

TOWN OF PROCTOR, VERMONT

AUDIT REPORT

JUNE 30, 2017

TOWN OF PROCTOR, VERMONT
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, 2017, 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, 2017, 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.

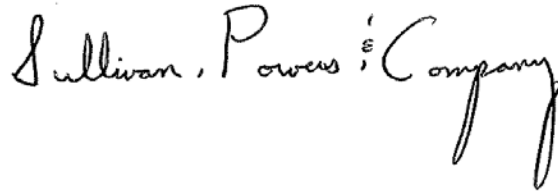
Other Information

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 January 17, 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.

January 17, 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' at the beginning and a long, sweeping tail at the end.

TOWN OF PROCTOR, VERMONT
 STATEMENT OF NET POSITION
 JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,175,028	\$ 785,185	\$ 1,960,213
Investments	222,243	0	222,243
Receivables (Net of Allowance for Uncollectibles)	211,153	129,136	340,289
Internal Balances	3,387	(3,387)	0
Capital Assets:			
Land	102,780	497,524	600,304
Construction in Progress	43,896	0	43,896
Other Capital Assets, (Net of Accumulated Depreciation)	<u>3,766,063</u>	<u>9,611,005</u>	<u>13,377,068</u>
 Total Assets	 <u>5,524,550</u>	 <u>11,019,463</u>	 <u>16,544,013</u>
<u>LIABILITIES</u>			
Accounts Payable	21,179	19,353	40,532
Accrued Payroll and Benefits Payable	4,908	0	4,908
Accrued Interest Payable	0	14,287	14,287
Noncurrent Liabilities:			
Due Within One Year	0	207,199	207,199
Due in More than One Year	<u>0</u>	<u>5,787,034</u>	<u>5,787,034</u>
 Total Liabilities	 <u>26,087</u>	 <u>6,027,873</u>	 <u>6,053,960</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,912,739	4,114,296	8,027,035
Restricted:			
Highways and Streets	577,232	0	577,232
Culture and Recreation	46,479	0	46,479
Cemetery	186,337	0	186,337
Other	27,313	0	27,313
Unrestricted	<u>748,363</u>	<u>877,294</u>	<u>1,625,657</u>
 Total Net Position	 <u>\$ 5,498,463</u>	 <u>\$ 4,991,590</u>	 <u>\$ 10,490,053</u>

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

TOWN OF PROCTOR, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	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	\$ 543,497	\$ 38,589	\$ 157,045	\$ 0	\$ (347,863)	\$ 0	\$ (347,863)
Public Safety	187,471	10,060	746	0	(176,665)	0	(176,665)
Highways and Streets	428,954	6,175	63,676	5,327	(353,776)	0	(353,776)
Culture and Recreation	151,604	3,585	10,196	0	(137,823)	0	(137,823)
Solid Waste and Recycling	146,412	396	0	0	(146,016)	0	(146,016)
Cemetery	21,720	6,600	16,250	0	1,130	0	1,130
Total Governmental Activities	<u>1,479,658</u>	<u>65,405</u>	<u>247,913</u>	<u>5,327</u>	<u>(1,161,013)</u>	<u>0</u>	<u>(1,161,013)</u>
Business-type Activities:							
Water	370,726	360,591	0	127,568	0	117,433	117,433
Sewer	453,644	327,594	0	0	0	(126,050)	(126,050)
Total Business-type Activities	<u>824,370</u>	<u>688,185</u>	<u>0</u>	<u>127,568</u>	<u>0</u>	<u>(8,617)</u>	<u>(8,617)</u>
Total Primary Government	<u>\$ 2,304,028</u>	<u>\$ 753,590</u>	<u>\$ 247,913</u>	<u>\$ 132,895</u>	<u>(1,161,013)</u>	<u>(8,617)</u>	<u>(1,169,630)</u>
General Revenues:							
Property Taxes					1,137,454	0	1,137,454
Interest on Delinquent Taxes					28,440	0	28,440
General State Grants					8,354	0	8,354
Unrestricted Investment Earnings					11,535	100	11,635
Net Logging Revenue					0	74,555	74,555
Other Revenues					20,303	0	20,303
Total General Revenues					<u>1,206,086</u>	<u>74,655</u>	<u>1,280,741</u>
Change in Net Position					45,073	66,038	111,111
Net Position - July 1, 2016					<u>5,453,390</u>	<u>4,925,552</u>	<u>10,378,942</u>
Net Position - June 30, 2017					<u>\$ 5,498,463</u>	<u>\$ 4,991,590</u>	<u>\$ 10,490,053</u>

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

TOWN OF PROCTOR, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Non-Major Governmental Funds	Total
<u>ASSETS</u>			
Cash	\$ 556,614	\$ 618,414	\$ 1,175,028
Investments	0	222,243	222,243
Receivables (Net of Allowance for Uncollectibles)	211,153	0	211,153
Due from Other Funds	3,372	55,477	58,849
Total Assets	\$ 771,139	\$ 896,134	\$ 1,667,273
<u>LIABILITIES</u>			
Accounts Payable	\$ 21,179	\$ 0	\$ 21,179
Accrued Payroll and Benefits Payable	4,908	0	4,908
Due to Other Funds	0	55,462	55,462
Total Liabilities	26,087	55,462	81,549
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Property Taxes and Interest	159,500	0	159,500
Total Deferred Inflows of Resources	159,500	0	159,500
<u>FUND BALANCES</u>			
Restricted	271,661	565,700	837,361
Committed	0	209,628	209,628
Assigned	0	65,344	65,344
Unassigned	313,891	0	313,891
Total Fund Balances	585,552	840,672	1,426,224
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 771,139	\$ 896,134	
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.			3,912,739
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.			159,500
Net Position of Governmental Activities			\$ 5,498,463

