

TOWN OF MONKTON, VERMONT
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2018

TOWN OF MONKTON, VERMONT

DECEMBER 31, 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Select Board
Town of Monkton, VT

We have reviewed the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monkton, VT, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The combining schedules of nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to such information in order for it to be in conformity with the modified cash basis of accounting described in Note 1. We have not audited such information and do not express an opinion on it.

The Select Board
Town of Monkton, VT

The schedules of budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Pace & Hawley, LLC

Berlin, VT
June 10, 2019

TOWN OF MONKTON, VERMONT
Statement of Net Position - Modified Cash Basis
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 418,462
Other assets	<u>7,619</u>
Total current assets	426,081
Noncurrent assets:	
Capital Assets	2,582,475
(Accumulated depreciation)	<u>(1,012,384)</u>
Total noncurrent assets	<u>1,570,091</u>
Total assets	<u>1,996,172</u>
Liabilities	
Current liabilities:	
Property taxes due to school district	280
Notes and bonds payable, current portion	<u>85,860</u>
Total current liabilities	<u>86,140</u>
Noncurrent liabilities:	
Notes and bonds payable, less current portion	<u>129,859</u>
Total liabilities	<u>215,999</u>
Net position	
Net investment in capital assets	1,354,372
Restricted	81,854
Unrestricted	<u>343,947</u>
Total net position	\$ <u>1,780,173</u>

See independent accountant's review report.

TOWN OF MONKTON, VERMONT
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for	Operating	Change in Net Position
		Services	Grants and	Governmental
			Contributions	Activities
Governmental activities				
General government	\$ 264,602	\$ 53,841	\$ 61,058	\$ (149,703)
Highway	808,840	1,090	175,634	(632,116)
Library	28,166	-	120	(28,046)
Recreation	8,738	5,215	-	(3,523)
Land and wildlife conservation	60,000	-	-	(60,000)
Appropriations	61,399	-	-	(61,399)
Interest on long-term debt	4,023	-	-	(4,023)
Total governmental activities	\$ <u>1,235,768</u>	\$ <u>60,146</u>	\$ <u>236,812</u>	<u>(938,810)</u>
General revenues				
				873,419
				12,061
				92
				31,118
				<u>916,690</u>
				(22,120)
				<u>1,802,293</u>
				\$ <u>1,780,173</u>

See independent accountant's review report.

TOWN OF MONKTON, VERMONT
Balance Sheet - Modified Cash Basis - Governmental Funds
December 31, 2018

	General Fund	Highway Fund	Capital Project Fund	Reappraisal Fund	Natural Area Conservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ -	\$ 20,513	\$ 78,007	\$ 55,030	\$ 122,541	\$ 142,371	\$ 418,462
Other assets	7,619	-	-	-	-	-	7,619
Due from other funds	-	3,168	-	-	-	-	3,168
Total assets	<u>\$ 7,619</u>	<u>\$ 23,681</u>	<u>\$ 78,007</u>	<u>\$ 55,030</u>	<u>\$ 122,541</u>	<u>\$ 142,371</u>	<u>\$ 429,249</u>
Liabilities and fund balances							
Liabilities:							
Property taxes due to school district	\$ 280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280
Due to other funds	3,168	-	-	-	-	-	3,168
Total liabilities	<u>3,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,448</u>
Fund balances:							
Restricted							
Highway	-	23,681	-	-	-	-	23,681
Reappraisal	-	-	-	55,030	-	-	55,030
Wildlife crossing	-	-	-	-	-	2,467	2,467
PVR Education	-	-	-	-	-	676	676
Committed							
Capital projects	-	-	78,007	-	-	-	78,007
Municipal building	-	-	-	-	-	80,004	80,004
Community Center	-	-	-	-	-	3,608	3,608
Land conservation	-	-	-	-	122,541	-	122,541
Library	-	-	-	-	-	35,876	35,876
Recreation	-	-	-	-	-	19,740	19,740
Unassigned	4,171	-	-	-	-	-	4,171
Total fund balances	<u>4,171</u>	<u>23,681</u>	<u>78,007</u>	<u>55,030</u>	<u>122,541</u>	<u>142,371</u>	<u>425,801</u>
Total liabilities and fund balances	<u>\$ 7,619</u>	<u>\$ 23,681</u>	<u>\$ 78,007</u>	<u>\$ 55,030</u>	<u>\$ 122,541</u>	<u>\$ 142,371</u>	<u>\$ 429,249</u>

See independent accountant's review report.

