

TOWN OF BETHEL, VERMONT

AUDIT REPORT

JUNE 30, 2019

TOWN OF BETHEL, VERMONT
 AUDIT REPORT
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Independent Auditor's Report

Board of Selectmen
Town of Bethel, Vermont
134 South Main Street
Bethel, Vermont 05032

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 Bethel, Vermont as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Bethel, 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 Bethel, 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 Bethel, 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 Bethel, Vermont, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof 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. Our opinion on the basic financial statements is not affected by this missing information.

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

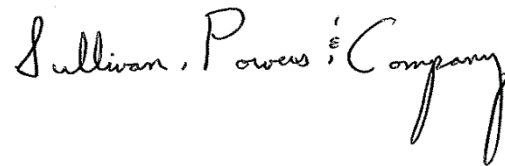
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bethel, 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 March 4, 2020 on our consideration of the Town of Bethel, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Bethel, Vermont’s internal control over financial reporting and compliance.

March 4, 2020
Montpelier, Vermont
VT Lic. #92-000180

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

TOWN OF BETHEL, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 939,409	\$ 0	\$ 939,409
Investments	365,778	12,551	378,329
Receivables (Net of Allowance for Uncollectibles)	435,981	66,068	502,049
Loans Receivable	49,128	0	49,128
Due from the Bethel/Royalton Solid Waste Management Facility	91,013	0	91,013
Property Held for Resale	14,580	0	14,580
Internal Balances	314,835	(314,835)	0
Capital Assets:			
Land	326,708	7,100	333,808
Construction in Progress	0	17,091	17,091
Other Capital Assets, (Net of Accumulated Depreciation)	<u>15,803,749</u>	<u>2,635,864</u>	<u>18,439,613</u>
Total Assets	<u>18,341,181</u>	<u>2,423,839</u>	<u>20,765,020</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VSERS	<u>226,029</u>	<u>45,912</u>	<u>271,941</u>
Total Deferred Outflows of Resources	<u>226,029</u>	<u>45,912</u>	<u>271,941</u>
<u>LIABILITIES</u>			
Accounts Payable	90,444	33,433	123,877
Accrued Payroll and Benefits Payable	14,191	2,610	16,801
Unearned Revenue	0	1,896	1,896
Due to Others	11,154	0	11,154
Accrued Interest Payable	27,124	3,113	30,237
Noncurrent Liabilities:			
Due within One Year	186,909	67,848	254,757
Due in More than One Year	<u>2,812,729</u>	<u>566,136</u>	<u>3,378,865</u>
Total Liabilities	<u>3,142,551</u>	<u>675,036</u>	<u>3,817,587</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	13,613	0	13,613
Deferred Inflows of Resources Related to the Town's Participation in VSERS	<u>46,285</u>	<u>9,402</u>	<u>55,687</u>
Total Deferred Inflows of Resources	<u>59,898</u>	<u>9,402</u>	<u>69,300</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	13,722,134	2,142,983	15,865,117
Restricted:			
Trustee of Public Funds	334,846	0	334,846
Revolving Loans	394,539	0	394,539
Highway Equipment	95,029	0	95,029
Other	48,978	0	48,978
Unrestricted/(Deficit)	<u>769,235</u>	<u>(357,670)</u>	<u>411,565</u>
Total Net Position	<u>\$ 15,364,761</u>	<u>\$ 1,785,313</u>	<u>\$ 17,150,074</u>

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

TOWN OF BETHEL, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 655,543	\$ 57,186	\$ 20,940	\$ 8,777	\$ (568,640)	\$ 0	\$ (568,640)
Public Safety	290,349	2,241	30,048	2,424	(255,636)	0	(255,636)
Public Works	1,550,164	475	396,418	172,694	(980,577)	0	(980,577)
Culture and Recreation	137,413	13,012	2,659	5,000	(116,742)	0	(116,742)
Community Development	83	4,553	0	0	4,470	0	4,470
Cemetery	1,066	2,915	0	0	1,849	0	1,849
Sanitation	18,900	0	0	0	(18,900)	0	(18,900)
Interest on Long-term Debt	57,424	0	0	0	(57,424)	0	(57,424)
Total Governmental Activities	<u>2,710,942</u>	<u>80,382</u>	<u>450,065</u>	<u>188,895</u>	<u>(1,991,600)</u>	<u>0</u>	<u>(1,991,600)</u>
Business-type Activities:							
Water	184,911	238,079	0	0	0	53,168	53,168
Sewer	285,338	247,964	24,860	0	0	(12,514)	(12,514)
Total Business-type Activities	<u>470,249</u>	<u>486,043</u>	<u>24,860</u>	<u>0</u>	<u>0</u>	<u>40,654</u>	<u>40,654</u>
Total Primary Government	<u>\$ 3,181,191</u>	<u>\$ 566,425</u>	<u>\$ 474,925</u>	<u>\$ 188,895</u>	<u>(1,991,600)</u>	<u>40,654</u>	<u>(1,950,946)</u>
General Revenues:							
Property Taxes					1,921,101	0	1,921,101
Penalties and Interest on Delinquent Taxes					33,645	0	33,645
General State Grants					132,680	0	132,680
Unrestricted Investment Earnings					18,992	47	19,039
Insurance Proceeds					19,951	0	19,951
Other Revenues					11,538	0	11,538
Total General Revenues					<u>2,137,907</u>	<u>47</u>	<u>2,137,954</u>
Change in Net Position					146,307	40,701	187,008
Net Position - July 1, 2018					<u>15,218,454</u>	<u>1,744,612</u>	<u>16,963,066</u>
Net Position - June 30, 2019					<u>\$ 15,364,761</u>	<u>\$ 1,785,313</u>	<u>\$ 17,150,074</u>

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

TOWN OF BETHEL, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	FEMA Fund	Trustees of Public Funds Fund	Revolving Loan Fund	Campbrook/ Federal Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 490,960	\$ 0	\$ 210	\$ 251,777	\$ 0	\$ 196,462	\$ 939,409
Investments	0	0	334,636	0	0	31,142	365,778
Receivables (Net of Allowance for Uncollectibles)	179,310	58,318	0	0	198,353	0	435,981
Loans Receivable	0	0	0	49,128	0	0	49,128
Due from Other Funds	240,528	0	0	23,158	0	312,066	575,752
Advances to Other Funds	0	0	0	70,476	0	0	70,476
Due from the Bethel/Royalton Solid Waste Management Facility	91,013	0	0	0	0	0	91,013
Property Held for Resale	14,580	0	0	0	0	0	14,580
Total Assets	\$ 1,016,391	\$ 58,318	\$ 334,846	\$ 394,539	\$ 198,353	\$ 539,670	\$ 2,542,117
LIABILITIES							
Accounts Payable	\$ 90,444	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,444
Accrued Payroll and Benefits Payable	14,191	0	0	0	0	0	14,191
Due to Other Funds	0	66,649	0	0	198,353	39,847	304,849
Advances from Other Funds	26,544	0	0	0	0	0	26,544
Due to Others	11,154	0	0	0	0	0	11,154
Total Liabilities	142,333	66,649	0	0	198,353	39,847	447,182
DEFERRED INFLOWS OF RESOURCES							
Prepaid Property Taxes	13,613	0	0	0	0	0	13,613
Unavailable Property Taxes, Penalties and Interest	149,000	0	0	0	0	0	149,000
Unavailable Grants	0	58,318	0	0	198,353	0	256,671
Unavailable Loans Receivable	0	0	0	49,128	0	0	49,128
Total Deferred Inflows of Resources	162,613	58,318	0	49,128	198,353	0	468,412
FUND BALANCES/(DEFICIT)							
Nonspendable	14,850	0	317,191	0	0	200	332,241
Restricted	0	0	17,655	345,411	0	143,807	506,873
Committed	0	0	0	0	0	219,812	219,812
Assigned	0	0	0	0	0	159,441	159,441
Unassigned/(Deficit)	696,595	(66,649)	0	0	(198,353)	(23,437)	408,156
Total Fund Balances/(Deficit)	711,445	(66,649)	334,846	345,411	(198,353)	499,823	1,626,523
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,016,391	\$ 58,318	\$ 334,846	\$ 394,539	\$ 198,353	\$ 539,670	\$ 15,364,761
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.							16,130,457
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.							454,799
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.							(3,026,762)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VSERS are applicable to Future Periods and, Therefore, are not reported in the Funds.							179,744
Net Position of Governmental Activities							<u>\$ 15,364,761</u>