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, 2017

	General Fund	Non-Major Governmental Funds	Total
Revenues:			
Property Taxes	\$ 1,137,454	\$ 0	\$ 1,137,454
Interest on Delinquent Taxes	28,440	0	28,440
Intergovernmental	246,567	8,071	254,638
Charges for Services	41,425	6,600	48,025
Permits, Licenses and Fees	23,123	1,443	24,566
Fines and Forfeits	10,060	0	10,060
Investment Income	49	11,486	11,535
Donations	0	34,381	34,381
Other	20,303	1,100	21,403
	<u>1,507,421</u>	<u>63,081</u>	<u>1,570,502</u>
Total Revenues			
Expenditures:			
General Government	496,188	58,262	554,450
Public Safety	135,189	0	135,189
Highways and Streets	311,463	0	311,463
Culture and Recreation	121,431	23,255	144,686
Solid Waste and Recycling	146,412	0	146,412
Cemetery	0	21,720	21,720
Capital Outlay:			
General Government	0	8,500	8,500
Public Safety	9,046	137,800	146,846
Highways and Streets	0	2,450	2,450
Culture and Recreation	9,519	0	9,519
	<u>1,229,248</u>	<u>251,987</u>	<u>1,481,235</u>
Total Expenditures			
Excess/(Deficiency) of Revenues Over Expenditures	<u>278,173</u>	<u>(188,906)</u>	<u>89,267</u>
Other Financing Sources/(Uses):			
Transfers In	0	202,820	202,820
Transfers Out	<u>(202,820)</u>	<u>0</u>	<u>(202,820)</u>
Total Other Financing Sources/(Uses)	<u>(202,820)</u>	<u>202,820</u>	<u>0</u>
Net Change in Fund Balances	75,353	13,914	89,267
Fund Balances - July 1, 2016	<u>510,199</u>	<u>826,758</u>	<u>1,336,957</u>
Fund Balances - June 30, 2017	<u>\$ 585,552</u>	<u>\$ 840,672</u>	<u>\$ 1,426,224</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, 2017

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)	\$	89,267
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$167,315) is allocated over their estimated useful lives and reported as depreciation expense (\$184,084). This is the amount by which depreciation exceeded capital outlays in the current period.		(16,769)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>(27,425)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>45,073</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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 1,173,744	\$ 1,137,454	\$ (36,290)
Interest on Delinquent Taxes	9,000	28,440	19,440
Current Use	0	8,319	8,319
Education Billing Fee Retained	0	3,354	3,354
Recording Fees	14,000	17,935	3,935
Beverage Licenses	150	185	35
Dog Licenses	700	1,022	322
Zoning Permits	200	0	(200)
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
Curbside Fees	2,000	396	(1,604)
Minnie Proctor Pool	2,000	2,705	705
Pool Pass	100	880	780
Local Ordinance Fines	4,000	10,060	6,060
Interest Earned	100	49	(51)
State Highway Aid	63,734	63,676	(58)
Sale of Labor and Trucking	2,000	2,000	0
Sale of Highway Supplies	3,500	176	(3,324)
Bike and Pedestrian Grant Income	0	26,411	26,411
Local Hazard Mitigation Plan Grant Income	0	4,671	4,671
VCDP Museum Grant Income	0	134,336	134,336
Railroad Tax	0	35	35
Highway Charges	0	2,899	2,899
Municipal Planning Grant Income	0	9,119	9,119
Solar Credits	0	19,405	19,405
Other	0	898	898
Total Revenues	1,308,224	1,507,421	199,197
Expenditures:			
Administration:			
Selectboard	10,500	10,836	(336)
Personnel	63,625	64,011	(386)
Retirement	2,386	3,408	(1,022)
Health & Accident Insurance	2,590	3,404	(814)
FICA	5,671	5,700	(29)
Workers' Compensation	0	387	(387)
Unemployment Insurance	130	213	(83)
Dues	150	85	65
Fees/Travel	550	863	(313)
Publications	125	45	80
Office Supplies	1,300	1,375	(75)
Postage	200	0	200
Advertising	800	1,389	(589)
Tax Abatements	1,000	515	485
Miscellaneous	300	0	300
Total Administration	89,327	92,231	(2,904)

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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Clerk and Treasurer:			
Personnel	\$ 85,063	\$ 86,270	\$ (1,207)
Health & Accident Insurance	33,034	25,824	7,210
Retirement	1,882	3,371	(1,489)
FICA	6,507	6,492	15
Workers' Compensation	0	387	(387)
Unemployment Insurance	86	120	(34)
Fees/Travel	800	320	480
Computer Services	3,872	2,159	1,713
Office Supplies	3,140	3,440	(300)
Postage	3,000	2,653	347
Advertising	1,000	0	1,000
Town Report and Budget	4,160	4,610	(450)
Dog Expense	200	150	50
Delinquent Tax Collector Advertising	1,500	922	578
Miscellaneous	500	0	500
Total Town Clerk and Treasurer	144,744	136,718	8,026
Listers:			
Telephone	450	511	(61)
Office Supplies	260	155	105
Postage	200	0	200
Professional Services	17,000	10,095	6,905
Total Listers	17,910	10,761	7,149
Elections:	4,000	5,061	(1,061)
Professional Services:			
Tax Collector FICA	800	599	201
Audit	19,000	15,195	3,805
Legal	7,000	9,936	(2,936)
Miscellaneous	0	60	(60)
Total Professional Services	26,800	25,790	1,010
Municipal Building:			
Heat	3,250	1,923	1,327
Electricity	1,850	2,599	(749)
Telephone	1,440	1,985	(545)
Internet Service	888	1,128	(240)
Website Hosting	600	249	351
Repairs and Improvements	2,000	103	1,897
Building Maintenance	1,000	4,864	(3,864)
Equipment Maintenance	1,000	714	286
Equipment Replacement	2,500	2,500	0
Total Municipal Building	14,528	16,065	(1,537)

