,829	9,331,787	13,138,616
<b>Total Assets</b>	<b>5,505,540</b>	<b>10,731,143</b>	<b>16,236,683</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	12,505	46,737	59,242
Accrued Payroll and Benefits Payable	12,239	0	12,239
Accrued Interest Payable	0	14,287	14,287
Noncurrent Liabilities:			
Due Within One Year	0	203,914	203,914
Due in More than One Year	0	5,496,386	5,496,386
<b>Total Liabilities</b>	<b>24,744</b>	<b>5,761,324</b>	<b>5,786,068</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Prepaid Property Taxes	759	0	759
<b>Total Deferred Inflows of Resources</b>	<b>759</b>	<b>0</b>	<b>759</b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	3,964,349	4,433,498	8,397,847
Restricted:			
Highways and Streets	413,621	0	413,621
Culture and Recreation	61,609	0	61,609
Cemetery	187,618	0	187,618
Other	16,979	0	16,979
Unrestricted	835,861	536,321	1,372,182
<b>Total Net Position</b>	<b>\$ 5,480,037</b>	<b>\$ 4,969,819</b>	<b>\$ 10,449,856</b>

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

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 520,473	\$ 34,950	\$ 155,601	\$ 0	\$ (329,922)	\$ 0	\$ (329,922)
Public Safety	216,728	8,938	0	0	(207,790)	0	(207,790)
Highways and Streets	466,505	4,493	63,577	0	(398,435)	0	(398,435)
Culture and Recreation	136,439	2,984	20,966	0	(112,489)	0	(112,489)
Solid Waste and Recycling	154,233	0	0	0	(154,233)	0	(154,233)
Cemetery	2,816	609	0	0	(2,207)	0	(2,207)
<b>Total Governmental Activities</b>	<b>1,497,194</b>	<b>51,974</b>	<b>240,144</b>	<b>0</b>	<b>(1,205,076)</b>	<b>0</b>	<b>(1,205,076)</b>
Business-type Activities:							
Water	385,945	364,704	0	110,888	0	89,647	89,647
Sewer	457,467	329,689	0	0	0	(127,778)	(127,778)
<b>Total Business-type Activities</b>	<b>843,412</b>	<b>694,393</b>	<b>0</b>	<b>110,888</b>	<b>0</b>	<b>(38,131)</b>	<b>(38,131)</b>
<b>Total Primary Government</b>	<b>\$ 2,340,606</b>	<b>\$ 746,367</b>	<b>\$ 240,144</b>	<b>\$ 110,888</b>	<b>(1,205,076)</b>	<b>(38,131)</b>	<b>(1,243,207)</b>
General Revenues:							
Property Taxes					1,126,602	0	1,126,602
Interest on Delinquent Taxes					18,722	0	18,722
General State Grants					11,183	0	11,183
Unrestricted Investment Earnings					3,870	571	4,441
Net Logging Revenue					0	9,689	9,689
Gain on Sale of Vehicle					4,874	0	4,874
Insurance Proceeds					4,321	0	4,321
Other Revenues					17,078	6,100	23,178
<b>Total General Revenues</b>					<b>1,186,650</b>	<b>16,360</b>	<b>1,203,010</b>
Change in Net Position					(18,426)	(21,771)	(40,197)
Net Position - July 1, 2017					5,498,463	4,991,590	10,490,053
Net Position - June 30, 2018					<b>\$ 5,480,037</b>	<b>\$ 4,969,819</b>	<b>\$ 10,449,856</b>

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



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

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 467,395	\$ 655,595	\$ 1,122,990
Investments	0	204,757	204,757
Receivables (Net of Allowance for Uncollectibles)	253,678	0	253,678
Due from Other Funds	<u>0</u>	<u>31</u>	<u>31</u>
Total Assets	<u>\$ 721,073</u>	<u>\$ 860,383</u>	<u>\$ 1,581,456</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 12,505	\$ 0	\$ 12,505
Accrued Payroll and Benefits Payable	12,239	0	12,239
Due to Other Funds	<u>39,803</u>	<u>462</u>	<u>40,265</u>
Total Liabilities	<u>64,547</u>	<u>462</u>	<u>65,009</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	759	0	759
Unavailable Property Taxes and Interest	<u>171,100</u>	<u>0</u>	<u>171,100</u>
Total Deferred Inflows of Resources	<u>171,859</u>	<u>0</u>	<u>171,859</u>
<u>FUND BALANCES</u>			
Restricted	160,181	519,646	679,827
Committed	0	286,010	286,010
Assigned	0	54,265	54,265
Unassigned	<u>324,486</u>	<u>0</u>	<u>324,486</u>
Total Fund Balances	<u>484,667</u>	<u>859,921</u>	1,344,588
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 721,073</u>	<u>\$ 860,383</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.			3,964,349
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.			<u>171,100</u>
Net Position of Governmental Activities			<u>\$ 5,480,037</u>

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

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

	General Fund	Non-Major Governmental Funds	Total
Revenues:			
Property Taxes	\$ 1,115,002	\$ 0	\$ 1,115,002
Interest on Delinquent Taxes	18,722	0	18,722
Intergovernmental	223,008	7,353	230,361
Charges for Services	40,913	500	41,413
Permits, Licenses and Fees	18,796	1,064	19,860
Fines and Forfeits	7,273	0	7,273
Investment Income	77	3,793	3,870
Donations	0	20,966	20,966
Other	17,078	1,774	18,852
	<u>1,440,869</u>	<u>35,450</u>	<u>1,476,319</u>
Total Revenues			
Expenditures:			
General Government	510,338	21,088	531,426
Public Safety	152,569	1,425	153,994
Highways and Streets	347,703	545	348,248
Culture and Recreation	114,281	17,213	131,494
Solid Waste and Recycling	154,233	0	154,233
Cemetery	0	2,816	2,816
Capital Outlay:			
Highways and Streets	151,319	91,388	242,707
Culture and Recreation	2,232	0	2,232
	<u>1,432,675</u>	<u>134,475</u>	<u>1,567,150</u>
Total Expenditures			
Excess/(Deficiency) of Revenues Over Expenditures	<u>8,194</u>	<u>(99,025)</u>	<u>(90,831)</u>
Other Financing Sources/(Uses):			
Proceeds from Sale of Vehicle	0	4,874	4,874
Insurance Proceeds	4,321	0	4,321
Transfers In	0	113,400	113,400
Transfers Out	(113,400)	0	(113,400)
	<u>(109,079)</u>	<u>118,274</u>	<u>9,195</u>
Total Other Financing Sources/(Uses)			
Net Change in Fund Balances	(100,885)	19,249	(81,636)
Fund Balances - July 1, 2017	<u>585,552</u>	<u>840,672</u>	<u>1,426,224</u>
Fund Balances - June 30, 2018	<u>\$ 484,667</u>	<u>\$ 859,921</u>	<u>\$ 1,344,588</u>