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

TOWN OF BETHEL, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	FEMA Fund	Trustees of Public Funds Fund	Revolving Loan Fund	Campbrook/ Federal Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	\$ 1,982,101	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,982,101
Penalties and Interest on Delinquent Taxes	56,645	0	0	0	0	0	56,645
Intergovernmental	752,778	156,295	0	0	0	10,055	919,128
Charges for Services	39,115	0	0	0	0	5,164	44,279
Permits, Licenses and Fees	53,431	0	0	0	0	0	53,431
Fines and Forfeits	2,241	0	0	0	0	0	2,241
Loan Repayments	0	0	0	15,284	0	0	15,284
Loan Interest Income	0	0	0	4,553	0	0	4,553
Investment Income	1,751	0	15,779	394	0	1,068	18,992
Donations	0	0	0	0	0	18,860	18,860
Other	11,538	0	0	0	0	0	11,538
Total Revenues	2,899,600	156,295	15,779	20,231	0	35,147	3,127,052
Expenditures:							
General Government	620,685	0	7,892	0	0	1,000	629,577
Public Safety	241,362	0	0	0	0	0	241,362
Public Works	817,766	66,649	0	0	198,353	2,100	1,084,868
Culture and Recreation	100,756	0	0	0	0	14,055	114,811
Community Development	0	0	0	83	0	0	83
Cemetery	1,066	0	0	0	0	0	1,066
Sanitation	18,900	0	0	0	0	0	18,900
Capital Outlay:							
Public Safety	33,271	0	0	0	0	0	33,271
Public Works	293,937	0	0	0	0	0	293,937
Debt Service:							
Principal	172,421	0	0	0	0	0	172,421
Interest	43,626	0	0	0	0	0	43,626
Total Expenditures	2,343,790	66,649	7,892	83	198,353	17,155	2,633,922
Excess/(Deficiency) of Revenues Over Expenditures	<u>555,810</u>	<u>89,646</u>	<u>7,887</u>	<u>20,148</u>	<u>(198,353)</u>	<u>17,992</u>	<u>493,130</u>
Other Financing Sources/(Uses):							
Proceeds from Long-term Debt	1,444,000	0	0	0	0	0	1,444,000
Insurance Proceeds	16,058	0	0	0	0	3,893	19,951
Transfers In	0	0	0	0	0	136,108	136,108
Transfers Out	(136,108)	0	0	0	0	0	(136,108)
Total Other Financing Sources/(Uses)	1,323,950	0	0	0	0	140,001	1,463,951
Net Change in Fund Balances	1,879,760	89,646	7,887	20,148	(198,353)	157,993	1,957,081
Fund Balances/(Deficit) - July 1, 2018	(1,168,315)	(156,295)	326,959	325,263	0	341,830	(330,558)
Fund Balances/(Deficit) - June 30, 2019	\$ 711,445	\$ (66,649)	\$ 334,846	\$ 345,411	\$ (198,353)	\$ 499,823	\$ 1,626,523

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

TOWN OF BETHEL, 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, 2019

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

Net change in fund balances - total governmental funds (Exhibit D)	\$	1,957,081
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$327,208) is allocated over their estimated useful lives and reported as depreciation expense (\$569,576). This is the amount by which depreciation exceeded capital outlays in the current period.		(242,368)
The issuance of long-term debt (\$1,444,000) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$172,421) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(1,271,579)
The issuance of loans receivable (\$-0-) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$15,284) provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of loans receivable.		(15,284)
Governmental funds report employer pension contributions as expenditures (\$57,732). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$82,457) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(24,725)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(250,348)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(6,470)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>146,307</u></u>

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

TOWN OF BETHEL, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Investments	\$ 0	\$ 12,551	\$ 12,551
Receivables (Net of Allowance for Uncollectibles)	30,427	35,641	66,068
Total Current Assets	30,427	48,192	78,619
Noncurrent Assets:			
Capital Assets:			
Land	0	7,100	7,100
Construction in Progress	17,091	0	17,091
Water and Sewer Systems	2,205,289	3,018,189	5,223,478
Less: Accumulated Depreciation	(976,917)	(1,610,697)	(2,587,614)
Total Noncurrent Assets	1,245,463	1,414,592	2,660,055
Total Assets	1,275,890	1,462,784	2,738,674
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VSERS	10,595	35,317	45,912
Total Deferred Outflows of Resources	10,595	35,317	45,912
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	14,620	18,813	33,433
Accrued Payroll and Benefits Payable	573	2,037	2,610
Advances from Other Funds - Current Portion	23,011	7,998	31,009
Due to Other Funds	117,041	153,862	270,903
Unearned Revenue	0	1,896	1,896
Accrued Interest Payable	1,506	1,607	3,113
Notes Payable - Current Portion	0	7,998	7,998
General Obligation Bonds Payable - Current Portion	59,850	0	59,850
Total Current Liabilities	216,601	194,211	410,812
Noncurrent Liabilities:			
Advances from Other Funds - Noncurrent Portion	0	12,923	12,923
Compensated Absences Payable	10,069	39,726	49,795
Net Pension Liability	25,627	85,422	111,049
Notes Payable - Noncurrent Portion	0	31,745	31,745
General Obligation Bonds Payable - Noncurrent Portion	373,547	0	373,547
Total Noncurrent Liabilities	409,243	169,816	579,059
Total Liabilities	625,844	364,027	989,871
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VSERS	2,170	7,232	9,402
Total Deferred Inflows of Resources	2,170	7,232	9,402
<u>NET POSITION</u>			
Net Investment in Capital Assets	789,055	1,353,928	2,142,983
Unrestricted/(Deficit)	(130,584)	(227,086)	(357,670)
Total Net Position	\$ 658,471	\$ 1,126,842	\$ 1,785,313

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

TOWN OF BETHEL, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 225,659	\$ 237,088	\$ 462,747
Interest and Penalties	12,420	10,876	23,296
Total Operating Revenues	238,079	247,964	486,043
Operating Expenses:			
Payroll and Benefits	63,441	114,991	178,432
Administrative Services	12,061	12,061	24,122
Training and Certification	96	208	304
Supplies	3,041	3,431	6,472
Utilities	20,354	24,998	45,352
Repairs and Maintenance	20,068	28,403	48,471
Machinery and Equipment	3,300	0	3,300
Chemicals	1,535	0	1,535
Permits and Testing	4,759	5,484	10,243
Sludge Disposal	0	23,048	23,048
Depreciation	41,707	64,223	105,930
Other Operating Expenses	3,694	2,085	5,779
Total Operating Expenses	174,056	278,932	452,988
Operating Income/(Loss)	64,023	(30,968)	33,055
Non-Operating Revenues/(Expenses):			
Investment Income	0	47	47
Grant Income	0	24,860	24,860
Grant Expense	0	(4,415)	(4,415)
Interest Expense	(10,855)	(1,991)	(12,846)
Total Non-Operating Revenues/(Expenses)	(10,855)	18,501	7,646
Change in Net Position	53,168	(12,467)	40,701
Net Position - July 1, 2018	605,303	1,139,309	1,744,612
Net Position - June 30, 2019	\$ 658,471	\$ 1,126,842	\$ 1,785,313