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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Boards and Agencies:			
Planning Commission	\$ 2,280	\$ 1,065	\$ 1,215
FICA	174	123	51
Office Supplies	400	248	152
Zoning Administrator Expenses	275	0	275
Rutland Regional Planning	250	0	250
VCDP Museum Grant Expense	0	125,103	(125,103)
Planning Grant Expense	12,000	4,000	8,000
Bike Path Study Grant Expense	0	6,037	(6,037)
Local Hazard Mitigation Plan Grant Expense	0	3,107	(3,107)
Total Boards and Agencies	15,379	139,683	(124,304)
General Insurance:			
Employer Practices Liability	4,020	3,697	323
Property & Casualty	10,215	10,472	(257)
Public Official Liability	4,994	4,834	160
Workers' Compensation	551	0	551
Special Events	0	613	(613)
Total General Insurance	19,780	19,616	164
Solid Waste Disposal:			
Transfer Box	2,500	4,467	(1,967)
Curbside Garbage	107,242	107,028	214
Curbside Recycling	34,308	34,917	(609)
Total Solid Waste Disposal	144,050	146,412	(2,362)
Street Lights:	39,382	26,987	12,395
Fire Department:			
Personnel	10,000	10,000	0
FICA	765	765	0
Heat	4,000	2,206	1,794
Electricity	3,486	4,128	(642)
Telephone	850	742	108
Internet Service	125	0	125
Diesel, Gas & Oil	1,750	874	876
Vehicle Expenses/Repairs	6,500	9,756	(3,256)
General Insurance	16,116	15,276	840
Dues/Subscriptions/Travel	850	1,081	(231)
Training	1,000	260	740
Information Technology	1,000	835	165
Operating Supplies	2,000	278	1,722
Protective Equipment	2,500	1,529	971
Small Tools and Equipment	4,000	4,127	(127)
Communications	4,000	3,873	127
Hepatitis Vaccine	400	0	400
Buildings Improvements/Repairs	5,000	9,886	(4,886)
Machinery and Equipment/Repairs	3,600	4,721	(1,121)

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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department/(Cont'd):			
Equipment Reserve	\$ 40,000	\$ 40,000	\$ 0
Protective Equipment Reserve	5,000	5,000	0
Building Reserve	30,000	30,000	0
	<u>142,942</u>	<u>145,337</u>	<u>(2,395)</u>
Total Fire Department			
Police:			
Contract Services	65,658	65,658	0
Town Health Officer	250	250	0
Traffic Lights Electricity	1,634	1,026	608
Traffic Lights Maintenance	500	0	500
	<u>68,042</u>	<u>66,934</u>	<u>1,108</u>
Total Police			
Swimming Pool:			
Personnel	21,250	17,084	4,166
FICA	1,626	1,257	369
Workers' Compensation	825	1,233	(408)
Unemployment Insurance	0	85	(85)
Electricity	526	348	178
Telephone	180	227	(47)
General Insurance	1,219	1,090	129
Contract Services - Mowing	600	0	600
Operating Supplies	500	629	(129)
Monitoring Tests	300	545	(245)
Building Improvements/Repairs	800	537	263
Advertising	200	86	114
Equipment Purchase	200	624	(424)
Swimsuits	250	112	138
Training	2,000	970	1,030
Miscellaneous	500	271	229
	<u>30,976</u>	<u>25,098</u>	<u>5,878</u>
Total Swimming Pool			
Skating Rink:			
Personnel	9,000	9,000	0
FICA	689	689	0
Workers' Compensation	339	506	(167)
Unemployment Insurance	0	88	(88)
Heat	1,275	827	448
Electricity	870	592	278
Telephone	180	227	(47)
General Insurance	1,747	1,540	207
Operating Supplies	400	379	21
Vehicle Expenses/Repairs	300	31	269
Building Improvements/Repairs	500	4,567	(4,067)
Skating Equipment	600	511	89
Miscellaneous	500	234	266
	<u>16,400</u>	<u>19,191</u>	<u>(2,791)</u>
Total Skating Rink			

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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Parks:			
Parks/Our Yard	\$ 2,500	\$ 2,500	\$ 0
Main Street, Park & Bridge Electricity	3,041	3,333	(292)
Main Street, Park & Bridge Repairs	0	4,139	(4,139)
Park Maintenance	1,000	3,512	(2,512)
Youth League Field Electricity	599	463	136
Youth League Field Insurance	603	506	97
Beaver Pond Maintenance	0	1,381	(1,381)
Beaver Pond Insurance	0	516	(516)
Memorial Day Parade	1,250	774	476
Total Parks	8,993	17,124	(8,131)
Taxes and Assessments:			
County Tax	9,265	8,832	433
Town Forest Tax	293	300	(7)
Transfer Station Tax	54	61	(7)
VLCT	2,865	2,865	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	0	500
Dam Registration Fee	0	900	(900)
Rutland Region Chamber of Commerce	0	360	(360)
Total Taxes and Assessments	25,866	26,207	(341)
Special Appropriations:			
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
Rutland County Women's Network and Shelter	220	220	0
BROC	1,000	1,000	0
Association of Retarded Citizens	300	300	0
Rutland Conservation District	250	250	0
Rutland West N.H.S.	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
Total Special Appropriations	12,570	12,570	0
Library:	63,500	63,500	0
Transfer to Marble Bridge Fund:	1,000	1,000	0
Transfer to Town Hall Fund:	0	59,320	(59,320)