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

TOWN OF PROCTOR, VERMONT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

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

Net change in fund balances - total government funds (Exhibit D)	\$ (81,636)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$244,939) is allocated over their estimated useful lives and reported as depreciation expense (\$193,329). This is the amount by which capital outlays exceeded depreciation in the current period.	51,610
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>11,600</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ (18,426)</u></u>

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

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

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Property Taxes	\$ 1,119,790	\$ 1,115,002	\$ (4,788)
Interest on Delinquent Taxes	9,000	18,722	9,722
Current Use	10,623	10,623	0
Education Billing Fee Retained	0	3,424	3,424
Recording Fees	14,000	14,069	69
Beverage Licenses	150	115	(35)
Dog Licenses	700	875	175
Zoning Permits	700	225	(475)
Cemetery	650	650	0
School District Administrative Fee	14,000	14,000	0
Water Administrative Fee	9,173	9,173	0
Sewer Administrative Fee	9,173	9,173	0
Sale of Metal Waste	100	0	(100)
Curbside Fees	500	528	28
Minnie Proctor Pool	2,000	1,924	(76)
Pool Pass	1,000	1,060	60
Local Ordinance Fines	9,000	7,273	(1,727)
Interest Earned	100	77	(23)
State Highway Aid	63,668	63,577	(91)
Sale of Labor and Trucking	3,000	3,000	0
Sale of Highway Supplies	3,500	564	(2,936)
VCDP Museum Grant Income	0	148,248	148,248
Railroad Tax	0	560	560
Highway Charges	0	929	929
Solar Credits	12,000	12,886	886
Insurance Proceeds	0	4,321	4,321
Other	0	4,192	4,192
	<u>1,282,827</u>	<u>1,445,190</u>	<u>162,363</u>
<b>Total Revenues</b>			
<b>Expenditures:</b>			
<b>Administration:</b>			
Selectboard	10,500	10,500	0
Direct Labor	61,301	61,286	15
Retirement	2,969	3,493	(524)
Health & Accident Insurance	3,029	3,343	(314)
FICA	5,493	5,542	(49)
Workers' Compensation	387	418	(31)
Unemployment Insurance	223	124	99
Dues	150	85	65
Fees/Travel	550	878	(328)
Publications	125	95	30
Office Supplies	1,400	1,695	(295)
Postage	200	0	200
Advertising	1,500	1,100	400
Marketing and Promotions	800	80	720
Miscellaneous	350	694	(344)
	<u>88,977</u>	<u>89,333</u>	<u>(356)</u>
<b>Total Administration</b>			

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

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

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Clerk and Treasurer:			
Direct Labor	\$ 87,148	\$ 86,570	\$ 578
Direct Labor Overtime	509	1,161	(652)
Health & Accident Insurance	27,742	28,202	(460)
Retirement	4,264	3,007	1,257
FICA	6,767	6,515	252
Workers' Compensation	397	491	(94)
Unemployment Insurance	127	82	45
Fees/Travel	800	60	740
Computer Services	3,895	2,626	1,269
Office Supplies	3,140	3,074	66
Postage	3,000	2,457	543
Advertising	200	0	200
Town Report and Budget	3,975	3,184	791
Dog Expense	200	150	50
Miscellaneous	500	281	219
	142,664	137,860	4,804
 Listers:			
Telephone	450	799	(349)
Office Supplies	206	543	(337)
Postage	200	34	166
Professional Services	14,200	19,005	(4,805)
	15,056	20,381	(5,325)
 Elections:	2,000	1,750	250
 Professional Services:			
Tax Collector FICA	800	283	517
Audit	21,000	13,534	7,466
Legal	6,000	9,729	(3,729)
Miscellaneous	500	0	500
	28,300	23,546	4,754
 Municipal Building:			
Heat	2,500	2,162	338
Electricity	1,773	1,353	420
Telephone	1,440	2,542	(1,102)
Internet Service	960	1,254	(294)
Website Hosting	875	468	407
Repairs and Improvements	0	122	(122)
Building Maintenance	0	893	(893)
Equipment Maintenance	0	1,510	(1,510)
Miscellaneous	0	740	(740)
Equipment Replacement	2,500	2,500	0
	10,048	13,544	(3,496)

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

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

	Budget	Actual	Variance Favorable/ (Unfavorable)
Boards and Agencies:			
Planning Commission	\$ 2,280	\$ 1,725	\$ 555
FICA	250	280	(30)
Operating Expenses	400	137	263
Advertising	500	119	381
Zoning Administrator Expenses	275	0	275
Rutland Regional Planning	250	0	250
Economic Development	0	364	(364)
VCDP Museum Grant Expense	0	148,733	(148,733)
Planning Grant Expense	12,000	0	12,000
Bike Path Study Grant Expense	0	2,235	(2,235)
Total Boards and Agencies	<u>15,955</u>	<u>153,593</u>	<u>(137,638)</u>
General Insurance:			
Employer Practices Liability	3,845	3,113	732
Property & Casualty	10,891	7,609	3,282
Public Official Liability	5,027	4,130	897
Special Events	0	618	(618)
Total General Insurance	<u>19,763</u>	<u>15,470</u>	<u>4,293</u>
Solid Waste Disposal:			
Transfer Station	3,000	9,128	(6,128)
Curbside Garbage	109,627	109,559	68
Curbside Recycling	35,635	35,546	89
Total Solid Waste Disposal	<u>148,262</u>	<u>154,233</u>	<u>(5,971)</u>
Street Lights:	<u>33,479</u>	<u>26,232</u>	<u>7,247</u>
Fire Department:			
Direct Labor	10,000	10,000	0
FICA	765	765	0
Workers' Compensation	2,650	2,662	(12)
Heat	3,000	1,766	1,234
Electricity	3,752	3,644	108
Telephone	900	693	207
Diesel, Gas & Oil	1,750	1,758	(8)
Vehicle Expenses/Repairs	6,500	21,653	(15,153)
Emergency Generator Fuel	250	0	250
General Insurance	12,339	11,918	421
Dues/Subscriptions/Travel	850	979	(129)
Training	1,000	405	595
Information Technology	1,000	895	105
Operating Supplies	2,000	545	1,455
Protective Equipment	2,500	2,375	125
Small Tools and Equipment	4,000	3,888	112
Communications	4,500	3,716	784
Hepatitis Vaccine	400	0	400
Buildings Improvements/Repairs	5,000	3,087	1,913
Machinery and Equipment/Repairs	6,900	5,956	944