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

TOWN OF BETHEL, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 260,937	\$ 280,740	\$ 541,677
Payments for Goods and Services	(45,665)	(68,496)	(114,161)
Payments for Interfund Services	(12,061)	(12,061)	(24,122)
Payments for Wages and Benefits	(43,482)	(123,222)	(166,704)
Net Cash Provided by Operating Activities	<u>159,729</u>	<u>76,961</u>	<u>236,690</u>
Cash Flows From Noncapital Financing Activities:			
Grant Income	0	24,860	24,860
Grant Expense	0	(4,415)	(4,415)
Increase/(Decrease) in Due to Other Funds	(35,176)	(69,640)	(104,816)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(35,176)</u>	<u>(49,195)</u>	<u>(84,371)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(41,747)	(8,822)	(50,569)
Proceeds from Long-term Debt	12,900	0	12,900
Principal Paid on Long-term Debt	(58,107)	(7,998)	(66,105)
Interest Paid on Long-term Debt	(14,816)	(2,947)	(17,763)
Increase/(Decrease) in Advances from Other Funds	(22,783)	(7,998)	(30,781)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(124,553)</u>	<u>(27,765)</u>	<u>(152,318)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	0	47	47
Net (Increase)/Decrease in Investments	0	(48)	(48)
Net Cash Provided/(Used) by Investing Activities	<u>0</u>	<u>(1)</u>	<u>(1)</u>
Net Increase in Cash	0	0	0
Cash - July 1, 2018	<u>0</u>	<u>0</u>	<u>0</u>
Cash - June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ 64,023	\$ (30,968)	\$ 33,055
Depreciation	41,707	64,223	105,930
(Increase)/Decrease in Prepaid Expenses	172	1,696	1,868
(Increase)/Decrease in Receivables	22,929	32,883	55,812
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VSERS	(10,595)	13,968	3,373
Increase/(Decrease) in Accounts Payable	11,010	17,465	28,475
Increase/(Decrease) in Accrued Payroll and Benefits Payable	244	19	263
Increase/(Decrease) in Unearned Revenue	(71)	(107)	(178)
Increase/(Decrease) in Compensated Absences Payable	2,513	6,975	9,488
Increase/(Decrease) in Net Pension Liability	25,627	(14,101)	11,526
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VSERS	2,170	(15,092)	(12,922)
Net Cash Provided by Operating Activities	<u>\$ 159,729</u>	<u>\$ 76,961</u>	<u>\$ 236,690</u>

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

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The Town of Bethel, Vermont, (herein the "Town") operates under a Manager/Board of Selectmen form of government and provides the following services as authorized by State statutes: public safety, highways and streets, health and social services, community/economic development, culture and recreation, sanitation, cemetery, 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 Bethel, Vermont (the "Town") 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 Bethel, 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.

The Town participates in a joint venture, the Bethel/Royalton Solid Waste Management Facility (the Facility). The Facility is governed by a Board comprised of three (3) members appointed by the Town of Bethel and three (3) members appointed by the Town of Royalton. The Selectboards of the Towns may jointly issue such notes or other obligations as they may deem necessary for Facility capital expenses and operating expenses. The apportionment between the Towns of the costs of repayment of such notes and obligations shall be in accordance with such agreements as negotiated by the Selectboards at the time the notes and obligations are incurred. If the contract is terminated, the Selectboards shall prepare and adopt, prior to the end of the then-current term, a plan of dissolution which shall specify the means by which assets of the Facility shall be liquidated and specify the nature and amount of any liabilities or obligations to be assumed and paid by each Town and/or specify the amount of monies due from each Town, if necessary, to extinguish the liabilities of the Facility. There is no explicit measurable equity interest in the agreement so, therefore, the Town's share of the Facility's equity is not reported in the Town's financial statements. The Facility issues separate audited financial statements.

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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. Revenues 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 governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

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

FEMA Fund – This fund accounts for the FEMA related activity of the Town.

Trustees of Public Funds Fund – This fund accounts for the Trustees of Public Funds monies.

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Revolving Loan Fund – This fund accounts for the Town’s Revolving Loan Fund which provides loans to area businesses.

Campbrook/Federal Highway Fund – This fund accounts for the Campbrook and Federal highway project activity of the Town.

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.

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.

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under capital leases 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.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

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.

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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 thirty (30) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds.

2. Investments

The Town invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values 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. Pensions

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

6. 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 BETHEL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

7. 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.

8. 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 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
Land Improvements	\$ 5,000	20-50 Years
Buildings and Building Improvements	\$ 5,000	50 Years
Machinery and Equipment	\$ 1,000	5-25 Years
Infrastructure	\$ 5,000	15-50 Years
Water and Sewer Systems	\$ 5,000	20-75 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 BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

9. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

10. Long-term Liabilities

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

11. 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 Board of Selectmen'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.

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition the accrual for the Town's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The budget is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The budget presented herein is for the Town's "General Fund" only and does not include the unbudgeted proceeds from long-term debt, the Cemeteries Fund and the Town Clerk Fund activity that is included with the General Fund.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2019, expenditures in the General Fund exceeded appropriations by \$101,920. 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, 2019 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$939,103
Deposits held by Investment Company	56
Cash on Hand	<u>250</u>
Total Cash	<u>939,409</u>

TOWN OF BETHEL, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

Investments:

Certificates of Deposit	\$209,968
Common Stock	45,954
Mutual Funds – Equities	<u>122,407</u>
Total Investments	<u>378,329</u>
Total Cash and Investments	<u>\$1,317,738</u>

The Town has six (6) certificates of deposit at Northfield Savings Bank ranging from \$1,311 to \$54,195 with interest rates ranging from 1.49% to 2.47%. All of the certificates of deposit at the Northfield Savings Bank will mature during fiscal year 2020. The Town has six (6) certificates of deposit at Mascoma Savings Bank ranging from \$652 to \$31,142 with interest rates ranging from 0.349% to 1.735%. All of the certificates of deposit at the Mascoma Savings Bank will mature during fiscal year 2020.

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 Town’s common stock and 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 deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	<u>\$1,149,127</u>	<u>\$1,147,284</u>

The difference between the book and 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	\$939,103
Investments – Deposits held by Investment Company	56
Investments – Certificates of Deposit	<u>209,968</u>
Total	<u>\$1,149,127</u>

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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 the exposure to interest rate risk. The Town's certificates of deposit and common stock are not subject to interest rate risk disclosure. The Town's mutual funds are open-ended and, therefore, are also exempt from interest rate disclosure.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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 and common stock are not subject to credit risk disclosure. The Town's mutual funds are open-ended and, therefore, are also excluded from the credit risk analysis.

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's certificates of deposit and mutual funds are exempt from concentration of credit risk analysis. The Town has \$30,521, (66%), of their common stock invested in JP Morgan Chase & Co. There are no other investments in any one issuer that represent more than 5% of total investments.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Town's certificates of deposit are not subject to fair value disclosures.