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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway:			
Personnel	\$ 101,859	\$ 98,031	\$ 3,828
Personnel - Overtime	10,000	10,622	(622)
Health & Accident Insurance	40,881	6,564	34,317
Retirement	511	0	511
FICA	8,844	8,170	674
Workers' Compensation	0	13,071	(13,071)
Unemployment Insurance	390	359	31
Heat	2,000	1,000	1,000
Electricity	1,560	1,297	263
Telephone & Internet	840	1,877	(1,037)
Salt Shed Electricity	880	1,103	(223)
Diesel, Gas & Oil	14,250	8,985	5,265
Vehicle Expenses/Repairs	20,000	15,245	4,755
General Insurance	29,530	16,654	12,876
Fees/Travel	600	0	600
AIRGAS	300	365	(65)
Tree Work	4,000	4,363	(363)
Mowing	0	11,520	(11,520)
Contract Services	1,500	3,800	(2,300)
Highway Repairs	4,947	18,102	(13,155)
Highway Improvements	60,000	3,010	56,990
Class II Paving	20,000	0	20,000
Uniforms	2,000	3,174	(1,174)
Operating Supplies	2,000	2,578	(578)
New Small Tools, Equipment	3,000	1,206	1,794
Salt, Sand, Plow Blades	69,000	71,784	(2,784)
Salt Shed Lease	1,643	1,650	(7)
Signs	500	1,106	(606)
Rentals	500	0	500
Miscellaneous Garage	2,500	0	2,500
Miscellaneous Highway	1,000	1,369	(369)
Building Improvements/Repairs	1,000	3,398	(2,398)
Tools/Equipment Maintenance	1,000	1,060	(60)
Equipment Reserve Fund	10,000	10,000	0
Garage Reserve fund	5,000	55,000	(50,000)
	422,035	376,463	45,572
Total Highway	422,035	376,463	45,572
Total Expenditures	1,308,224	1,432,068	(123,844)
Excess of Revenues Over Expenditures	\$ 0	75,353	\$ 75,353
Fund Balance - July 1, 2016		510,199	
Fund Balance - June 30, 2017		\$ 585,552	

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

TOWN OF PROCTOR, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 382,368	\$ 402,817	\$ 785,185
Receivables (Net of Allowance for Uncollectibles)	63,041	66,095	129,136
Due from Other Funds	538	0	538
Total Current Assets	<u>445,947</u>	<u>468,912</u>	<u>914,859</u>
Noncurrent Assets:			
Land	493,470	4,054	497,524
Buildings and Building Improvements	8,000,623	4,197,900	12,198,523
Machinery and Equipment	257,992	2,465,330	2,723,322
Water Lines	74,162	0	74,162
Dredging Costs	0	206,520	206,520
Less: Accumulated Depreciation	<u>(1,423,055)</u>	<u>(4,168,467)</u>	<u>(5,591,522)</u>
Total Noncurrent Assets	<u>7,403,192</u>	<u>2,705,337</u>	<u>10,108,529</u>
Total Assets	<u>\$ 7,849,139</u>	<u>\$ 3,174,249</u>	<u>\$ 11,023,388</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 5,959	\$ 13,394	\$ 19,353
Accrued Interest Payable	11,504	2,783	14,287
Due to Other Funds	0	3,925	3,925
General Obligation Bonds Payable - Current Portion	<u>192,916</u>	<u>14,283</u>	<u>207,199</u>
Total Current Liabilities	<u>210,379</u>	<u>34,385</u>	<u>244,764</u>
Noncurrent Liabilities:			
General Obligation Bonds Payable - Noncurrent Portion	<u>5,589,979</u>	<u>197,055</u>	<u>5,787,034</u>
Total Noncurrent Liabilities	<u>5,589,979</u>	<u>197,055</u>	<u>5,787,034</u>
Total Liabilities	<u>5,800,358</u>	<u>231,440</u>	<u>6,031,798</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,620,297	2,493,999	4,114,296
Unrestricted	<u>428,484</u>	<u>448,810</u>	<u>877,294</u>
Total Net Position	<u>2,048,781</u>	<u>2,942,809</u>	<u>4,991,590</u>
Total Liabilities and Net Position	<u>\$ 7,849,139</u>	<u>\$ 3,174,249</u>	<u>\$ 11,023,388</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, 2017

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges/Rents	\$ 360,566	\$ 327,062	\$ 687,628
Other	25	532	557
Total Operating Revenues	<u>360,591</u>	<u>327,594</u>	<u>688,185</u>
Operating Expenses:			
Salaries and Benefits	4,188	4,375	8,563
Administrative Fees	9,173	9,173	18,346
Utilities	41,360	81,685	123,045
Supplies	2,891	2,607	5,498
Insurances	8,092	8,372	16,464
Machinery and Equipment	1,792	7,962	9,754
Contract Services	73,603	122,118	195,721
Dues and Fees	9,377	3,772	13,149
Repairs and Maintenance	42,579	39,770	82,349
Chemicals	3,127	11,646	14,773
Depreciation	153,472	157,842	311,314
Other	728	0	728
Total Operating Expenses	<u>350,382</u>	<u>449,322</u>	<u>799,704</u>
Operating Income/(Loss)	<u>10,209</u>	<u>(121,728)</u>	<u>(111,519)</u>
Non-Operating Revenues/(Expenses):			
Logging Income	93,194	0	93,194
Logging Expenses	(18,639)	0	(18,639)
Investment Income	83	17	100
Interest Expense	(20,344)	(4,322)	(24,666)
Total Non-Operating Revenues/(Expenses)	<u>54,294</u>	<u>(4,305)</u>	<u>49,989</u>
Net Income/(Loss) Before Capital Contributions and Transfers	<u>64,503</u>	<u>(126,033)</u>	<u>(61,530)</u>
Capital Contributions and Transfers:			
Capital Contributions	127,568	0	127,568
Transfers In	5,000	0	5,000
Transfers Out	0	(5,000)	(5,000)
Total Capital Contributions and Transfers	<u>132,568</u>	<u>(5,000)</u>	<u>127,568</u>
Change in Net Position	197,071	(131,033)	66,038
Net Position - July 1, 2016	<u>1,851,710</u>	<u>3,073,842</u>	<u>4,925,552</u>
Net Position - June 30, 2017	<u>\$ 2,048,781</u>	<u>\$ 2,942,809</u>	<u>\$ 4,991,590</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, 2017