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

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

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department/(Cont'd):			
Equipment Reserve	\$ 65,000	\$ 65,000	\$ 0
Protective Equipment Reserve	5,000	5,000	0
Building Reserve	5,000	5,000	0
	<hr/>	<hr/>	<hr/>
Total Fire Department	145,056	151,705	(6,649)
Police:			
Contract Services	66,623	67,642	(1,019)
Town Health Officer	250	250	0
FICA	19	0	19
Traffic Lights Electricity	1,135	1,008	127
Traffic Lights Maintenance	500	0	500
	<hr/>	<hr/>	<hr/>
Total Police	68,527	68,900	(373)
Swimming Pool:			
Direct Labor	23,220	16,860	6,360
FICA	1,776	1,162	614
Workers' Compensation	1,283	1,945	(662)
Unemployment Insurance	78	47	31
Electricity	766	333	433
Telephone	180	358	(178)
General Insurance	1,132	790	342
Contract Services - Mowing	600	0	600
Operating Supplies	500	62	438
Monitoring Tests	300	475	(175)
Building Improvements/Repairs	1,100	2,236	(1,136)
Advertising	200	0	200
Equipment Purchase	200	0	200
Uniforms	300	256	44
Training	2,000	960	1,040
Red Cross Association Dues	200	0	200
Miscellaneous	500	200	300
	<hr/>	<hr/>	<hr/>
Total Swimming Pool	34,335	25,684	8,651
Skating Rink:			
Direct Labor	9,000	9,000	0
FICA	689	689	0
Workers' Compensation	526	720	(194)
Unemployment Insurance	98	32	66
Heat	1,275	839	436
Electricity	706	630	76
Telephone	180	358	(178)
General Insurance	1,601	1,216	385
Operating Supplies	400	362	38
Vehicle Expenses/Repairs	300	0	300
Building Improvements/Repairs	500	1,294	(794)
Skating Equipment	600	18	582
Miscellaneous	500	0	500
	<hr/>	<hr/>	<hr/>
Total Skating Rink	16,375	15,158	1,217

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

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

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Parks:</b>			
Parks/Our Yard	\$ 2,500	\$ 2,500	\$ 0
Main Street, Park & Bridge Electricity	3,225	3,157	68
Main Street, Park & Bridge Repairs	1,000	610	390
Youth League Field Electricity	665	401	264
Youth League Field Insurance	526	408	118
Beaver Pond Maintenance	1,000	184	816
Memorial Day Parade	1,000	1,176	(176)
Wreaths	100	0	100
Cemetery Flags	300	0	300
	<u>10,316</u>	<u>8,436</u>	<u>1,880</u>
<b>Taxes and Assessments:</b>			
County Tax	9,286	9,190	96
Town Forest Tax	300	313	(13)
Transfer Station Tax	61	63	(2)
Dam Registration Fees	900	900	0
VLCT	2,965	2,965	0
Rutland Regional Planning	925	925	0
Marble Valley Transit	5,000	5,000	0
Regional Ambulance	6,964	6,964	0
Rutland Economic Development	500	500	0
Rutland Region Chamber of Commerce	350	360	(10)
	<u>27,251</u>	<u>27,180</u>	<u>71</u>
<b>Special Appropriations:</b>			
Visiting Nurse	3,600	3,600	0
R.S.V.P.	250	250	0
Rutland Mental Health	2,000	2,000	0
Vermont Council on Aging	500	500	0
New Story Center	220	220	0
BROC	1,000	1,000	0
Association of Retarded Citizens	300	300	0
Rutland Conservation District	250	250	0
Neighbor Works of Western Vermont	200	200	0
Vermont Center for Independent Living	250	250	0
Rutland Parent/Child Center	500	500	0
Pittsford Food Shelf	1,000	1,000	0
Proctor Seniors	1,000	1,000	0
The Mentor Connector	1,500	1,500	0
Habitat for Humanity	578	578	0
	<u>13,148</u>	<u>13,148</u>	<u>0</u>
Library:	<u>65,000</u>	<u>65,000</u>	<u>0</u>
Transfer to Marble Bridge Fund:	<u>1,000</u>	<u>1,000</u>	<u>0</u>

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



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

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway:			
Direct Labor	\$ 99,771	\$ 108,023	\$ (8,252)
Direct Labor - Overtime	7,406	15,433	(8,027)
Health & Accident Insurance	39,660	25,678	13,982
Retirement	175	0	175
FICA	8,199	9,046	(847)
Workers' Compensation	13,072	14,966	(1,894)
Unemployment Insurance	431	204	227
Heat	2,000	1,400	600
Electricity	1,200	1,438	(238)
Telephone & Internet	1,740	1,916	(176)
Salt Shed Electricity	905	862	43
Diesel, Gas & Oil	14,250	12,342	1,908
Vehicle Expenses/Repairs	21,000	44,186	(23,186)
General Insurance	16,843	13,290	3,553
Fees/Travel	600	308	292
AIRGAS	300	271	29
Tree Work	4,000	4,810	(810)
Mowing	3,845	10,399	(6,554)
Contract Services	1,000	100	900
Highway Repairs	10,000	8,076	1,924
Highway Improvements	55,000	157,698	(102,698)
Class II Paving	20,000	101	19,899
Uniforms	1,500	2,946	(1,446)
Operating Supplies	2,000	1,819	181
New Small Tools, Equipment	2,500	728	1,772
Salt, Sand, Plow Blades	66,000	53,680	12,320
Salt Shed Lease	1,643	1,686	(43)
Signs	2,000	3,073	(1,073)
Rentals	500	0	500
Miscellaneous Highway	0	1,995	(1,995)
Building Improvements/Repairs	1,000	1,550	(550)
Tools/Equipment Maintenance	1,000	998	2
Equipment Reserve Fund	15,000	15,000	0
Garage Reserve fund	10,000	19,900	(9,900)
	424,540	533,922	(109,382)
Total Highway			
	1,310,052	1,546,075	(236,023)
Total Expenditures			
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(27,225)</u>	(100,885)	\$ <u>(73,660)</u>
Fund Balance - July 1, 2017		585,552	
Fund Balance - June 30, 2018		\$ 484,667	