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The Town has the following fair value measurements as of June 30, 2019:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Common Stock	\$ 45,954	\$ 45,954	\$ 0	\$ 0
Mutual Funds - Equities	122,407	122,407	0	0
Total	\$ <u>168,361</u>	\$ <u>168,361</u>	\$ <u>0</u>	\$ <u>0</u>

B. Receivables

Receivables as of June 30, 2019, 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	\$ 154,250	\$ 0	\$ 154,250
Penalties and Interest Receivable	25,060	0	25,060
Grants Receivable	256,671	889	257,560
Billed Services	0	95,179	95,179
Allowance for Doubtful Accounts - Water/Sewer	0	(30,000)	(30,000)
Total	\$ <u>435,981</u>	\$ <u>66,068</u>	\$ <u>502,049</u>

C. Loans Receivable

Loans receivable as of June 30, 2019 consists of community development loans as follows:

Loans Receivable, 3 Small Business Loans, Monthly Principal and Interest Payments Required, Various Interest Rates, Secured by Business Assets and Second Mortgages	<u>\$49,128</u>
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An analysis of the change in loans receivable is as follows:

Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<u>\$64,412</u>	<u>\$ 0</u>	<u>\$15,284</u>	<u>\$49,128</u>

TOWN OF BETHEL, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 326,708	\$ 0	\$ 0	\$ 326,708
Construction in Progress	48,296	287,546	335,842	0
Total Capital Assets, Not Being Depreciated	<u>375,004</u>	<u>287,546</u>	<u>335,842</u>	<u>326,708</u>
Capital Assets, Being Depreciated:				
Land Improvements	214,318	0	0	214,318
Buildings and Building Improvements	2,409,326	26,700	0	2,436,026
Machinery and Equipment	2,179,070	12,962	0	2,192,032
Infrastructure	15,156,612	335,842	0	15,492,454
Totals	<u>19,959,326</u>	<u>375,504</u>	<u>0</u>	<u>20,334,830</u>
Less Accumulated Depreciation for:				
Land Improvements	79,148	3,769	0	82,917
Buildings and Building Improvements	474,364	57,328	0	531,692
Machinery and Equipment	775,047	150,493	0	925,540
Infrastructure	2,632,946	357,986	0	2,990,932
Totals	<u>3,961,505</u>	<u>569,576</u>	<u>0</u>	<u>4,531,081</u>
Total Capital Assets, Being Depreciated	<u>15,997,821</u>	<u>(194,072)</u>	<u>0</u>	<u>15,803,749</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,372,825</u>	<u>\$ 93,474</u>	<u>\$ 335,842</u>	<u>\$ 16,130,457</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,100	\$ 0	\$ 0	\$ 7,100
Construction in Progress	0	17,091	0	17,091
Total Capital Assets, Not Being Depreciated	<u>7,100</u>	<u>17,091</u>	<u>0</u>	<u>24,191</u>
Capital Assets, Being Depreciated:				
Water System	2,180,633	24,656	0	2,205,289
Sewer System	3,009,367	8,822	0	3,018,189
Totals	<u>5,190,000</u>	<u>33,478</u>	<u>0</u>	<u>5,223,478</u>
Less Accumulated Depreciation for:				
Water System	935,210	41,707	0	976,917
Sewer System	1,546,474	64,223	0	1,610,697
Totals	<u>2,481,684</u>	<u>105,930</u>	<u>0</u>	<u>2,587,614</u>
Total Capital Assets, Being Depreciated	<u>2,708,316</u>	<u>(72,452)</u>	<u>0</u>	<u>2,635,864</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,715,416</u>	<u>\$ (55,361)</u>	<u>\$ 0</u>	<u>\$ 2,660,055</u>

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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 47,259	Water	\$ 41,707
Public Safety	48,387	Sewer	<u>64,223</u>
Public Works	451,826		
Culture and Recreation	<u>22,104</u>		
 Total Depreciation Expense - Governmental Activities	 <u>\$ 569,576</u>	 Total Depreciation Expense - Business-type Activities	 <u>\$ 105,930</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2019 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 240,528	\$ 0
FEMA Fund	0	66,649
Revolving Loan Fund	23,158	0
Campbrook/Federal Highway Fund	0	198,353
Non-Major Governmental Funds	312,066	39,847
Water Fund	0	117,041
Sewer Fund	<u>0</u>	<u>153,862</u>
 Total	 <u>\$ 575,752</u>	 <u>\$ 575,752</u>

The composition of advances to/from other funds as of June 30, 2019 are as follows:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 0	\$ 26,544
Revolving Loan Fund	70,476	0
Water Fund	0	23,011
Sewer Fund	<u>0</u>	<u>20,921</u>
 Total	 <u>\$ 70,476</u>	 <u>\$ 70,476</u>

TOWN OF BETHEL, VERMONT
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The advances to/from other funds will be repaid as follows:

Advance to General Fund from the Revolving Loan Fund for the Fire Station Construction, Annual Principal and Interest Payments of \$22,960 with a Final Payment of \$4,204. Due September 1, 2020	\$26,544
Advance to Water Fund from the Revolving Loan Fund for Water Line Replacement, Annual Principal and Interest Payments of \$23,241. Due July 15, 2019	23,011
Advance to Sewer Fund from the Revolving Loan Fund for Wastewater Overruns, Annual Principal Payments of \$7,998 Plus Interest. Due June 30, 2023	<u>20,921</u>
Total Advances to/from Other Funds	<u>\$70,476</u>

Interfund transfers during the year ended June 30, 2019 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Highway Equipment Trust Fund	\$ 66,108	Annual Appropriation
General Fund	Recreation Reserve Fund	20,000	Annual Appropriation
General Fund	Capital Improvement Fund	<u>50,000</u>	Annual Appropriation
Total		<u>\$ 136,108</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$68,490 from the difference between the expected and actual experience, \$35,089 from changes in assumptions, \$36,153 from the difference between the projected and actual investment earnings, \$28,565 from changes in the proportion related to the Town's participation in the Vermont State Employee's Retirement System (VSERS) and \$57,732 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the governmental activities is \$226,029.

Deferred outflows of resources in the business-type activities consists of \$13,912 from the difference between the expected and actual experience, \$7,128 from changes in assumptions, \$7,344 from the difference between the projected and actual investment earnings, \$5,801 from changes in the proportion related to the Town's participation in the Vermont State Employee's Retirement System (VSERS) and \$11,727 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the business-type activities is \$45,912.

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Deferred outflows of resources in the Water Fund consists of \$3,210 from the difference between the expected and actual experience, \$1,645 from changes in assumptions, \$1,695 from the difference between the projected and actual investment earnings, \$1,339 from changes in the proportion related to the Town's participation in the Vermont State Employee's Retirement System (VSERS) and \$2,706 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Water Fund is \$10,595.

Deferred outflows of resources in the Sewer Fund consists of \$10,702 from the difference between the expected and actual experience, \$5,483 from changes in assumptions, \$5,649 from the difference between the projected and actual investment earnings, \$4,462 from changes in the proportion related to the Town's participation in the Vermont State Employee's Retirement System (VSERS) and \$9,021 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Sewer Fund is \$35,317.

G. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$7,787 from changes in assumptions and \$38,498 from changes in the proportion related to the Town's participation in the Vermont State Employee's Retirement System (VSERS). It also includes \$13,613 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$59,898.