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 340,018	\$ 310,707	\$ 650,725
Payments for Goods and Services	(181,830)	(265,850)	(447,680)
Payments for Interfund Services	(9,173)	(9,173)	(18,346)
Payments for Wages and Benefits	(4,188)	(4,375)	(8,563)
Net Cash Provided by Operating Activities	<u>144,827</u>	<u>31,309</u>	<u>176,136</u>
Cash Flows From Noncapital Financing Activities:			
Decrease/(Increase) in Due from Other Funds	(538)	226,978	226,440
(Decrease)/Increase in Due to Other Funds	(431,638)	3,925	(427,713)
Transfers Received from Other Funds	5,000	0	5,000
Transfers Paid to Other Funds	0	(5,000)	(5,000)
Net Logging Revenue	74,555	0	74,555
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(352,621)</u>	<u>225,903</u>	<u>(126,718)</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from General Obligation Bonds Payable	803,834	0	803,834
Acquisition and Construction of Capital Assets	(607,653)	0	(607,653)
Principal Paid on General Obligation Bonds Payable	(117,440)	(14,003)	(131,443)
Interest Paid on General Obligation Bonds Payable	(21,216)	(4,507)	(25,723)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>57,525</u>	<u>(18,510)</u>	<u>39,015</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	83	17	100
Net Cash Provided by Investing Activities	<u>83</u>	<u>17</u>	<u>100</u>
Net Increase/(Decrease) in Cash	(150,186)	238,719	88,533
Cash - July 1, 2016	<u>532,554</u>	<u>164,098</u>	<u>696,652</u>
Cash - June 30, 2017	<u>\$ 382,368</u>	<u>\$ 402,817</u>	<u>\$ 785,185</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ 10,209	\$ (121,728)	\$ (111,519)
Depreciation	153,472	157,842	311,314
(Increase)/Decrease in Receivables	(20,573)	(16,887)	(37,460)
Increase/(Decrease) in Accounts Payable	1,719	12,082	13,801
Net Cash Provided by Operating Activities	<u>\$ 144,827</u>	<u>\$ 31,309</u>	<u>\$ 176,136</u>

There was \$110,033 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2016.

The Town recognized a forgiveness of debt in the Water Fund in the amount of \$127,568 from the State of Vermont.

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

TOWN OF PROCTOR, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures in the General Fund exceeded appropriations by \$123,844. These over-expenditures were funded by excess revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2017 consisted of the following:

Cash:		
Deposits with Financial Institutions		\$1,957,519
Deposits held by Investment Company		2,644
Cash on Hand		<u>50</u>
Total Cash		<u>1,960,213</u>
Investments:		
Certificates of Deposit		77,117
Mutual Funds – Mixed Holdings		<u>145,126</u>
Total Investments		<u>222,243</u>
Total Cash and Investments		<u>\$2,182,456</u>

The Town has seven (7) certificates of deposit at various banks ranging from \$4,042 to \$33,296 with interest rates ranging from 0.25% to 2.20%. All certificates of deposit will mature by fiscal year 2021.

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.

TOWN OF PROCTOR, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC/SIPC	\$ 329,761	\$ 329,761
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>1,707,519</u>	<u>1,847,445</u>
Total	<u>\$2,037,280</u>	<u>\$2,177,206</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	\$1,957,519
Cash – Deposits held by Investment Company	2,644
Investments – Certificates of Deposit	<u>77,117</u>
Total	<u>\$2,037,280</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.

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.

TOWN OF PROCTOR, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

B. Receivables

Receivables as of June 30, 2017, 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	\$ 170,003	\$ 0	\$ 170,003
Interest Receivable	36,135	0	36,135
Grants Receivable	9,015	0	9,015
Billed Services	0	175,136	175,136
Allowance for Doubtful Accounts - Taxes	(4,000)	0	(4,000)
Allowance for Doubtful Accounts - Water/Sewer	0	(46,000)	(46,000)
Total	\$ 211,153	\$ 129,136	\$ 340,289

C. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 102,780	\$ 0	\$ 0	\$ 102,780
Construction in Progress	23,427	20,469	0	43,896
Total Capital Assets, Not Being Depreciated	<u>126,207</u>	<u>20,469</u>	<u>0</u>	<u>146,676</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	830,715	51,151	0	881,866
Vehicles	828,651	95,695	0	924,346
Machinery and Equipment	962,538	0	0	962,538
Infrastructure	3,288,277	0	0	3,288,277
Totals	<u>5,910,181</u>	<u>146,846</u>	<u>0</u>	<u>6,057,027</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	636,775	16,134	0	652,909
Vehicles	214,363	43,466	0	257,829
Machinery and Equipment	611,133	45,003	0	656,136
Infrastructure	644,609	79,481	0	724,090
Totals	<u>2,106,880</u>	<u>184,084</u>	<u>0</u>	<u>2,290,964</u>
Total Capital Assets, Being Depreciated	<u>3,803,301</u>	<u>(37,238)</u>	<u>0</u>	<u>3,766,063</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,929,508</u>	<u>\$ (16,769)</u>	<u>\$ 0</u>	<u>\$ 3,912,739</u>