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

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 256,174	\$ 123,253	\$ 379,427
Receivables (Net of Allowance for Uncollectibles)	87,311	90,373	177,684
Due from Other Funds	<u>41,629</u>	<u>0</u>	<u>41,629</u>
Total Current Assets	<u>385,114</u>	<u>213,626</u>	<u>598,740</u>
Noncurrent Assets:			
Land	493,470	4,054	497,524
Construction in Progress	23,048	281,439	304,487
Buildings and Building Improvements	8,000,623	4,206,900	12,207,523
Machinery and Equipment	302,304	2,465,330	2,767,634
Water Lines	74,162	0	74,162
Less: Accumulated Depreciation	<u>(1,597,313)</u>	<u>(4,120,219)</u>	<u>(5,717,532)</u>
Total Noncurrent Assets	<u>7,296,294</u>	<u>2,837,504</u>	<u>10,133,798</u>
Total Assets	<u>\$ 7,681,408</u>	<u>\$ 3,051,130</u>	<u>\$ 10,732,538</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 11,911	\$ 34,826	\$ 46,737
Accrued Interest Payable	11,504	2,783	14,287
Due to Other Funds	0	1,395	1,395
General Obligation Bonds Payable - Current Portion	<u>189,345</u>	<u>14,569</u>	<u>203,914</u>
Total Current Liabilities	<u>212,760</u>	<u>53,573</u>	<u>266,333</u>
Noncurrent Liabilities:			
General Obligation Bonds Payable - Noncurrent Portion	<u>5,313,900</u>	<u>182,486</u>	<u>5,496,386</u>
Total Noncurrent Liabilities	<u>5,313,900</u>	<u>182,486</u>	<u>5,496,386</u>
Total Liabilities	<u>5,526,660</u>	<u>236,059</u>	<u>5,762,719</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,793,049	2,640,449	4,433,498
Unrestricted	<u>361,699</u>	<u>174,622</u>	<u>536,321</u>
Total Net Position	<u>2,154,748</u>	<u>2,815,071</u>	<u>4,969,819</u>
Total Liabilities and Net Position	<u>\$ 7,681,408</u>	<u>\$ 3,051,130</u>	<u>\$ 10,732,538</u>

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

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

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges/Rents	\$ 363,401	\$ 329,689	\$ 693,090
Other	1,303	0	1,303
Total Operating Revenues	<u>364,704</u>	<u>329,689</u>	<u>694,393</u>
Operating Expenses:			
Salaries and Benefits	6,541	5,104	11,645
Administrative Fees	9,173	9,173	18,346
Utilities	39,824	90,715	130,539
Supplies	3,912	2,824	6,736
Insurances	4,628	10,328	14,956
Machinery and Equipment	2,364	1,970	4,334
Contract Services	86,498	122,428	208,926
Dues and Fees	9,102	3,953	13,055
Repairs and Maintenance	28,311	34,701	63,012
Chemicals	1,613	13,772	15,385
Depreciation	174,258	158,272	332,530
Total Operating Expenses	<u>366,224</u>	<u>453,240</u>	<u>819,464</u>
Operating Income/(Loss)	<u>(1,520)</u>	<u>(123,551)</u>	<u>(125,071)</u>
Non-Operating Revenues/(Expenses):			
Grant Income - Negative Interest	84,536	0	84,536
Logging Income	42,815	0	42,815
Logging Expenses	(33,126)	0	(33,126)
Other Income	6,100	0	6,100
Investment Income	531	40	571
Interest Expense	(19,721)	(4,227)	(23,948)
Total Non-Operating Revenues/(Expenses)	<u>81,135</u>	<u>(4,187)</u>	<u>76,948</u>
Net Income/(Loss) Before Capital Contributions	79,615	(127,738)	(48,123)
Capital Contributions	<u>26,352</u>	<u>0</u>	<u>26,352</u>
Change in Net Position	105,967	(127,738)	(21,771)
Net Position - July 1, 2017	<u>2,048,781</u>	<u>2,942,809</u>	<u>4,991,590</u>
Net Position - June 30, 2018	<u>\$ 2,154,748</u>	<u>\$ 2,815,071</u>	<u>\$ 4,969,819</u>

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

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

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 340,434	\$ 305,411	\$ 645,845
Payments for Goods and Services	(170,300)	(287,050)	(457,350)
Payments for Interfund Services	(9,173)	(9,173)	(18,346)
Payments for Wages and Benefits	(6,541)	(5,104)	(11,645)
Net Cash Provided by Operating Activities	<u>154,420</u>	<u>4,084</u>	<u>158,504</u>
Cash Flows From Noncapital Financing Activities:			
Decrease/(Increase) in Due from Other Funds	(41,091)	0	(41,091)
(Decrease)/Increase in Due to Other Funds	0	(2,530)	(2,530)
Net Logging Revenue	9,689	0	9,689
Other Income	6,100	0	6,100
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(25,302)</u>	<u>(2,530)</u>	<u>(27,832)</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from General Obligation Bonds Payable	19,043	0	19,043
Acquisition and Construction of Capital Assets	(67,360)	(262,648)	(330,008)
Principal Paid on General Obligation Bonds Payable	(187,805)	(14,283)	(202,088)
Interest Paid on General Obligation Bonds Payable	(19,721)	(4,227)	(23,948)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(255,843)</u>	<u>(281,158)</u>	<u>(537,001)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	<u>531</u>	<u>40</u>	<u>571</u>
Net Cash Provided by Investing Activities	<u>531</u>	<u>40</u>	<u>571</u>
Net Increase/(Decrease) in Cash	(126,194)	(279,564)	(405,758)
Cash - July 1, 2017	<u>382,368</u>	<u>402,817</u>	<u>785,185</u>
Cash - June 30, 2018	<u>\$ 256,174</u>	<u>\$ 123,253</u>	<u>\$ 379,427</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ (1,520)	\$ (123,551)	\$ (125,071)
Depreciation	174,258	158,272	332,530
(Increase)/Decrease in Receivables	(24,270)	(24,278)	(48,548)
Increase/(Decrease) in Accounts Payable	<u>5,952</u>	<u>(6,359)</u>	<u>(407)</u>
Net Cash Provided by Operating Activities	<u>\$ 154,420</u>	<u>\$ 4,084</u>	<u>\$ 158,504</u>

The Water Fund recognized a forgiveness of debt as a result of negative interest on two loans in the amount of \$84,536 from the State of Vermont.

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$26,352.

There was \$27,791 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2018.

The Sewer Fund disposed of capital assets with a cost and accumulated depreciation of \$206,520.

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

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

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

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Town of Proctor, Vermont conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. 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 Proctor, 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, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

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

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

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, 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 revenues, including all taxes, are presented as general revenues.