TOWN OF MONKTON, VERMONT
Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds
to the Statement of Net Position - Modified Cash Basis
December 31, 2018

Total fund balances - governmental funds	\$ 425,801
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Amounts reported for governmental activities in the government-wide statement of net position are different because:

Capital assets used in governmental funds are not current financial resources and therefore are not reported in the government funds balance sheet:

Capital assets	2,582,475
Accumulated depreciation	(1,012,384)

Long-term liabilities, including notes and bonds payable, are not due and payable in the current year and therefore are not reported in the governmental funds balance sheet	<u>(215,719)</u>
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Net position - governmental activities	\$ <u>1,780,173</u>
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See independent accountant's review report.

TOWN OF MONKTON, VERMONT
Statement of Revenues, Expenditures and Changes in Fund Balances
Modified Cash Basis - Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Highway Fund	Capital Project Fund	Reappraisal Fund	Agricultural and Natural Area Conservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 229,191	\$ 503,928	\$ 30,000	\$ -	\$ 35,000	\$ 75,300	\$ 873,419
Penalties and interest on delinquent taxes	12,061	-	-	-	-	-	12,061
Intergovernmental	52,873	175,634	-	8,186	-	-	236,693
Licenses, permits and fines	17,964	1,090	-	-	-	-	19,054
Charges for services	35,876	-	-	-	-	5,215	41,091
Investment income	61	-	-	-	13	18	92
Donations	-	-	-	-	-	120	120
Miscellaneous	1,577	5,781	-	-	-	23,760	31,118
Total revenues	<u>349,603</u>	<u>686,433</u>	<u>30,000</u>	<u>8,186</u>	<u>35,013</u>	<u>104,413</u>	<u>1,213,648</u>
Expenditures							
Current:							
General government	257,668	-	-	-	-	552	258,220
Highways, streets and bridges	-	719,862	-	-	-	-	719,862
Library	-	-	-	-	-	27,510	27,510
Recreation	-	-	-	-	-	8,738	8,738
Land and wildlife conservation	-	-	-	-	60,000	-	60,000
Appropriations	61,399	-	-	-	-	-	61,399
Capital outlay	-	21,332	-	-	-	27,293	48,625
Debt service - principal	15,600	69,985	-	-	-	-	85,585
Debt service - interest	1,280	2,743	-	-	-	-	4,023
Total expenditures	<u>335,947</u>	<u>813,922</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>64,093</u>	<u>1,273,962</u>
Net change in fund balances	13,656	(127,489)	30,000	8,186	(24,987)	40,320	(60,314)
Fund balances, beginning of year	(9,485)	151,170	48,007	46,844	147,528	102,051	486,115
Fund balances, end of year	\$ <u>4,171</u>	\$ <u>23,681</u>	\$ <u>78,007</u>	\$ <u>55,030</u>	\$ <u>122,541</u>	\$ <u>142,371</u>	\$ <u>425,801</u>

See independent accountant's review report.

TOWN OF MONKTON, VERMONT
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances - Modified Cash Basis - Governmental Funds
to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2018

Net change in fund balances - governmental funds	\$	(60,314)
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Amounts reported for governmental activities in the government-wide statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives:

Capital outlay		48,625
Current year depreciation		(96,016)

Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position:

Repayment of notes payable		<u>85,585</u>
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Change in net position - governmental activities	\$	<u>(22,120)</u>
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See independent accountant's review report.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2018

1. Summary of significant accounting policies

The Town of Monkton, Vermont (herein the "Town") operates under a Select Board form of government and provides the following services: highways and streets, health and social services, community/economic development, recreation, public improvements, planning and zoning and administrative services.

As discussed further in Note 1.C., these financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

- A. Financial reporting entity - The Town is a primary unit of government under reporting criteria established by the GASB. Those criteria include separate legal standing, separate elected governing body, and fiscal independence from other governmental entities. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units and evaluated them against the criteria established by the GASB. Based on these criteria, there are no other entities that are considered to be component units of the Town that should be included in these financial statements.
- B. Basis of presentation - Fund accounting: The accounts of the Town are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Government-wide statements: The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. The effect of interfund activity has been removed from these statements.

Fund financial statements: Fund financial statements are presented according to each fund category; governmental and fiduciary. Separate financial statements are provided for each of these categories. Major governmental funds are reported as separate columns in the fund financial statements. Non-major governmental funds are reported aggregate as a single column in the fund financial statements.