TOWN OF PROCTOR, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 497,524	\$ 0	\$ 0	\$ 497,524
Construction in Progress	<u>298,973</u>	<u>497,620</u>	<u>796,593</u>	<u>0</u>
Total Capital Assets, Not Being Depreciated	<u>796,497</u>	<u>497,620</u>	<u>796,593</u>	<u>497,524</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	11,401,930	796,593	0	12,198,523
Machinery and Equipment	2,723,322	0	0	2,723,322
Water Lines	74,162	0	0	74,162
Dredging Costs	<u>206,520</u>	<u>0</u>	<u>0</u>	<u>206,520</u>
Totals	<u>14,405,934</u>	<u>796,593</u>	<u>0</u>	<u>15,202,527</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	3,120,995	245,698	0	3,366,693
Machinery and Equipment	1,908,196	63,763	0	1,971,959
Water Lines	44,497	1,853	0	46,350
Dredging Costs	<u>206,520</u>	<u>0</u>	<u>0</u>	<u>206,520</u>
Totals	<u>5,280,208</u>	<u>311,314</u>	<u>0</u>	<u>5,591,522</u>
Total Capital Assets, Being Depreciated	<u>9,125,726</u>	<u>485,279</u>	<u>0</u>	<u>9,611,005</u>
Business-type Activities Capital Assets, Net	<u>\$ 9,922,223</u>	<u>\$ 982,899</u>	<u>\$ 796,593</u>	<u>\$ 10,108,529</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 7,393	Water	\$ 153,472
Public Safety	52,282	Sewer	<u>157,842</u>
Highways and Streets	117,491		
Culture and Recreation	<u>6,918</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 184,084</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 311,314</u>

D. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 3,372	\$ 0
Non-Major Governmental Funds	55,477	55,462
Water Fund	538	0
Sewer Fund	<u>0</u>	<u>3,925</u>
Total	<u>\$ 59,387</u>	<u>\$ 59,387</u>

TOWN OF PROCTOR, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Interfund transfers during the year ended June 30, 2017 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	10,000	Appropriation
General Fund	Fire Department Fund	75,000	Appropriation
General Fund	Town Hall Fund	59,320	Transfer Surplus
General Fund	Highway Garage Fund	5,000	Appropriation
General Fund	Highway Garage Fund	50,000	Transfer Surplus
Sewer Fund	Water Fund	<u>5,000</u>	Fund Capital Purchase
Total		<u>\$ 207,820</u>	

E. Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$159,500 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.

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, 2017 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	\$ 707,202	\$ 0	\$ 49,831	\$ 657,371

TOWN OF PROCTOR, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

	<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	\$2,724,560	\$ 0	\$153,268	\$2,571,292
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Improvements, Authorized to \$3,251,706 in Total but Eligible for \$169,539 Subsidy, Principal and Interest Payment of \$73,981 Payable on February 1 Annually, - 2% Interest, Due February, 2046. The Town Recognized \$41,909 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	1,792,307	803,834	41,909	2,554,232
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	21,802	0	1,261	20,541
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>203,539</u>	<u>0</u>	<u>12,742</u>	<u>190,797</u>
Total	<u>\$5,449,410</u>	<u>\$803,834</u>	<u>\$259,011</u>	<u>\$5,994,233</u>

TOWN OF PROCTOR, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 5,449,410	\$ 803,834	\$ 259,011	\$ 5,994,233	\$ 207,199
Total Business-type Activities Long-term Liabilities	<u>\$ 5,449,410</u>	<u>\$ 803,834</u>	<u>\$ 259,011</u>	<u>\$ 5,994,233</u>	<u>\$ 207,199</u>

Debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 207,199	\$ 23,948	\$ 231,147
2019	209,025	22,122	231,147
2020	210,902	20,245	231,147
2021	212,833	18,314	231,147
2022	214,818	16,329	231,147
2023-2027	1,105,912	49,821	1,155,733
2028-2032	831,871	4,348	836,219
2033-2037	707,950	0	707,950
2038-2042	707,950	0	707,950
2043-2046	498,750	0	498,750
Principal to be Forgiven (To Be Converted to Grant)	<u>1,087,023</u>	<u>0</u>	<u>1,087,023</u>
Total	<u>\$ 5,994,233</u>	<u>\$ 155,127</u>	<u>\$ 6,149,360</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, 2017

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>\$271,661</u>
--	------------------

Non-Major Funds

Special Revenue Funds:

Restricted for Mortimer R. Proctor Fund Expenses by Donations (Source of Revenue is Donations)	11,130
Restricted for Record Restoration Expenses by Statute (Source of Revenue is Restoration Fees)	6,182
Restricted for Recreation Programs by Donations (Source of Revenue is Donations)	<u>44,507</u>
Total Special Revenue Funds	<u>61,819</u>

Capital Projects Funds:

Restricted for Highway Equipment Expenditures by Statute (Source of Revenue is Highway Property Taxes)	250,571
Restricted for Skating Rink Expenditures by Donations (Source of Revenue is Donations)	1,972
Restricted for Beaver Pond Expenditures by Donations (Source of Revenue is Donations)	10,001
Restricted for Highway Garage Expenditures by Statute (Source of Revenue is Highway Property Taxes)	<u>55,000</u>
Total Capital Projects Funds	<u>317,544</u>

TOWN OF PROCTOR, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

Permanent Fund:	
Restricted for Riverside Cemetery Perpetual Care by Sale of Lots	\$ <u>186,337</u>
Total Non-Major Funds	<u>565,700</u>
Total Restricted Fund Balances	<u>\$837,361</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	\$ 11,140
Committed for Town Office Equipment Expenditures by the Voters	12,913
Committed for Fire Department Expenditures by the Voters	121,900
Committed for Town Hall Building Expenditures by the Voters	<u>63,675</u>
Total Committed Fund Balances	<u>\$209,628</u>