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 fund:

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.

The Town reports on the following major enterprise funds:

Water Fund – This fund accounts for the operations of the Water Department.

Sewer Fund – This fund accounts for the operations of the Sewer Department.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) 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., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

**D. Basis of Accounting**

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

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

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

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

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

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

**E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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.

**2. Investments**

The Town invests in investments as allowed by State statutes. Investments with readily determinable fair values are reported at fair value on the balance sheet. Unrealized gains and losses are included in revenue.

**3. Receivables**

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

**4. Internal Balances**

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 to/from 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”.

**5. Inventories and Prepaid Expenses**

Inventory quantities are determined by physical count and are valued at the lower of cost or market.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

Reported inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a nonspendable fund balance as they are not in spendable form.



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

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

**7. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with the fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 1,000	Not Depreciated
Construction in Progress	1,000	Not Depreciated
Buildings and Building Improvements	5,000	25-50 Years
Vehicles	5,000	4-15 Years
Machinery and Equipment	1,000	5-10 Years
Infrastructure	5,000	30-50 Years
Water Lines	5,000	40 Years
Dredging Costs	5,000	10 Years

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

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

**8. Long-term Liabilities**

Long-term liabilities include bonds payable, notes payable and other long-term obligations. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

**9. 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 the 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 of governmental funds 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.

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS**

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

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

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The General Fund budget is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year.

**B. Budgeted Deficit**

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$27,225 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures in Exhibit F.

**C. Excess of Expenditures over Appropriations**

For the year ended June 30, 2018, expenditures in the General Fund exceeded appropriations by \$236,023. These over-expenditures were funded by excess revenues and available fund balance.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

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

Cash:

Deposits with Financial Institutions	\$1,502,367
Cash on Hand	<u>50</u>
Total Cash	<u>1,502,417</u>

Investments:

Certificates of Deposit	39,262
Mutual Funds – Mixed Holdings	<u>165,495</u>
Total Investments	<u>204,757</u>

Total Cash and Investments	<u>\$1,707,174</u>
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The Town has five (5) certificates of deposit at various banks ranging from \$4,930 to \$9,980 with interest rates ranging from 1.6% to 2.20%. All certificates of deposit will mature by fiscal year 2021.

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

**Custodial Credit Risk**

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

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC/SIPC	\$ 309,720	\$ 309,720
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>1,231,909</u>	<u>1,287,887</u>
Total	<u>\$1,541,629</u>	<u>\$1,597,607</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,502,367
Investments – Certificates of Deposit	<u>39,262</u>
Total	<u>\$1,541,629</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit its exposure to interest rate risk. The Town's certificates of deposit are exempt from interest rate risk disclosure. The Town's mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

**Credit Risk**

Generally, credit risk that is the risk an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit are exempt from credit risk disclosure. The mutual funds are open-ended and, therefore, are also exempt from credit risk disclosure.

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

**Concentration of Credit Risk**

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

**B. Receivables**

Receivables as of June 30, 2018, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 189,142	\$ 0	\$ 189,142
Interest Receivable	46,069	0	46,069
Accounts Receivable	8,542	0	8,542
Due from School District	17,625	0	17,625
Billed Services	0	223,684	223,684
Allowance for Doubtful Accounts - Taxes	(7,700)	0	(7,700)
Allowance for Doubtful Accounts - Water/Sewer	0	(46,000)	(46,000)
<b>Total</b>	<b>\$ 253,678</b>	<b>\$ 177,684</b>	<b>\$ 431,362</b>

**C. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 102,780	\$ 0	\$ 0	\$ 102,780
Construction in Progress	43,896	10,844	0	54,740
Total Capital Assets, Not Being Depreciated	<u>146,676</u>	<u>10,844</u>	<u>0</u>	<u>157,520</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	881,866	70,643	0	952,509
Vehicles	924,346	0	86,385	837,961
Machinery and Equipment	962,538	12,133	0	974,671
Infrastructure	3,288,277	151,319	0	3,439,596
Totals	<u>6,057,027</u>	<u>234,095</u>	<u>86,385</u>	<u>6,204,737</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	652,909	16,073	0	668,982
Vehicles	257,829	52,664	86,385	224,108
Machinery and Equipment	656,136	45,006	0	701,142
Infrastructure	724,090	79,586	0	803,676
Totals	<u>2,290,964</u>	<u>193,329</u>	<u>86,385</u>	<u>2,397,908</u>
Total Capital Assets, Being Depreciated	<u>3,766,063</u>	<u>40,766</u>	<u>0</u>	<u>3,806,829</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,912,739</u>	<u>\$ 51,610</u>	<u>\$ 0</u>	<u>\$ 3,964,349</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 497,524	\$ 0	\$ 0	\$ 497,524
Construction in Progress	<u>0</u>	<u>304,487</u>	<u>0</u>	<u>304,487</u>
Total Capital Assets, Not Being Depreciated	<u>497,524</u>	<u>304,487</u>	<u>0</u>	<u>802,011</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	12,198,523	9,000	0	12,207,523
Machinery and Equipment	2,723,322	44,312	0	2,767,634
Water Lines	74,162	0	0	74,162
Dredging Costs	<u>206,520</u>	<u>0</u>	<u>206,520</u>	<u>0</u>
Totals	<u>15,202,527</u>	<u>53,312</u>	<u>206,520</u>	<u>15,049,319</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	3,366,693	266,029	0	3,632,722
Machinery and Equipment	1,971,959	64,648	0	2,036,607
Water Lines	46,350	1,853	0	48,203
Dredging Costs	<u>206,520</u>	<u>0</u>	<u>206,520</u>	<u>0</u>
Totals	<u>5,591,522</u>	<u>332,530</u>	<u>206,520</u>	<u>5,717,532</u>
Total Capital Assets, Being Depreciated	<u>9,611,005</u>	<u>(279,218)</u>	<u>0</u>	<u>9,331,787</u>
Business-type Activities Capital Assets, Net	<u>\$ 10,108,529</u>	<u>\$ 25,269</u>	<u>\$ 0</u>	<u>\$ 10,133,798</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 7,393	Water	\$ 174,258
Public Safety	62,734	Sewer	<u>158,272</u>
Highways and Streets	118,257		
Culture and Recreation	<u>4,945</u>		
 Total Depreciation Expense - Governmental Activities	 <u>\$ 193,329</u>	 Total Depreciation Expense - Business-type Activities	 <u>\$ 332,530</u>

**D. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2018 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 39,803
Non-Major Governmental Funds	31	462
Water Fund	41,629	0
Sewer Fund	<u>0</u>	<u>1,395</u>
 Total	 <u>\$ 41,660</u>	 <u>\$ 41,660</u>

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

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Marble Bridge Fund	\$ 1,000	Appropriation
General Fund	Town Office Equipment Fund	2,500	Appropriation
General Fund	Highway Equipment Fund	15,000	Appropriation
General Fund	Fire Department Fund	75,000	Appropriation
General Fund	Highway Garage Fund	10,000	Appropriation
General Fund	Highway Garage Fund	<u>9,900</u>	Fund Capital Project
Total		<u>\$ 113,400</u>	

**E. Deferred Inflows of Resources**

Deferred inflows of resources in the General Fund consists of \$171,100 of delinquent property taxes and interest on those taxes not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$759 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$171,859.