The Town reports the following major governmental funds:

General Fund - The General Fund is used to account for the primary activity of the Town. Property taxes and other revenue sources used to finance the fundamental operations of the Town are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Highway Fund - The Highway Fund is a special revenue fund which accounts for activities related to the highway department.

Capital Project Fund - The Capital Project Fund is a special revenue fund which accounts for resources to be used for acquisition, construction or improvement of major capital facilities, infrastructure and equipment.

Reappraisal Fund - The Reappraisal Fund is a special revenue fund which accounts for resources restricted and/or committed for the purpose of conducting town-wide reappraisals.

Agricultural and Nature Area Conservation Fund - The ANAC Fund is a special revenue fund which accounts for resources committed for the purpose of preserving agricultural and natural areas.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2018

1. Summary of significant accounting policies (continued)

- C. Measurement focus and basis of accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus refers to what items are reported on the financial statements. Basis of accounting refers to when cash receipts and cash disbursements are recognized in the accounts and reported in the financial statements.

Measurement focus: The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of changes in net position and net financial position. All assets, deferred outflows, liabilities, deferred inflows associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources for a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by the GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position, or balance sheets, cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, amounts due to the State of Vermont or local school district, payroll withholdings, property taxes paid in advance and amounts outstanding on its lines of credit, interfund receivables and payables. Capital assets and long-term debt arising from cash and cash equivalent transactions are reported on the statement of net position. Additionally, the Town reports capital leases as liabilities and the related equipment received as assets even though the transactions are not based on cash.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues and certain liabilities and their related expenses or expenditures are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

- D. Governmental fund equity - In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2018

1. Summary of significant accounting policies (continued)

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner. For the purposes of defining the committed fund balance category, the Town considers the taxpayers, through voted Town articles, its highest level of decision-making authority.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Select Board, or a body or official to which the Select Board has delegated the authority, to assign amounts for specific purposes.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include any negative residual balance resulting from expenditures exceeding amounts restricted, committed or assigned for a specific purpose.

For the classification of governmental fund balances, the Town does not have a formal policy regarding which classification should be reduced first when more than one classification is available. However, the Town has generally considered an expenditure to be made from the most restrictive first when more than one classification is available.

- E. Budgetary accounting - The Town uses the following procedure in establishing the General Fund budget presented in the financial statements:

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

- F. Estimates - The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, or expenses, during the reported period. Actual results could differ from those estimates.
- G. Cash and cash equivalents - Cash and cash equivalents consists of cash and short-term investments with an original maturity of three months or less. The Town pools cash of multiple funds in order to enhance operating efficiency and physical custody and controls. Each fund's share of its pooled cash is included in cash and cash equivalents.
- H. Capital assets - Capital assets, which include land, infrastructure, buildings, furniture and equipment, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are reported in the government-wide financial statements and depreciated in order for their costs to be charged as expenses over their estimated useful lives. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the Town are depreciated using the straight-line method over the following useful lives:

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2018

1. Summary of significant accounting policies (continued)

Infrastructure	50 years
Buildings and improvements	50 years
Equipment	15 years

- I. Interfund balances and transfers - Interfund receivables and payables represent transactions incurred within the fund for other funds. These accounts are expected to be eliminated in the normal course of operations. Interfund transfers represent flows of cash or goods from one fund to another without a requirement for repayment.
- J. Education property taxes - The Town serves as an agent for the State of Vermont. As required by State statute, the Town bills, collects and remits education property taxes. Amounts received for such purposes are considered an agency function and are not recorded as Town revenues.

2. Cash and cash equivalents

As of December 31, 2018, the Town reported cash of \$418,462.

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2018, the Town's bank balance was \$3,702,542. Of this amount, \$285,608 was insured by the FDIC. The remaining amount of \$3,416,934 was collateralized with securities held by the pledging bank's trust department but not in the Town's name.

3. Reserve funds

Through various taxpayer approved Articles, voters have established Reserve Funds in order to set aside money for specific purposes. The Town has pooled this money into its general operating account for the purposes of coordinating cash flow needs. The Town has not established a formal borrowing agreement or terms for repayment.