Deferred inflows of resources in the business-type activities consists of \$1,582 from changes in assumptions and \$7,820 from changes in the proportion related to the Town's participation in the Vermont State Employee's Retirement System (VSERS). Total deferred inflows of resources in the business-type activities is \$9,402.

Deferred inflows of resources in the General Fund consists of \$149,000 of delinquent property taxes, penalties and interest on those taxes not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$13,613 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$162,613.

Deferred inflows of resources in the FEMA Fund consists of \$58,318 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Revolving Loan Fund consists of \$49,128 of loans receivable.

Deferred inflows of resources in the Campbrook/Federal Highway Fund consists of \$198,353 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Water Fund consists of \$365 from changes in assumptions and \$1,805 from changes in the proportion related to the Town's participation in the Vermont State Employee's Retirement System (VSERS). Total deferred inflows of resources in the Water Fund is \$2,170.

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Deferred inflows of resources in the Sewer Fund consists of \$1,217 from changes in assumptions and \$6,015 from changes in the proportion related to the Town's participation in the Vermont State Employee's Retirement System (VSERS). Total deferred inflows of resources in the Sewer Fund is \$7,232.

H. Short-term Debt

The Town had notes payable with Mascoma Savings Bank. The terms and activity are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Tax Anticipation Note, Mascoma Savings Bank, Interest at 2.75%, Due and Paid June, 2019	\$ 0	\$ 100,000	\$ 100,000	\$ 0
Note Payable, Mascoma Savings Bank, Flood Recovery, Interest at 1.25%, Due November 18, 2018. at Which Time the Town made a Principal Payment of \$281,445 and the Balance of \$1,444,000 was Refinanced with a Due Date of November 18, 2043.	<u>1,725,445</u>	<u>0</u>	<u>1,725,445</u>	<u>0</u>
Total Short-term Debt	<u>\$1,725,445</u>	<u>\$ 100,000</u>	<u>\$1,825,445</u>	<u>\$ 0</u>

On May 7, 2019, the Town was authorized to borrow from Mascoma Bank in the amount of \$1,133,000 to defray the cost of current expenses as a result of unforeseen disaster relief, recovery and mitigation. At June 30, 2019, the Town has not drawn on this current expense note.

I. Long-term Liabilities

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

General obligation bonds are direct 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 Town has notes payable to finance various capital projects and equipment purchases through local banks.

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

The State of Vermont offers a number of low interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for water and sewer projects.

The United States Department of Agriculture (USDA) offers a number of low interest loan programs for various purposes. The Town has borrowed money from the USDA, in the form of a bond, for the Town Hall reconstruction.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements and proprietary fund financial statements.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements.

Long-term liabilities outstanding as of June 30, 2019 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Mascoma Savings Bank, Pumper & Tanker Trucks, Principal and Interest Payments of \$33,550 Payable on March 31 Annually, Interest at 2.75%, Due March, 2020	\$ 64,373	\$ 0	\$ 31,782	\$ 32,591
Bond Payable, Vermont Municipal Bond Bank, Church Street Bridge, Principal Payments Ranging from \$15,000 to \$20,000 Payable on December 1 Annually, Interest Rates Ranging from 1.90% to 4.65% Payable on June 1 and December 1, Due December, 2028	170,000	0	20,000	150,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Sewer Treatment Facility, Principal Payments Ranging from \$25,000 to \$35,000 Payable on December 1 Annually, Interest Rates Ranging from 3.53% to 5.38% Payable on June 1 and December 1, Due and Paid December, 2018	\$ 35,000	\$ 0	\$ 35,000	\$ 0
Bond Payable, USDA, Town Hall Reconstruction, Principal Payments of \$43,900 Payable on December 20 Annually, Interest at 3.75% Payable on June 20 and December 20, Due December, 2030. 3% of Interest Paid is Refundable to the Town Under the Build America Bond Program.	570,400	0	43,900	526,500
Capital Lease Payable, Tax-Exempt Leasing Corp., Principal and Interest Payments of \$20,821 Payable on July 5 Annually, Interest at 3.62%, Due July, 2031. The Town made the Fiscal Year 2019 Payment Early During Fiscal Year 2018.	212,505	0	0	212,505
Note Payable, Mascoma Savings Bank, Backhoe and International Truck, Principal and Interest Payments of \$43,890 Payable on September 1 Annually, Interest at 2.5%, Due and Paid September, 2019	84,466	0	41,739	42,727
Note Payable, Mascoma Savings Bank, Flood Recovery, Interest at 3% Until November 18, 2028 at Which Time the Rate will Change to a Variable Rate Based on 80% of the 10 Year FHLB Rate, Principal and Interest Payments of \$82,946 Beginning November 18, 2019, Due November 18, 2043	<u>0</u>	<u>1,444,000</u>	<u>0</u>	<u>1,444,000</u>
Total Governmental Activities	<u>\$1,136,744</u>	<u>\$1,444,000</u>	<u>\$ 172,421</u>	<u>\$2,408,323</u>

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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 \$42,218 Payable on July 1 Annually, Interest at 3.0%, Due July, 2022	\$156,930	\$ 0	\$37,510	\$119,420
Bond Payable, State of Vermont Special Environmental Revolving Fund, 2009 Water Main Replacement, Principal and Interest Payments of \$30,247 Payable on January 1 Annually, Interest at 3.0%, Due January, 2031	321,674	0	20,597	301,077
Note Payable, Mascoma Savings Bank Sewer Treatment System, Principal Payments of \$7,998 Plus Interest Payable on June 30 Annually, Interest at 3.35%, Due June, 2023	47,741	0	7,998	39,743
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvement Planning, Principal Payments of \$2,580 Payable Beginning on April 1, 2023 Annually, Preliminary Interest at 0% Subject to Change Based on Final Disbursed Value, Due April, 2027	<u>0</u>	<u>12,900</u>	<u>0</u>	<u>12,900</u>
Total Business-type Activities	<u>\$526,345</u>	<u>\$ 12,900</u>	<u>\$ 66,105</u>	<u>\$473,140</u>

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>
Governmental Activities					
General Obligation Bonds Payable	\$ 775,400	\$ 0	\$ 98,900	\$ 676,500	\$ 58,900
Notes Payable	148,839	1,444,000	73,521	1,519,318	114,944
Capital Leases Payable	212,505	0	0	212,505	13,065
Compensated Absences Payable	51,940	0	7,328	44,612	0
Net Pension Liability	<u>469,393</u>	<u>77,310</u>	<u>0</u>	<u>546,703</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 1,658,077</u>	<u>\$ 1,521,310</u>	<u>\$ 179,749</u>	<u>\$ 2,999,638</u>	<u>\$ 186,909</u>

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
General Obligation Bonds Payable	\$ 478,604	\$ 12,900	\$ 58,107	\$ 433,397	\$ 59,850
Notes Payable	47,741	0	7,998	39,743	7,998
Compensated Absences Payable	40,307	9,488	0	49,795	0
Net Pension Liability	99,523	11,526	0	111,049	0
Total Business-type Activities					
Long-term Liabilities	<u>\$ 666,175</u>	<u>\$ 33,914</u>	<u>\$ 66,105</u>	<u>\$ 633,984</u>	<u>\$ 67,848</u>

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities			Business-type Activities	
	Principal	Interest	Capital Leases	Principal	Interest
2020	\$ 173,844	\$ 71,399	\$ 20,821	\$ 67,848	\$ 8,201
2021	99,599	66,123	20,822	69,654	6,562
2022	100,935	61,601	20,821	71,493	4,882
2023	102,197	58,044	20,821	33,760	3,159
2024	103,495	54,441	20,822	34,208	2,659
2025-2029	538,165	216,676	104,109	138,309	6,888
2030-2034	370,106	135,398	62,464	57,868	873
2035-2039	327,635	87,092	0	0	0
2040-2044	379,842	34,885	0	0	0
Total	2,195,818	785,659	270,680	473,140	33,224
Less: Imputed Interest	0	0	(58,175)	0	0
Total	<u>\$ 2,195,818</u>	<u>\$ 785,659</u>	<u>\$ 212,505</u>	<u>\$ 473,140</u>	<u>\$ 33,224</u>

J. 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 Board of Selectmen's intended use of the resources); and unassigned.