**F. Long-term Liabilities**

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 proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations 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 interest and negative interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the State of Vermont Special Environmental Revolving Fund for water and sewer projects.

Long-term liabilities outstanding as of June 30, 2018 were as follows:

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Improvements, Principal and Interest Payments of \$71,047 Payable on December 1 Annually, Interest at 1%, 2% Administration Fee, Due December, 2027	\$ 657,371	\$ 0	\$ 51,326	\$ 606,045

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Improvements, Principal and Interest Payments of \$67,609 Payable on November 1 Annually, -2% Interest, Due November, 2044. The Town will Recognize Grant Income Annually For the Amount of Forgiven Principal as a Result of the Negative Interest	\$2,571,292	\$ 0	\$119,035	\$2,452,257
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Improvements, Authorized to \$2,713,773 in Total but Eligible for \$166,850 Subsidy, Principal and Interest Payment of \$68,870 Payable on March 1 Annually, - 1.3% Interest, Due March, 2047. The Town Recognized \$26,352 of the Subsidy during the Year. The Town will Recognize Grant Income Annually For the Amount of Forgiven Principal as a Result of the Negative Interest	2,554,232	19,043	128,332	2,444,943
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Pollution Control Facility, Principal and Administration Fee Payments of \$1,697 Payable on December 1 Annually, 0% Interest, 2% Administration Fee, Due December, 2030	20,541	0	1,286	19,255
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Pollution Control Facility, Principal and Administration Fee Payments of \$16,813 Payable on November 1 Annually, 0% Interest, 2% Administration Fee, Due November 1, 2029	<u>190,797</u>	<u>0</u>	<u>12,997</u>	<u>177,800</u>
Total	<u>\$5,994,233</u>	<u>\$19,043</u>	<u>\$312,976</u>	<u>\$5,700,300</u>



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

Changes in long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
General Obligation Bonds Payable	\$ 5,994,233	\$ 19,043	\$ 312,976	\$ 5,700,300	\$ 203,914
Total Business-type Activities Long-term Liabilities	<u>\$ 5,994,233</u>	<u>\$ 19,043</u>	<u>\$ 312,976</u>	<u>\$ 5,700,300</u>	<u>\$ 203,914</u>

Debt service requirements to maturity are as follows:

Year Ending June 30	Business-type Activities		
	Principal	Interest	Total
2019	\$ 203,914	\$ 22,122	\$ 226,036
2020	205,791	20,245	226,036
2021	207,721	18,315	226,036
2022	209,707	16,329	226,036
2023	211,750	14,286	226,036
2024-2028	1,091,472	38,703	1,130,175
2029-2033	719,930	1,180	721,110
2034-2038	682,395	0	682,395
2039-2043	682,392	0	682,392
2044-2047	410,694	0	410,694
Principal to be Forgiven (To Be Converted to Grant)	<u>1,074,534</u>	<u>0</u>	<u>1,074,534</u>
Total	<u>\$ 5,700,300</u>	<u>\$ 131,180</u>	<u>\$ 5,831,480</u>

The above maturities include the administration fee as interest.

### G. Fund Balances

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

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

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

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

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. The Town does not have any stabilization arrangements.

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

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

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

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

Major Funds

General Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	<u>\$160,181</u>
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Non-Major Funds

Special Revenue Funds:

Restricted for Mortimer R. Proctor Fund Expenses by Donations (Source of Revenue is Donations)	19,002
Restricted for Record Restoration Expenses by Statute (Source of Revenue is Restoration Fees)	6,976
Restricted for Recreation Programs by Donations (Source of Revenue is Donations)	<u>41,034</u>
Total Special Revenue Funds	<u>67,012</u>

Capital Projects Funds:

Restricted for Highway Equipment Expenditures by Statute (Source of Revenue is Highway Property Taxes)	249,180
Restricted for Skating Rink Expenditures by Donations (Source of Revenue is Donations)	1,573
Restricted for Beaver Pond Expenditures by Donations (Source of Revenue is Donations)	10,003
Restricted for Highway Garage Expenditures by Statute (Source of Revenue is Highway Property Taxes)	<u>4,260</u>
Total Capital Projects Funds	<u>265,016</u>

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

Permanent Fund:	
Restricted for Riverside Cemetery Perpetual Care by Sale of Lots	\$ <u>187,618</u>
Total Non-Major Funds	519,646
Total Restricted Fund Balances	\$ <u>679,827</u>

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

Non-Major Funds

Capital Projects Funds:	
Committed for Marble Bridge Expenditures by the Voters	\$ 12,141
Committed for Town Office Equipment Expenditures by the Voters	13,035
Committed for Fire Department Expenditures by the Voters	197,153
Committed for Town Hall Building Expenditures by the Voters	<u>63,681</u>
Total Committed Fund Balances	\$ <u>286,010</u>

The fund balances in the following fund is assigned as follows:

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	\$ <u>54,265</u>
Total Assigned Fund Balances	\$ <u>54,265</u>

**H. Restricted and Designated Net Position**

The restricted net position of the Town as of June 30, 2018 consisted of the following:

Governmental Activities:	
Restricted for Highway Expenditures by Statute	\$413,621
Restricted for Mortimer R. Proctor Fund Expenses by Donations	19,002
Restricted for Record Restoration Expenses by Statute	6,976
Restricted for Recreation Programs by Donations	41,034
Restricted for Skating Rink Expenditures by Donations	1,573
Restricted for Beaver Pond Expenditures by Donations	10,003
Restricted for Riverside Cemetery Perpetual Care by Sale of Lots	<u>187,618</u>
Total Governmental Activities	\$ <u>679,827</u>

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

The designated net position of the Town’s Proprietary Funds as of June 30, 2018 consisted of the following:

Water Fund:	
Designated for Vehicle Replacement	\$ 24,088
Designated for Water Operations	<u>337,611</u>
Total Water Fund	<u>361,699</u>
Sewer Fund:	
Designated for Sewer Operations	<u>174,622</u>
Total Business-type Activities	<u>\$536,321</u>

**V. OTHER INFORMATION**

**A. BENEFIT PLAN**

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Town is the administrator of the plan. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan, but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

The Town has elected to contribute 5% of eligible employees’ earnings, limited to forty (40) hours per week, for hourly employees and the weekly salary for salaried employees. Total payroll for the year was \$328,290. Total covered payroll for the year was \$131,782. The contribution by the Town to the deferred compensation plan for the years ended June 30, 2018, 2017 and 2016 were \$6,589, \$6,779 and \$6,733, respectively.