4. Property taxes

Property taxes become an enforceable lien upon Town of Monkton property holders as of April 1st of each year. Property taxes were payable in one installment due November 15, 2018. Taxes not paid by the due date were listed as delinquent taxes and were assessed related penalties and interest. For the year ended December 31, 2018, the assessed property tax rates were as follows:

	<u>Nonresidential</u>	<u>Residential</u>
Education	1.5726	1.5402
Municipal	<u>0.3582</u>	<u>0.3582</u>
Total tax rate per \$100 of assessed valuation	<u>1.9308</u>	<u>1.8984</u>

The Town serves as agent for the State of Vermont for the purpose of collecting and distributing education property taxes for those taxpayers residing in the Town of Monkton. As instructed by the State of Vermont, the Town billed \$3,183,030 for education property taxes during the year ended December 31, 2018 for the state's 2018/2019 fiscal year. A liability was recorded as of December 31, 2018, for the remaining unpaid balance of education property taxes due to the local school districts.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2018

5. 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, and injuries to employees. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

6. Capital assets

Changes in capital assets consisted of the following:

	Balance January 1, <u>2018</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2018</u>
Governmental activities				
Capital assets, not depreciated:				
Land	\$ 192,612	\$ -	\$ -	\$ 192,612
Construction in process	<u>31,393</u>	<u>-</u>	<u>31,393</u>	<u>-</u>
	<u>224,005</u>	<u>-</u>	<u>31,393</u>	<u>192,612</u>
Capital assets, depreciated:				
Infrastructure	441,516	31,393	-	472,909
Buildings & improvements	667,473	27,293	-	694,766
Equipment, machinery and vehicles	<u>1,200,856</u>	<u>21,332</u>	<u>-</u>	<u>1,222,188</u>
	<u>2,309,845</u>	<u>80,018</u>	<u>-</u>	<u>2,389,863</u>
Less accumulated depreciation for:				
Infrastructure	27,405	9,459	-	36,864
Buildings & improvements	299,881	12,972	-	312,853
Equipment, machinery and vehicles	<u>589,082</u>	<u>73,585</u>	<u>-</u>	<u>662,667</u>
	<u>916,368</u>	<u>96,016</u>	<u>-</u>	<u>1,012,384</u>
Total capital assets depreciated, net	<u>1,393,477</u>	<u>(15,998)</u>	<u>-</u>	<u>1,377,479</u>
Capital assets, net, governmental activities	\$ <u>1,617,482</u>	\$ <u>(15,998)</u>	\$ <u>31,393</u>	\$ <u>1,570,091</u>

Depreciation expense in the governmental activities totaling \$96,016 was allocated to the following functions: general government \$6,382, highway \$88,978, and library \$656.

7. Long-term liabilities

The Town issues general obligation bonds to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year. The town's debt obligations for less costly projects (e.g. road equipment) are notes and capital leases payable.

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2018

7. Long-term liabilities (continued)

The following is a summary of notes and capital leases payable at December 31, 2018:

Deere Credit, Inc., lease purchase agreement, 2014 John Deere 75G excavator, interest at 3.00%. Annual payment of \$13,894 through April 15, 2021. Total borrowed was \$89,060.	\$ 39,271
Community Bank, 2016 Ford F550 dump truck note payable, interest at 2.05%. Annual principal reduction payment of \$14,327 through May 10, 2021. Truck and accessories purchased December 28, 2015 for \$71,635. Total borrowed was \$71,635.	42,981
Community Bank, 2016 fire station addition note payable, interest at 2.05%. Annual principal reduction payment of \$15,600, through August 23, 2021. Total borrowed was \$78,000.	46,800
Community Bank, 2018 Western Star dump truck, note payable, interest at 1.95%. Annual principal reduction payment of \$43,333 through September 25, 2020. Total borrowed was \$130,000.	86,667
	<u>\$ 215,719</u>

Changes in long-term liabilities for the year ended December 31, 2018 were as follows:

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2018</u>	Due Within <u>One Year</u>
Governmental activities:					
Capital lease payable, 2014 grader	\$ 51,596	\$ -	\$ 12,325	\$ 39,271	\$ 12,600
Note payable, 2016 dump truck	57,308	-	14,327	42,981	14,327
Note payable, fire station addition	62,400	-	15,600	46,800	15,600
Note payable, 2018 dump truck	<u>130,000</u>	<u>-</u>	<u>43,333</u>	<u>86,667</u>	<u>43,333</u>
	<u>\$ 301,304</u>	<u>\$ -</u>	<u>\$ 85,585</u>	<u>\$ 215,719</u>	<u>\$ 85,860</u>

Annual maturities of long-term debt at December 31, 2018 were as follows

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending December 31,		
2019	\$ 85,860	\$ 4,825
2020	86,448	2,779
2021	<u>43,411</u>	<u>1,024</u>
	<u>\$ 215,719</u>	<u>\$ 8,628</u>

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2018

8. Retirement plan

Vermont Municipal Employees Retirement System - The Town contributes to the Vermont Municipal Employees Retirement System (VMERS) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contributions plans, administered by the State of Vermont. VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State statutory provisions, found in Title 24, V.S.A., Chapter 125, govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the operation of VMERS is vested in the Board of Trustees. VMERS issues annual financial information which is available at the VMERS' office, 133 State Street, Montpelier, Vermont 05602.