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

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. 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 nonspendable as follows:

Major Funds

General Fund:

Nonspendable Property Held for Resale	\$ 14,850
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Trustees of Public Funds Fund:

Nonspendable Trustees of Public Funds Fund Principal	317,191
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Non-Major Funds

Permanent Fund:

Nonspendable Edmund's Memorial Fund Principal	<u>200</u>
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Total Nonspendable Fund Balances	<u>\$332,241</u>
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The fund balances in the following funds are restricted as follows:

Major Funds

Trustees of Public Funds Fund:

Restricted for Trustees of Public Funds by Bequests Spendable Portion (Source of Revenue is Bequests)	\$ <u>17,655</u>
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Revolving Loan Fund:
 Restricted for Revolving Loan Expenses by Grant
 Agreement (Source of Revenue is Grant Revenue) \$345,411

Non-Major Funds

Special Revenue Funds:
 Restricted for Forward Festival Expenses by Donations
 (Source of Revenue is Donations) 2,805
 Restricted for Town Records Preservation Expenses by
 Statute (Source of Revenue is Recording Fees) 34,372
 Restricted for Emergency Shelter Expenses by Donations
 (Source of Revenue is Donations) 743
 Restricted for Walking Trail Expenses by Donations
 (Source of Revenue is Donations) 2,439
 Restricted for Bilodeau Land Purchase by Donations
 (Source of Revenue is Donations) 7,777

 Total Special Revenue Funds 48,136

Capital Projects Funds:
 Restricted for Highway Expenditures by Statute
 (Source of Revenue is Highway Property Taxes) 95,029

Permanent Fund:
 Restricted for Edmund's Memorial by Bequest –
 Expendable Portion 642

Total Non-Major Funds 143,807

Total Restricted Fund Balances \$506,873

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

Non-Major Funds

Capital Projects Funds:
 Committed for Town Hall Renovation Expenditures by the Voters \$ 18,355
 Committed for Recreation Expenditures by the Voters 101,457
 Committed for Capital Improvement Expenditures by the Voters 100,000

 Total Committed Fund Balances \$219,812

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

Non-Major Funds

Special Revenue Funds:
 Assigned for Reappraisal Expenses \$148,647

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Assigned for Council on the Arts Expenses	\$ 4,526
Assigned for Bandshell Maintenance Expenses	2,712
Assigned for Leasehold Expenses	<u>3,556</u>
 Total Assigned Fund Balances	 <u>\$159,441</u>

The deficit in the FEMA Fund of \$66,649 will be funded by the collection of grant receivables and a transfer from the General Fund.

The deficit in the Campbrook/Federal Highway Fund of \$198,353 will be funded by the collection of grant receivables.

The deficit in the Fire Equipment Fund of \$23,437 will be funded with future appropriations.

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2019 consisted of the following:

Governmental Activities:

Restricted for Trustees of Public Funds by Bequests	\$334,846
Restricted for Revolving Loan Fund by Grant Agreement	394,539
Restricted for Forward Festival Expenses by Donations	2,805
Restricted for Town Records Preservation Expenses by Statute	34,372
Restricted for Emergency Shelter Expenses by Donations	743
Restricted for Walking Trail Expenses by Donations	2,439
Restricted for Bilodeau Land Purchase Expenses by Donations	7,777
Restricted for Highway Expenditures by Statute	95,029
Restricted for Edmund's Memorial by Bequest	<u>842</u>
 Total Governmental Activities	 <u>\$873,392</u>

The unrestricted deficit in the Water Fund of \$130,584 will be funded in future years with additional revenues.

The unrestricted deficit in the Sewer Fund of \$227,086 will be funded in future years with additional revenues.

V. OTHER INFORMATION

A. Pension Plans

Defined Benefit Plan

Plan Description

The Vermont State Retirement System (VSRS) (3 V.S.A. Chapter 16) is substantially a single-employer defined benefit pension plan which covers substantially all general State employees and State Police, except employees hired in a temporary capacity. Membership in the system is a condition of employment. All eligible employees of the Town are Group F members.

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Management of the plan is vested in the VSRS Retirement Board, which consists of an appointee of the governor; state treasurer; commissioner of human resources; commissioner of finance and management; three members of the Vermont State Employees' Association who are active members of the system (each chosen by such association in accordance with its articles of association) and one retired state employee who is a beneficiary of the system (to be elected by the Vermont Retired State Employees' Association).

Membership of the Vermont State Retirement System is made up of the following:

- General employees who did not join the non-contributory system on July 1, 1981 (Group A);
- State police, law enforcement positions, and airport firefighters (Group C);
- Judges (Group D);
- Terminated vested members of the non-contributory system and all other general employees (Group F).

Benefits Provided

Details of the pension benefits provided by the retirement plan are as follows:

Vermont State Retirement System	Group A	Group C	Group D	Group F Hired Before 7/1/08	Group F Hired After 7/1/08
Benefit Formula	1.67% X creditable service	2.5% X creditable service	3.33% X creditable service (after 12 years in Group D)	1.25% X service prior to 12/31/90 + 1.67% X service after 1/1/91	Same
Maximum Benefit Payable	100% of AFC	50% of AFC	100% of Final Salary	50% of AFC	60% of AFC
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave payoff	Highest 2 consecutive years, including unused annual leave payoff	Final salary at retirement	Highest 3 consecutive years, excluding unused annual leave payoff	Same
Normal Retirement (no reduction)	Age 65 or 62 with 20 years of service	Age 55 (mandatory) with 5 years of service	Age 62 with 5 years of service	Age 62 or with 30 years of service	Age 65 or a combination of age & service credit that equals 87
Early Retirement Eligibility	Age 55 with 5 years of service or 30 years of service (any age)	Age 50 with 20 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service	Same
Early Retirement Reduction	Actuarially reduced benefit if under 30 years of service	No reduction	3% per year from age 62	6% per year from age 62	Monthly Reduction based on years of service: 35+ years - 1/8th of 1%; 30-34 years - 1/4th of 1%; 25-29 years - 1/3rd of 1%; 20-24 years - 5/12th of 1%; less than 20 years - 5/9th of 1%
Post-Retirement COLA	Full CPI, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	Full CPI, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	Full CPI, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	50% of CPI until 1/1/2014; 100% of CPI thereafter, from a minimum of 1% up to a maximum of 5%, after reaching age 62, or (if retired after June 30, 1997) 30 years of service	50% of CPI until 1/1/2014; 100% of CPI thereafter, from a minimum of 1% up to a maximum of 5%, after reaching age 65 or age and service to equal 87
Disability Benefit	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC, with children's benefit of 10% of AFC to maximum of three concurrently	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Same
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	70% of accrued benefit with no actuarial reduction applied, plus children's benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Same

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Contributions

Title 3 VSA Chapter 16 of Vermont Statutes grant the authority to the retirement board to review annually the amount of contribution recommended by the actuary of the retirement system as necessary to achieve and preserve the financial integrity of the fund, and submit this recommendation to the Governor and both houses of the legislature. Employee contributions are established in Chapter 16. Contribution rates for the fiscal year ended June 30, 2019, for the various groups are as follows:

Vermont State Retirement System	Group A	Group C	Group D	Group F
Employee Contributions	6.65% of gross payroll	8.53% of gross payroll	6.65% of gross payroll	6.65% of gross payroll
Employer Contributions	12.31% of gross payroll	12.31% of gross payroll	12.31% of gross payroll	12.31% of gross payroll

Contributions to the pension plan from the Town were \$69,459 for the year ended June 30, 2019.