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

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	\$ <u>65,344</u>
Total Assigned Fund Balances	<u>\$65,344</u>

H. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2017 consisted of the following:

Governmental Activities:	
Restricted for Highway Expenditures by Statute	\$577,232
Restricted for Mortimer R. Proctor Fund Expenses by Donations	11,130
Restricted for Record Restoration Expenses by Statute	6,182
Restricted for Recreation Programs by Donations	44,507
Restricted for Skating Rink Expenditures by Donations	1,972
Restricted for Beaver Pond Expenditures by Donations	10,001
Restricted for Riverside Cemetery Perpetual Care by Sale of Lots	<u>186,337</u>
Total Governmental Activities	<u>\$837,361</u>

TOWN OF PROCTOR, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

The designated net position of the Town's Proprietary Funds as of June 30, 2017 consisted of the following:

Water Fund:	
Designated for Vehicle Replacement	\$ 62,296
Designated for Water operations	<u>366,188</u>
Total Water Fund	<u>428,484</u>
Sewer Fund:	
Designated for Sewer Operations	<u>448,810</u>
Total Business-type Activities	<u>\$877,294</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 \$319,691. Total covered payroll for the year was \$135,578. The contribution by the Town to the deferred compensation plan for the years ended June 30, 2017, 2016 and 2015 were \$6,779, \$6,733 and \$10,160, 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, 2017, property taxes became due and payable on August 10, 2016, November 10, 2016, February 10, 2017 and May 10, 2017. 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 2017 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.4234	1.3707
Town	<u>0.9372</u>	<u>0.9372</u>
Total	<u>2.3606</u>	<u>2.3079</u>

TOWN OF PROCTOR, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Riverside Cemetery Fund	Total
<u>ASSETS</u>				
Cash	\$ 87,383	\$ 527,159	\$ 3,872	\$ 618,414
Investments	39,778	0	182,465	222,243
Due from Other Funds	2	55,475	0	55,477
Total Assets	\$ 127,163	\$ 582,634	\$ 186,337	\$ 896,134
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to Other Funds	\$ 0	\$ 55,462	\$ 0	\$ 55,462
Total Liabilities	0	55,462	0	55,462
Fund Balances:				
Restricted	61,819	317,544	186,337	565,700
Committed	0	209,628	0	209,628
Assigned	65,344	0	0	65,344
Total Fund Balances	127,163	527,172	186,337	840,672
Total Liabilities and Fund Balances	\$ 127,163	\$ 582,634	\$ 186,337	\$ 896,134

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TOWN OF PROCTOR, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Riverside Cemetery Fund	Total
Revenues:				
Intergovernmental	\$ 7,325	\$ 746	\$ 0	\$ 8,071
Charges for Services	0	0	6,600	6,600
Permits, Licenses and Fees	1,443	0	0	1,443
Investment Income	510	47	10,929	11,486
Donations	33,410	971	0	34,381
Other	0	1,100	0	1,100
Total Revenues	<u>42,688</u>	<u>2,864</u>	<u>17,529</u>	<u>63,081</u>
Expenditures:				
General Government	58,084	178	0	58,262
Culture and Recreation	22,755	500	0	23,255
Cemetery	16,250	0	5,470	21,720
Capital Outlay:				
General Government	0	8,500	0	8,500
Public Safety	0	137,800	0	137,800
Highways and Streets	0	2,450	0	2,450
Total Expenditures	<u>97,089</u>	<u>149,428</u>	<u>5,470</u>	<u>251,987</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(54,401)</u>	<u>(146,564)</u>	<u>12,059</u>	<u>(188,906)</u>
Other Financing Sources:				
Transfers In	<u>0</u>	<u>202,820</u>	<u>0</u>	<u>202,820</u>
Total Other Financing Sources	<u>0</u>	<u>202,820</u>	<u>0</u>	<u>202,820</u>
Net Change in Fund Balances	(54,401)	56,256	12,059	13,914
Fund Balances - July 1, 2016	<u>181,564</u>	<u>470,916</u>	<u>174,278</u>	<u>826,758</u>
Fund Balances - June 30, 2017	<u>\$ 127,163</u>	<u>\$ 527,172</u>	<u>\$ 186,337</u>	<u>\$ 840,672</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF PROCTOR, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Mortimer R. Proctor Fund	Reappraisal Fund	Record Restoration Fund	Recreation Trust Fund	Total
<u>ASSETS</u>					
Cash	\$ 11,130	\$ 65,344	\$ 6,180	\$ 4,729	\$ 87,383
Investments	0	0	0	39,778	39,778
Due from Other Funds	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
Total Assets	<u>\$ 11,130</u>	<u>\$ 65,344</u>	<u>\$ 6,182</u>	<u>\$ 44,507</u>	<u>\$ 127,163</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	11,130	0	6,182	44,507	61,819
Assigned	<u>0</u>	<u>65,344</u>	<u>0</u>	<u>0</u>	<u>65,344</u>
Total Fund Balances	<u>11,130</u>	<u>65,344</u>	<u>6,182</u>	<u>44,507</u>	<u>127,163</u>
Total Liabilities and Fund Balances	<u>\$ 11,130</u>	<u>\$ 65,344</u>	<u>\$ 6,182</u>	<u>\$ 44,507</u>	<u>\$ 127,163</u>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2017