Employees meeting certain eligibility requirements are covered under the VMERS defined benefit plan. Town employees participating in this plan (Group B) are required to contribute 4.875% (5.000% starting 7/1/2018) of gross wages, and the Town contributes 5.500% (5.625% starting 7/1/2018) of the employees' gross wages to the plan. The Town's contributions to VMERS for the years ended December 31, 2018, 2017 and 2016 were \$8,501, \$7,137, and \$10,411, respectively.

Because of the use of a modified cash basis of accounting, the Town's proportionate share of the VMERS's net pension liability is not reported in the Town's financial statements as a liability. Pension expense or expenditures are only reported when contributions are paid by the Town to VMERS.

9. Addison County Solid Waste Management District

The Town is a participating member in the Addison County Solid Waste Management District (the District); which is a union municipal district that exists to cooperatively and comprehensively address the solid waste management interest of its 20-member towns. The District is governed by a Board of Supervisors composed of one representative from each of the participating municipalities. The District has primary liability for its future obligations, including operating costs and debt service. Municipalities have contingent liability through membership in the District.

10. Contingencies

The Town receives significant financial assistance from the State of Vermont through grants and other forms of state aid. Entitlement to these resources is generally based on compliance with terms and conditions of grant agreements and applicable state regulations, including the expenditure of the resources for eligible purposes. These funds are subject to audit by the granting authority in order to ensure compliance. Any disallowance as a result of these audits becomes a liability of the Town. Management believes that there are no significant contingent liabilities relating to compliance with grant agreements and applicable state regulations.

11. Interfund balances

Interfund receivable and payable balances at December 31, 2018 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities:		
General Fund	\$ -	\$ 3,168
Highway Fund	3,168	-
	\$ <u>3,168</u>	\$ <u>3,168</u>

TOWN OF MONKTON, VERMONT
Notes to Financial Statements
December 31, 2018

12. Tax stabilization agreement

On March 4, 2017, the voters of the Town approved a \$60,000 tax stabilization fund. The voters did not identify specific requirements for additions to the stabilization amount or conditions under which stabilization amounts may be spent. As of December 31, 2018, the \$60,000 stabilization amount was reported as unassigned general fund balance.

TOWN OF MONKTON, VERMONT
Schedule of Revenues, Expenditures - Modified Cash Basis
Budget and Actual - General Fund
For the Year Ended December 31, 2018
(Page 1 of 3)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 269,269	\$ 269,269	\$ 229,191	\$ (40,078)
Penalties and interest on delinquent taxes	22,000	22,000	12,061	(9,939)
Intergovernmental	80,689	80,689	52,873	(27,816)
Licenses, permits and fines	31,570	31,570	17,964	(13,606)
Charges for services	33,600	33,600	35,876	2,276
Investment income	50	50	61	11
Miscellaneous	1,000	1,000	1,577	577
Total revenues	<u>438,178</u>	<u>438,178</u>	<u>349,603</u>	<u>(88,575)</u>
Expenditures				
General government payroll:				
Town Clerk	35,000	35,000	35,000	-
Assistant Town Clerk	11,850	11,850	11,711	139
Treasurer	33,475	33,475	33,475	-
Assistant Treasurer	7,500	7,500	7,800	(300)
Delinquent Tax Collector	3,500	3,500	3,500	-
Webmaster	300	300	300	-
Select Board	7,700	7,700	6,490	1,210
Select Board administrative	1,200	1,200	412	788
Auditors	7,000	7,000	4,984	2,016
BCA - Election Officials	3,000	3,000	1,622	1,378
Custodian	1,000	1,000	993	7
Constable	250	250	250	-
Fire Warden	250	250	250	-
Health Officer	600	600	300	300
Animal Control Officer	750	750	90	660
FICA	10,800	10,800	10,134	666
Appraisal	15,000	15,000	12,922	2,078
Zoning Administrator	15,000	15,000	9,692	5,308
DRB - board members	1,500	1,500	480	1,020
DRB - clerical	1,500	1,500	240	1,260
DRB - recording secretary	1,500	1,500	495	1,005
Planning Commission - board members	1,680	1,680	1,390	290
Planning Commission - clerical	400	400	-	400
ANAC clerical	500	500	378	122
Total general government payroll	<u>161,255</u>	<u>161,255</u>	<u>142,908</u>	<u>18,347</u>
Town office:				
Copier rental	3,500	3,500	3,125	375
Office and general supplies	4,500	4,500	3,483	1,017
Postage	3,000	3,000	3,177	(177)
Equipment and furniture	700	700	30	670
Computer equipment and software	1,000	1,000	215	785
Computer contract service	2,700	2,700	2,922	(222)
<i>continued</i>				