Financial Reporting of Net Pension Liability and Pension Expense by the Employer

This section includes the information that is required by GASB Statement No. 68. It reports information regarding the net pension liability (NPL), balances in the various components of deferred pension outflows of resources and deferred pension inflows of resources and the amounts to be recognized in pension expense in future periods; and the pension expense. In addition to presenting the NPL, this section also includes information on the actuarial assumptions used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

The Town is an independent municipal entity of the State of Vermont, and information is presented in this section for the Town’s proportionate share of the various components of the plan. The proportionate share was determined by dividing the Town’s Employer Contribution by the total Employer Contributions by all of the State’s funds and component units.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Town’s reporting date (June 30, 2019) and for the Town’s reporting period (the year ended June 30, 2019). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer’s prior fiscal year. For the reporting date of June 30, 2019, the State has chosen to use the end of the prior fiscal year (June 30, 2018) as the measurement date, and the year ended June 30, 2018 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer’s most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2017, to the measurement date of June 30, 2018.

TOWN OF BETHEL, VERMONT
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The net pension liability is measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the pension plan's fiduciary net position. For June 30, 2019, Town's proportional share of the NPL is \$854,223, determined as of the June 30, 2018 measurement date. The Town's proportionate share of the collective net pension liability was 0.1114% on the measurement date, an increase of 0.0022% from the prior measurement date proportionate share of 0.1092%.

\$196,471 of the net pension liability is recorded in the Bethel/Royalton Solid Waste Management Facility's financial statements.

For the year ended June 30, 2019, the Town recognized pension expense of \$96,161. As of June 30, 2019, Town reported the deferred pension outflows of resources and deferred pension inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 107,015	\$ 0
Change in assumptions	54,827	12,168
Difference between projected and actual investment earnings	56,489	0
Changes in proportion	44,632	60,153
Town's required employer contributions made subsequent to the measurement date	90,206	0
Totals	\$ 353,169	\$ 72,321

\$81,228 of the deferred outflows of resources and \$16,634 of the deferred inflows of resources are recorded in the Bethel/Royalton Solid Waste Management Facility's financial statements.

The amounts reported as deferred pension outflows of resources resulting from employer contributions made subsequent to the measurement date of \$90,206, will be recognized as a reduction of the net pension liability at June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended June 30		
2020	\$	78,418
2021		64,533
2022		10,739
2023		19,561
2024		17,391
Total	\$	190,642

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Actuarial Methods and Assumptions

Total pension liability at June 30, 2019 was determined using the June 30, 2017 actuarial valuation and applying roll forward procedures. The actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified were as follows:

	VSRS
Valuation date	6/30/2017
Inflation assumptions	2.50%
Investment rate of return	7.50%
Projected salary increases	3.50% - 7.04%
Cost of living adjustments	Groups A, C & D: 2.55%; Group F: 1.4% and Group F retiring after 7/1/09: 2.55%
<u>Post Retirement Adjustments</u>	
Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C, D - 5%
Allowances in payment for at least one year increased on January 1 by one-half of the percentage increase in the CPI but not in excess of percentage indicated	Group F - 5%
Assumed annual rate of cost-of-living increases	For those eligible for increases of 100% of CPI change - 2.55%
	For those eligible for increases of 50% of CPI change - 1.4%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the following actuarial experience study:

Vermont State Retirement System

Experience Study: July 1, 2010 – June 30, 2014, dated October 29, 2015 completed by Buck Consultants

Mortality rates are based as follows for the Vermont State Retirement System:

Mortality rates for active employees in Groups A and F were based on 101% of RP-2006 blended 30% Blue Collar Employee, 70% Healthy Employee with generational projection using Scale SSA-2017.

Mortality rates for active employees in Group C were based on RP-2006 Blue Collar Employee with generational projection using Scale SSA-2017.

Mortality rates for active employees in Group D were based on RP-2006 Healthy Employee with generational projection using Scale SSA-2017.

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Mortality rates for retirees and beneficiaries in Groups A and F were based on 101% of RP-2006 blended 30% Blue Collar Annuitant, 70% Healthy Annuitant with generational projection using Scale SSA-2017.

Mortality rates for retirees and beneficiaries in Group C were based on RP-2006 Blue Collar Annuitant with generational projection using Scale SSA-2017.

Mortality rates for retirees and beneficiaries in Group D were based on RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017.

Mortality rates for disabled retirees in Groups A, C, D, and F were based on RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future nominal rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 measurement date are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%
	100.00%	

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

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2018 measurement date was 7.50% for the VSRS. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 68. The discount rate used in the prior year was 7.50%.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	Town's Share
One-percent decrease	
Discount rate	6.50%
Net pension liability	\$ 1,190,366
Net pension liability, as reported	
Discount rate	7.50%
Net pension liability	\$ 854,223
One-percent increase	
Discount rate	8.50%
Net pension liability (asset)	\$ 580,470

B. Contingent Liabilities

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

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 self-insures itself for unemployment coverage. The Town must pay the Vermont Department of Employment and Training for any paid claims. Unemployment claims for the year ended June 30, 2019 were \$-0-.

TOWN OF BETHEL, VERMONT
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D. 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 collected four (4) times per year. During the tax year ended June 30, 2019, taxes were due and payable on August 15, 2018, November 15, 2018, February 15, 2019 and May 15, 2019. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2019 were as follows:

	<u>Homestead</u>	<u>Non-Residential</u>
Town	0.9932	0.9932
Local Agreement	0.0036	0.0036
Education	<u>1.5086</u>	<u>1.4664</u>
Total	<u>2.5054</u>	<u>2.4632</u>

E. Leases

In September, 2010, the Town entered into a lease agreement with the Bethel Historical Society for a portion of the first floor of the Town Hall at 318 Main Street for ten (10) years with payments due monthly. The rent is currently \$200 per month; however, the pricing is reviewed semi-annually and can be adjusted by the Selectboard by the Department of Labor Consumer Price Index, Northeast Region. Lease revenue in 2019 from the Bethel Historical Society is \$2,200.

Future minimum lease payments are as follows:

2020	\$ <u>400</u>
	\$ <u>400</u>

In September, 2010, the Town entered into a lease agreement with the Vermont Telecommunications Authority (VTA) to lease land at the Town Garage at 443 Sand Hill Road to VTA for telecommunications equipment to be constructed. The initial lease terms are for ten (10) years, with four (4) successive five (5) year renewal terms, with payments due monthly. The lease was transferred from VTA to the State of Vermont Department of Public Service. The lease will renew automatically unless the State of Vermont Department of Public Service declines the option. The initial payments for years one (1) through ten (10) are \$200, and \$300 per month during successive years. During any month that the State of Vermont Department of Public Service has more than two wireless cellular service providers on the tower, they will pay \$500 per month in years one (1) through ten (10), and \$600 per month during successive years. The commencement of the first lease term was January 1, 2011. Lease revenue in 2019 is \$2,200.