**B. PROPERTY TAXES**

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected four (4) times per year. During the tax year ended June 30, 2018 property taxes became due and payable on August 10, 2017, November 10, 2017, February 10, 2018 and May 10, 2018. The penalty is eight percent (8%). Interest is assessed at one percent (1%) per month for the first three months and one and one-half percent (1-1/2%) per month for each month thereafter. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2018 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.5749	1.4835
Town	<u>0.9944</u>	<u>0.9944</u>
Total	<u>2.5693</u>	<u>2.4779</u>

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

**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 is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

**D. CONTINGENT LIABILITIES**

The Town is a participating member in the Rutland Solid Waste District (RSWD). The Town could be subject to a portion of the District's debt if they experience financial difficulties.

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

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

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Riverside Cemetery Fund	Total
<u>ASSETS</u>				
Cash	\$ 81,984	\$ 551,488	\$ 22,123	\$ 655,595
Investments	39,262	0	165,495	204,757
Due from Other Funds	31	0	0	31
Total Assets	\$ 121,277	\$ 551,488	\$ 187,618	\$ 860,383
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to Other Funds	\$ 0	\$ 462	\$ 0	\$ 462
Total Liabilities	0	462	0	462
Fund Balances:				
Restricted	67,012	265,016	187,618	519,646
Committed	0	286,010	0	286,010
Assigned	54,265	0	0	54,265
Total Fund Balances	121,277	551,026	187,618	859,921
Total Liabilities and Fund Balances	\$ 121,277	\$ 551,488	\$ 187,618	\$ 860,383

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF PROCTOR, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Riverside Cemetery Fund	Total
<b>Revenues:</b>				
Intergovernmental	\$ 7,353	\$ 0	\$ 0	\$ 7,353
Charges for Services	0	0	500	500
Permits, Licenses and Fees	1,064	0	0	1,064
Investment Income	254	51	3,488	3,793
Donations	20,619	347	0	20,966
Other	0	1,665	109	1,774
<b>Total Revenues</b>	<b>29,290</b>	<b>2,063</b>	<b>4,097</b>	<b>35,450</b>
<b>Expenditures:</b>				
General Government	18,709	2,379	0	21,088
Public Safety	0	1,425	0	1,425
Highways and Streets	0	545	0	545
Culture and Recreation	16,467	746	0	17,213
Cemetery	0	0	2,816	2,816
Capital Outlay:				
Highways and Streets	0	91,388	0	91,388
<b>Total Expenditures</b>	<b>35,176</b>	<b>96,483</b>	<b>2,816</b>	<b>134,475</b>
Excess/(Deficiency) of Revenues Over Expenditures	(5,886)	(94,420)	1,281	(99,025)
<b>Other Financing Sources:</b>				
Proceeds from Sale of Vehicle	0	4,874	0	4,874
Transfers In	0	113,400	0	113,400
<b>Total Other Financing Sources</b>	<b>0</b>	<b>118,274</b>	<b>0</b>	<b>118,274</b>
<b>Net Change in Fund Balances</b>	<b>(5,886)</b>	<b>23,854</b>	<b>1,281</b>	<b>19,249</b>
Fund Balances - July 1, 2017	127,163	527,172	186,337	840,672
Fund Balances - June 30, 2018	\$ 121,277	\$ 551,026	\$ 187,618	\$ 859,921

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

	Mortimer R. Proctor Fund	Reappraisal Fund	Record Restoration Fund	Recreation Trust Fund	Total
<u>ASSETS</u>					
Cash	\$ 19,002	\$ 54,265	\$ 6,976	\$ 1,741	\$ 81,984
Investments	0	0	0	39,262	39,262
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>31</u>	<u>31</u>
Total Assets	<u>\$ 19,002</u>	<u>\$ 54,265</u>	<u>\$ 6,976</u>	<u>\$ 41,034</u>	<u>\$ 121,277</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:					
Restricted	19,002	0	6,976	41,034	67,012
Assigned	<u>0</u>	<u>54,265</u>	<u>0</u>	<u>0</u>	<u>54,265</u>
Total Fund Balances	<u>19,002</u>	<u>54,265</u>	<u>6,976</u>	<u>41,034</u>	<u>121,277</u>
Total Liabilities and Fund Balances	<u>\$ 19,002</u>	<u>\$ 54,265</u>	<u>\$ 6,976</u>	<u>\$ 41,034</u>	<u>\$ 121,277</u>

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TOWN OF PROCTOR, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Mortimer R. Proctor Fund	Reappraisal Fund	Record Restoration Fund	Recreation Trust Fund	Total
Revenues:					
Intergovernmental	\$ 0	\$ 7,353	\$ 0	\$ 0	\$ 7,353
Permits, Licenses and Fees	0	0	1,064	0	1,064
Investment Income	2	6	1	245	254
Donations	<u>20,619</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,619</u>
Total Revenues	<u>20,621</u>	<u>7,359</u>	<u>1,065</u>	<u>245</u>	<u>29,290</u>
Expenditures:					
General Government	0	18,438	271	0	18,709
Culture and Recreation	<u>12,749</u>	<u>0</u>	<u>0</u>	<u>3,718</u>	<u>16,467</u>
Total Expenditures	<u>12,749</u>	<u>18,438</u>	<u>271</u>	<u>3,718</u>	<u>35,176</u>
Net Change in Fund Balances	7,872	(11,079)	794	(3,473)	(5,886)
Fund Balances - July 1, 2017	<u>11,130</u>	<u>65,344</u>	<u>6,182</u>	<u>44,507</u>	<u>127,163</u>
Fund Balances - June 30, 2018	<u>\$ 19,002</u>	<u>\$ 54,265</u>	<u>\$ 6,976</u>	<u>\$ 41,034</u>	<u>\$ 121,277</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF PROCTOR, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2018