TOWN OF MONKTON, VERMONT
Schedule of Revenues, Expenditures - Modified Cash Basis
Budget and Actual - General Fund
For the Year Ended December 31, 2018
(Page 2 of 3)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Conferences and training	1,000	1,000	380	620
Mileage reimbursement	500	500	106	394
Telephone	2,000	2,000	2,056	(56)
Heat	2,500	2,500	3,452	(952)
Electricity	1,500	1,500	1,355	145
DMV-AOT fees	100	100	-	100
Total Town office	<u>23,000</u>	<u>23,000</u>	<u>20,301</u>	<u>2,699</u>
General expenditures:				
Sheriff's department	28,000	28,000	11,157	16,843
Insurance - worker's compensation	17,880	17,880	14,729	3,151
Insurance - property and liability	11,000	11,000	3,497	7,503
Appraisal	600	600	596	4
PVR education	300	300	270	30
Printing and advertising	7,000	7,000	6,832	168
Property maintenance and upgrade	7,000	7,000	221	6,779
Consultant fees	3,250	3,250	3,150	100
Association dues and fees	3,300	3,300	3,622	(322)
Legal fees	10,000	10,000	285	9,715
BCA - election	3,500	3,500	2,948	552
Property tax appeal settled	1,000	1,000	-	1,000
Recycling	6,500	6,500	6,093	407
Animal expense	2,000	2,000	2,527	(527)
Restoration of records	2,500	2,500	2,729	(229)
State fees - marriage licenses	700	700	850	(150)
Park-n-ride	300	300	312	(12)
Town Hall committee	5,000	5,000	2,042	2,958
Cemetery maintenance	4,000	4,000	4,000	-
County taxes	9,300	9,300	9,340	(40)
Tax maps	1,750	1,750	1,770	(20)
Debt payments - interest	1,279	1,279	1,280	(1)
Debt payments - principal	15,600	15,600	15,600	-
Total general expenditures	<u>141,759</u>	<u>141,759</u>	<u>93,850</u>	<u>47,909</u>
Development Review Board:				
Supplies and postage	300	300	408	(108)
Advertising	500	500	656	(156)
Computer equipment and software	-	-	1,826	(1,826)
Conferences and training	100	100	-	100
Mileage reimbursement	50	50	10	40
Legal fees	1,000	1,000	-	1,000
Total Development Review Board	<u>1,950</u>	<u>1,950</u>	<u>2,900</u>	<u>(950)</u>
Planning Commission:				
Supplies and postage	500	500	1,166	(666)
Printing	500	500	61	439
<i>continued</i>				