	Mortimer R. Proctor Fund	Reappraisal Fund	Record Restoration Fund	Recreation Trust Fund	Total
Revenues:					
Intergovernmental	\$ 0	\$ 7,325	\$ 0	\$ 0	\$ 7,325
Permits, Licenses and Fees	0	0	1,443	0	1,443
Investment Income	1	8	0	501	510
Donations	<u>33,410</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,410</u>
Total Revenues	<u>33,411</u>	<u>7,333</u>	<u>1,443</u>	<u>501</u>	<u>42,688</u>
Expenditures:					
General Government	11,733	44,200	2,151	0	58,084
Culture and Recreation	17,401	0	0	5,354	22,755
Cemetery	<u>16,250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,250</u>
Total Expenditures	<u>45,384</u>	<u>44,200</u>	<u>2,151</u>	<u>5,354</u>	<u>97,089</u>
Net Change in Fund Balances	(11,973)	(36,867)	(708)	(4,853)	(54,401)
Fund Balances - July 1, 2016	<u>23,103</u>	<u>102,211</u>	<u>6,890</u>	<u>49,360</u>	<u>181,564</u>
Fund Balances - June 30, 2017	<u>\$ 11,130</u>	<u>\$ 65,344</u>	<u>\$ 6,182</u>	<u>\$ 44,507</u>	<u>\$ 127,163</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF PROCTOR, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	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	\$ 11,140	\$ 12,913	\$ 305,571	\$ 122,362	\$ 1,972	\$ 9,526	\$ 63,675	\$ 0	\$ 527,159
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>475</u>	<u>0</u>	<u>55,000</u>	<u>55,475</u>
Total Assets	<u>\$ 11,140</u>	<u>\$ 12,913</u>	<u>\$ 305,571</u>	<u>\$ 122,362</u>	<u>\$ 1,972</u>	<u>\$ 10,001</u>	<u>\$ 63,675</u>	<u>\$ 55,000</u>	<u>\$ 582,634</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Due to Other Funds	\$ <u>0</u>	\$ <u>0</u>	\$ <u>55,000</u>	\$ <u>462</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>55,462</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>55,000</u>	<u>462</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,462</u>
Fund Balances:									
Restricted	0	0	250,571	0	1,972	10,001	0	55,000	317,544
Committed	<u>11,140</u>	<u>12,913</u>	<u>0</u>	<u>121,900</u>	<u>0</u>	<u>0</u>	<u>63,675</u>	<u>0</u>	<u>209,628</u>
Total Fund Balances	<u>11,140</u>	<u>12,913</u>	<u>250,571</u>	<u>121,900</u>	<u>1,972</u>	<u>10,001</u>	<u>63,675</u>	<u>55,000</u>	<u>527,172</u>
Total Liabilities and Fund Balances	<u>\$ 11,140</u>	<u>\$ 12,913</u>	<u>\$ 305,571</u>	<u>\$ 122,362</u>	<u>\$ 1,972</u>	<u>\$ 10,001</u>	<u>\$ 63,675</u>	<u>\$ 55,000</u>	<u>\$ 582,634</u>

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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, 2017

	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
Revenues:									
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 746	\$ 0	\$ 0	\$ 0	\$ 0	\$ 746
Investment Income	1	1	24	17	1	1	2	0	47
Donations	0	0	0	0	971	0	0	0	971
Other	0	0	1,100	0	0	0	0	0	1,100
Total Revenues	1	1	1,124	763	972	1	2	0	2,864
Expenditures:									
General Government	0	178	0	0	0	0	0	0	178
Culture and Recreation	0	0	0	0	500	0	0	0	500
Capital Outlay:									
General Government	0	0	0	0	0	0	8,500	0	8,500
Public Safety	0	0	0	137,800	0	0	0	0	137,800
Highways and Streets	0	0	2,450	0	0	0	0	0	2,450
Total Expenditures	0	178	2,450	137,800	500	0	8,500	0	149,428
Excess/(Deficiency) of Revenues Over Expenditures	1	(177)	(1,326)	(137,037)	472	1	(8,498)	0	(146,564)
Other Financing Sources:									
Transfers In	1,000	2,500	10,000	75,000	0	0	59,320	55,000	202,820
Total Other Financing Sources	1,000	2,500	10,000	75,000	0	0	59,320	55,000	202,820
Net Change in Fund Balances	1,001	2,323	8,674	(62,037)	472	1	50,822	55,000	56,256
Fund Balances - July 1, 2016	10,139	10,590	241,897	183,937	1,500	10,000	12,853	0	470,916
Fund Balances - June 30, 2017	\$ 11,140	\$ 12,913	\$ 250,571	\$ 121,900	\$ 1,972	\$ 10,001	\$ 63,675	\$ 55,000	\$ 527,172

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

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

Selectboard
Town of 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, 2017, 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 January 17, 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 2017-1 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 January 17, 2018.

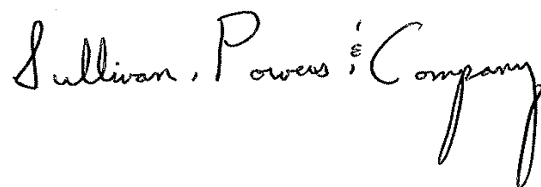
Town of Proctor, Vermont's Response to Deficiency in Internal Control

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.

January 17, 2018
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF PROCTOR, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2017

Deficiencies in Internal Control:

Material Weaknesses:

2017-1 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 receivables, property, plant and equipment, accumulated depreciation, 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.

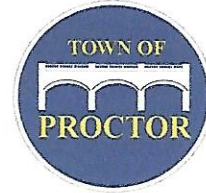
Effect:

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



45 Main Street
Proctor, VT 05765

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

January 22, 2018

Jordon Plummer
Sullivan, Powers & Co.
77 Barre St.
Montpelier, Vt. 05601

Dear Mr. Plummer:

Going forward in accordance with your recommendation we will reconcile all balance sheet accounts to avoid adjustments at year end. My understanding is that these adjustments in the past were handled by the auditors but will now be handled in house.

Very truly yours


Stanley Wilbur
Town Manager