	Marble Bridge Fund	Town Office Equipment Fund	Highway Equipment Fund	Fire Department Fund	Skating Rink Fund	Beaver Pond Fund	Town Hall Fund	Highway Garage Fund	Total
<u>ASSETS</u>									
Cash	\$ 12,141	\$ 13,035	\$ 249,180	\$ 197,615	\$ 1,573	\$ 10,003	\$ 63,681	\$ 4,260	\$ 551,488
Total Assets	\$ 12,141	\$ 13,035	\$ 249,180	\$ 197,615	\$ 1,573	\$ 10,003	\$ 63,681	\$ 4,260	\$ 551,488
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 462
Total Liabilities	0	0	0	462	0	0	0	0	462
Fund Balances:									
Restricted	0	0	249,180	0	1,573	10,003	0	4,260	265,016
Committed	12,141	13,035	0	197,153	0	0	63,681	0	286,010
Total Fund Balances	12,141	13,035	249,180	197,153	1,573	10,003	63,681	4,260	551,026
Total Liabilities and Fund Balances	\$ 12,141	\$ 13,035	\$ 249,180	\$ 197,615	\$ 1,573	\$ 10,003	\$ 63,681	\$ 4,260	\$ 551,488

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF PROCTOR, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Marble Bridge Fund	Town Office Equipment Fund	Highway Equipment Fund	Fire Department Fund	Skating Rink Fund	Beaver Pond Fund	Town Hall Fund	Highway Garage Fund	Total
<b>Revenues:</b>									
Investment Income	\$ 1	\$ 1	\$ 25	\$ 13	\$ 0	\$ 2	\$ 6	\$ 3	\$ 51
Donations	0	0	0	0	347	0	0	0	347
Other	0	0	0	1,665	0	0	0	0	1,665
<b>Total Revenues</b>	<b>1</b>	<b>1</b>	<b>25</b>	<b>1,678</b>	<b>347</b>	<b>2</b>	<b>6</b>	<b>3</b>	<b>2,063</b>
<b>Expenditures:</b>									
General Government	0	2,379	0	0	0	0	0	0	2,379
Public Safety	0	0	0	1,425	0	0	0	0	1,425
Highways and Streets	0	0	545	0	0	0	0	0	545
Culture and Recreation	0	0	0	0	746	0	0	0	746
Capital Outlay:									
Highways and Streets	0	0	20,745	0	0	0	0	70,643	91,388
<b>Total Expenditures</b>	<b>0</b>	<b>2,379</b>	<b>21,290</b>	<b>1,425</b>	<b>746</b>	<b>0</b>	<b>0</b>	<b>70,643</b>	<b>96,483</b>
Excess/(Deficiency) of Revenues Over Expenditures	1	(2,378)	(21,265)	253	(399)	2	6	(70,640)	(94,420)
<b>Other Financing Sources:</b>									
Proceeds from Sale of Vehicle	0	0	4,874	0	0	0	0	0	4,874
Transfers In	1,000	2,500	15,000	75,000	0	0	0	19,900	113,400
<b>Total Other Financing Sources</b>	<b>1,000</b>	<b>2,500</b>	<b>19,874</b>	<b>75,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,900</b>	<b>118,274</b>
Net Change in Fund Balances	1,001	122	(1,391)	75,253	(399)	2	6	(50,740)	23,854
Fund Balances - July 1, 2017	11,140	12,913	250,571	121,900	1,972	10,001	63,675	55,000	527,172
Fund Balances - June 30, 2018	\$ 12,141	\$ 13,035	\$ 249,180	\$ 197,153	\$ 1,573	\$ 10,003	\$ 63,681	\$ 4,260	\$ 551,026

See Disclaimer in Accompanying Independent Auditor's Report.

# Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Richard J. Brigham, CPA  
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Wendy C. Gilwee, CPA  
VT Lic. #92-000180

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 Proctor, Vermont  
45 Main Street  
Proctor, Vermont 05765

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 Proctor, Vermont as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Proctor, Vermont's basic financial statements and have issued our report thereon dated November 14, 2018.

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

In planning and performing our audit of the financial statements, we considered the Town of Proctor, 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 Proctor, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Proctor, 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 a certain deficiency that we consider to be a material weakness.

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 Proctor, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2018-1 to be a material weakness.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Proctor, 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 Proctor, Vermont in a separate letter dated November 14, 2018.

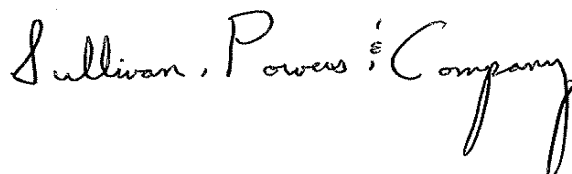
### ***Town of Proctor, Vermont's Response to Deficiency in Internal Control***

The Town of Proctor, Vermont's response to the deficiency in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Proctor, 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 Proctor, 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 Proctor, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 14, 2018  
Montpelier, Vermont  
VT Lic. #92-000180



TOWN OF PROCTOR, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2018

Deficiencies in Internal Control:

Material Weaknesses:

2018-1 Reconciliation of Balance Sheet Accounts

*Criteria:*

Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation on an annual basis in order to detect and correct errors in account balances.

*Condition:*

A number of balance sheet accounts such as cash, receivables, property, plant and equipment, accumulated depreciation, accrued payroll and benefits payable, bonds payable and deferred inflows of resources were not reconciled prior to the audit to the actual balances at year end which resulted in various adjustments to revenue and expenses.

*Cause:*

Unknown.

*Effect:*

The Town's account balances were not completely reconciled which resulted in various adjustments to revenue and expenses.

*Recommendation:*

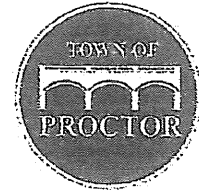
We recommend that all balance sheet accounts be reconciled to supporting documentation at least annually in order to detect and correct errors.

# Town of Proctor

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45 Main Street  
Proctor, VT 05765

Phone: 802-459-3333  
Fax: 802-459-2356



November 14, 2018

Jordon Plummer  
Sullivan, Powers & Co.  
77 Barre Street  
Montpelier, VT 05601

Dear Mr. Plummer:

In response to your recommendations, we are in the process of developing a plan to implement your suggestions. This would include reconciliations of accounts as well as policy and procedure manuals.

Very truly yours,

A handwritten signature in cursive script, reading "Celia Lisananti".

Celia Lisananti  
Town Clerk/Treasurer