TOWN OF MONKTON, VERMONT
Schedule of Revenues, Expenditures - Modified Cash Basis
Budget and Actual - General Fund
For the Year Ended December 31, 2018
(Page 3 of 3)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Advertising	1,000	1,000	806	194
Mileage reimbursement	400	400	232	168
Consultants	1,000	1,000	-	1,000
MPG expenses	10,515	10,515	9,715	800
Legal fees	1,000	1,000	-	1,000
Addison County Regional Planning Commission	2,600	2,600	2,609	(9)
Total Planning Commission	17,515	17,515	14,589	2,926
Energy Committee:				
Miscellaneous	500	500	-	500
Appropriations:				
Addison Cty Community Action	1,250	1,250	1,250	-
Addison Cty Counseling Services, Inc.	1,600	1,600	1,600	-
Addison Cty Home Health & Hospice	1,946	1,946	1,946	-
Addison Cty Parent / Child	1,600	1,600	1,600	-
Bristol Recreation Department	2,000	2,000	2,000	-
Bristol Rescue Squad	5,000	5,000	5,000	-
Agewell	1,100	1,100	1,100	-
Elderly Services	800	800	800	-
Hospice Volunteer Service	300	300	300	-
Lewis Creek Association	550	550	550	-
Open Door Clinic	500	500	500	-
Otter Creek Natural Resources CD	198	198	198	-
Retired & Senior Volunteer Program	460	460	460	-
Vergennes Rescue Squad	600	600	600	-
Vermont Adult Learning	700	700	700	-
Women Safe	1,250	1,250	1,250	-
Vermont Center for Independent Living	195	195	195	-
Addison Cty Transit Resources	850	850	850	-
Bristol Family Center	250	250	250	-
Green Up Vermont	150	150	150	-
John W Graham Emergency Shelter	1,000	1,000	1,000	-
Homeward Bound	250	250	250	-
Addison Cty Court Diversion	550	550	550	-
Addison Cty Readers, Inc.	450	450	450	-
Rural Fire Protection Program	100	100	100	-
Monkton Mentors	500	500	500	-
American Red Cross	250	250	250	-
Monkton Volunteer Fire Department, Inc.	36,000	36,000	36,000	-
Russell Memorial Library	30,800	30,800	-	30,800
Monkton Museum Historical Society	1,000	1,000	1,000	-
Total appropriations	92,199	92,199	61,399	30,800
Total expenditures	438,178	438,178	335,947	102,231
Net change in fund balances	\$ -	\$ -	\$ 13,656	\$ 13,656

TOWN OF MONKTON, VERMONT
Schedule of Revenues, Expenditures - Modified Cash Basis
Budget and Actual - Highway Fund
For the Year Ended December 31, 2018
(Page 1 of 2)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 655,099	\$ 655,099	\$ 503,928	\$ (151,171)
Intergovernmental	184,560	184,560	175,634	(8,926)
Licenses, permits and fines	900	900	1,090	190
Miscellaneous	200	200	5,781	5,581
Total revenues	<u>840,759</u>	<u>840,759</u>	<u>686,433</u>	<u>(154,326)</u>
Expenditures				
Highway payroll:				
Regular employees	139,714	139,714	153,674	(13,960)
Part-time employees	50,440	50,440	44,265	6,175
FICA	14,547	14,547	15,142	(595)
VMERS retirement contribution	7,684	7,684	8,501	(817)
Health insurance	61,905	61,905	49,883	12,022
Dental insurance	3,434	3,434	2,519	915
Short-term disability insurance	400	400	203	197
Unemployment insurance	414	414	664	(250)
Life insurance	300	300	62	238
HRA reimbursements	-	-	2,841	(2,841)
HRA fees	-	-	1,132	(1,132)
Total highway payroll	<u>278,838</u>	<u>278,838</u>	<u>278,886</u>	<u>(48)</u>
Highway garage:				
Equipment, tools and supplies	6,100	6,100	8,835	(2,735)
Conferences and training	500	500	-	500
Telephone	1,700	1,700	1,657	43
Heat	4,500	4,500	4,091	409
Electricity	1,900	1,900	1,816	84
Trash removal	1,700	1,700	2,009	(309)
Capital equipment	22,425	22,425	21,332	1,093
Property maintenance and upgrade	7,000	7,000	7,704	(704)
Total highway garage	<u>45,825</u>	<u>45,825</u>	<u>47,444</u>	<u>(1,619)</u>
Highway general:				
Insurance - property and liability	11,319	11,319	11,071	248
Grease and oil	3,000	3,000	2,829	171
Equipment fuel	40,000	40,000	44,642	(4,642)
Repairs, parts and blades	38,000	38,000	32,224	5,776
Oxygen and acetylene	400	400	371	29
Debt service - interest	5,279	5,279	5,264	15
Debt service - principal	69,986	69,986	67,464	2,522
Miscellaneous	11,500	11,500	4,176	7,324
Total highway general	<u>179,484</u>	<u>179,484</u>	<u>168,041</u>	<u>11,443</u>
Highway road maintenance:				
Rental equipment	2,940	2,940	1,900	1,040
Gravel	80,000	80,000	64,711	15,289
Salt	39,000	39,000	46,445	(7,445)
Winter sand	23,000	23,000	27,791	(4,791)

continued

TOWN OF MONKTON, VERMONT
Schedule of Revenues, Expenditures - Modified Cash Basis
Budget and Actual - Highway Fund
For the Year Ended December 31, 2018
(Page 2 of 2)

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Chloride	26,500	26,500	20,799	5,701
Hot mix	101,000	101,000	99,803	1,197
Cold patch	400	400	431	(31)
Culverts	21,000	21,000	34,242	(13,242)
Signs, painting	5,500	5,500	3,747	1,753
911 signs	200	200	150	50
Highway upgrade and paving	<u>37,072</u>	<u>37,072</u>	<u>19,532</u>	<u>17,540</u>
Total highway road maintenance	<u>336,612</u>	<u>336,612</u>	<u>319,551</u>	<u>17,061</u>
Total expenditures	<u>840,759</u>	<u>840,759</u>	<u>813,922</u>	<u>26,837</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(127,489)</u>	\$ <u>(127,489)</u>

TOWN OF MONKTON, VERMONT
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue Funds				Capital Project Funds			Total
	Recreation Fund	PVR Education Fund	Wildlife Crossing Fund	Library Fund	Community Center Building Fund	MVFD Building Fund	Municipal Building Fund	Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ <u>19,740</u>	\$ <u>676</u>	\$ <u>2,467</u>	\$ <u>35,876</u>	\$ <u>3,608</u>	\$ <u>-</u>	\$ <u>80,004</u>	\$ <u>142,371</u>
Liabilities and fund balances								
Liabilities:	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund balances:								
Restricted								
PVR Education	-	676	-	-	-	-	-	676
Wildlife crossing	-	-	2,467	-	-	-	-	2,467
Committed								
Community Center	-	-	-	-	3,608	-	-	3,608
Library	-	-	-	35,876	-	-	-	35,876
Municipal building	-	-	-	-	-	-	80,004	80,004
Recreation	<u>19,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,740</u>
Total fund balances	<u>19,740</u>	<u>676</u>	<u>2,467</u>	<u>35,876</u>	<u>3,608</u>	<u>-</u>	<u>80,004</u>	<u>142,371</u>
Total liabilities and fund balances	\$ <u>19,740</u>	\$ <u>676</u>	\$ <u>2,467</u>	\$ <u>35,876</u>	\$ <u>3,608</u>	\$ <u>-</u>	\$ <u>80,004</u>	\$ <u>142,371</u>

TOWN OF MONKTON, VERMONT
Combining Schedule of Revenues,
Expenditures and Changes in Fund Balances
Modified Cash Basis - Other Governmental Funds
For the Year Ended December 31, 2018

	Special Revenue Funds				Capital Project Funds			Total
	Recreation Fund	PVR Education Fund	Wildlife Crossing Fund	Library Fund	Community Center Building Fund	MVFD Building Fund	Municipal Building Fund	Nonmajor Governmental Funds
Revenues								
Property taxes	\$ 4,500	\$ -	\$ -	\$ 30,800	\$ -	\$ -	\$ 40,000	\$ 75,300
Charges for services	5,215	-	-	-	-	-	-	5,215
Investment interest	2	-	-	12	-	-	4	18
Donations	-	-	-	120	-	-	-	120
Miscellaneous	-	-	-	2,884	-	20,876	-	23,760
Total revenues	<u>9,717</u>	<u>-</u>	<u>-</u>	<u>33,816</u>	<u>-</u>	<u>20,876</u>	<u>40,004</u>	<u>104,413</u>
Expenditures								
Current:								
General	-	-	-	-	552	-	-	552
Library	-	-	-	27,510	-	-	-	27,510
Recreation	8,738	-	-	-	-	-	-	8,738
Capital outlay	-	-	-	5,938	-	21,355	-	27,293
Total expenditures	<u>8,738</u>	<u>-</u>	<u>-</u>	<u>33,448</u>	<u>552</u>	<u>21,355</u>	<u>-</u>	<u>64,093</u>
Net change in fund balances	979	-	-	368	(552)	(479)	40,004	40,320
Fund balances,								
Beginning of year	<u>18,761</u>	<u>676</u>	<u>2,467</u>	<u>35,508</u>	<u>4,160</u>	<u>479</u>	<u>40,000</u>	<u>102,051</u>
Fund balances,								
End of year	<u>\$ 19,740</u>	<u>\$ 676</u>	<u>\$ 2,467</u>	<u>\$ 35,876</u>	<u>\$ 3,608</u>	<u>\$ -</u>	<u>\$ 80,004</u>	<u>\$ 142,371</u>