Future minimum lease payments are as follows:

2020	\$2,600
2021	<u>1,200</u>
	<u>\$3,800</u>

TOWN OF BETHEL, VERMONT
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F. Subsequent Events

On July 9, 2019, the Town executed a loan agreement not to exceed the amount of \$146,200 from the Vermont State Revolving Fund for water system improvements. This loan has a preliminary interest rate and administrative fee of 0%, subject to change based on the final disbursed value. This loan will be repaid over a five-year period beginning August 1, 2024 with the final payment on August 1, 2028.

On November 5, 2019, the voters authorized the Town to borrow in an amount not to exceed \$2,800,000 for the purpose of financing the cost of reconstructing, repairing and upgrading the public water supply system.

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Local Revenues:			
Dog Tax	\$ 1,405	\$ 722	\$ (683)
Local Licenses	770	855	85
Town Clerk Fees	18,200	11,369	(6,831)
Recreation Area Fees	6,300	8,471	2,171
Zoning Application Fees	775	1,078	303
Overweight Permit Fees	510	475	(35)
Trustees of Public Funds	15	11	(4)
Town Hall Rental Fees	4,600	4,175	(425)
	<u>32,575</u>	<u>27,156</u>	<u>(5,419)</u>
Miscellaneous Local Revenues:			
Insurance Claims	0	16,058	16,058
2011 Irene FEMA Reimbursement	0	242,206	242,206
Other	500	8,027	7,527
	<u>500</u>	<u>266,291</u>	<u>265,791</u>
State and Federal Revenues:			
Highways - Class I	9,967	9,963	(4)
Highways - Class II	48,924	48,938	14
Highways - Class III	85,418	85,550	132
State Owned Lands	2,516	1,994	(522)
Traffic Tickets	2,000	2,241	241
Fish & Game Fees	0	211	211
Equalization Payment	0	1,183	1,183
Other	0	12,904	12,904
Municipal Planning Grant	0	3,264	3,264
AOT Structures Grant	0	192,508	192,508
Town Hall Historic Preservation	0	5,403	5,403
Tower Lease	2,400	2,200	(200)
PACIF Grant	0	1,035	1,035
Dry Hydrant Grant	4,000	4,894	894
Public Safety Grant - Fire	0	12,250	12,250
Build America Bond Credit	0	3,511	3,511
	<u>155,225</u>	<u>388,049</u>	<u>232,824</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous:			
Solid Waste Administrative Reimbursement	\$ 5,794	\$ 5,794	\$ 0
Sewer Department Administrative Reimbursement	7,061	7,061	0
Water Department Administrative Reimbursement	7,061	7,061	0
Railroad Revenue Sharing	3,491	3,700	209
Sewer Department General Fund Reimbursement	5,000	5,000	0
Water Department General Fund Reimbursement	5,000	5,000	0
Green Lantern Lease	0	1,265	1,265
Total Miscellaneous	<u>33,407</u>	<u>34,881</u>	<u>1,474</u>
Interest Earnings:			
Checking Account Interest	0	7	7
Sweep Account Interest	185	1,744	1,559
Total Interest Earnings	<u>185</u>	<u>1,751</u>	<u>1,566</u>
Taxes - Property:			
Property Taxes	1,944,018	1,797,642	(146,376)
Land-Use	110,678	126,986	16,308
Delinquent Tax	50,000	184,459	134,459
Delinquent Tax Penalty	13,300	17,936	4,636
Delinquent Tax Interest	15,000	38,709	23,709
Education Billing Fee	5,734	5,734	0
Total Taxes - Property	<u>2,138,730</u>	<u>2,171,466</u>	<u>32,736</u>
Total Revenues	<u>2,360,622</u>	<u>2,889,594</u>	<u>528,972</u>
Expenditures:			
Public Works:			
Public Works Personnel:			
Wages	184,976	182,635	2,341
Overtime	36,000	43,933	(7,933)
Social Security	13,701	14,364	(663)
Medicare	3,204	3,360	(156)
Retirement	23,291	30,100	(6,809)
Health Insurance	81,726	64,241	17,485
Workers' Compensation	19,533	16,269	3,264
Dental Insurance	4,492	3,585	907
Mileage Reimbursement	2,500	1,549	951
Training	500	525	(25)
Total Public Works Personnel	<u>369,923</u>	<u>360,561</u>	<u>9,362</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Owned Equipment:			
Insurance - Building and Equipment	\$ 14,500	\$ 10,080	\$ 4,420
Repairs - Vehicles	41,000	82,629	(41,629)
Permits	200	2,104	(1,904)
Garage	8,500	12,651	(4,151)
Electricity	3,000	2,937	63
Telephone	3,685	3,074	611
Uniforms	5,000	3,173	1,827
Other	500	284	216
Gas, Oil and Grease	7,000	11,817	(4,817)
Diesel	50,000	58,602	(8,602)
Underground Tank	500	525	(25)
Communications System	500	3,027	(2,527)
Total Town Owned Equipment	134,385	190,903	(56,518)
Hired Services and Equipment:			
Sweeping	1,000	0	1,000
Rental Equipment	3,000	55	2,945
Hired Services and Equipment	1,000	25,140	(24,140)
Engineering Services	1,000	0	1,000
Total Hired Services and Equipment	6,000	25,195	(19,195)
Materials:			
Salt	68,000	114,168	(46,168)
Chloride	18,000	13,365	4,635
Gravel	36,000	21,779	14,221
Sand	35,000	51,912	(16,912)
Bridge Material	25,000	198,164	(173,164)
Culverts	10,000	5,234	4,766
Patching Material	2,000	851	1,149
Tools	1,000	2,559	(1,559)
Signs	4,000	3,420	580
Highway Rehabilitation	110,000	89,471	20,529
Other	100	0	100
Total Materials	309,100	500,923	(191,823)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Other Public Works:			
Storm Water Catch Basins	\$ 1,500	\$ 1,700	\$ (200)
Cemeteries	30,000	31,304	(1,304)
Church Street Bridge Loan	26,810	26,809	1
Sidewalk Improvement	100	0	100
Parking - Pedestrian Safety	2,500	1,117	1,383
Other	100	0	100
Highway Equipment Trust Fund	66,108	66,108	0
2016 JD 318SL Backhoe	17,119	17,117	2
2017 International	26,773	26,773	0
	<u>171,010</u>	<u>170,928</u>	<u>82</u>
Total Other Public Works			
	<u>990,418</u>	<u>1,248,510</u>	<u>(258,092)</u>
Fire Department:			
Wages	18,000	21,009	(3,009)
Social Security	1,116	1,300	(184)
Medicare	261	304	(43)
Workers' Compensation	3,900	3,390	510
Insurance on Equipment	10,944	6,849	4,095
Apparatus/Repairs/Maint.	10,500	2,996	7,504
Gas, Oil and Lubricants	1,800	1,023	777
Electricity	1,959	1,822	137
Telephone	2,000	1,823	177
Heat	4,000	4,544	(544)
Communications	3,000	2,790	210
Safety and Equipment Supplies	8,500	14,013	(5,513)
Facility Maintenance	15,000	28,700	(13,700)
Training	1,500	545	955
2017 Kenworth Tanker	20,822	0	20,822
2012 Kenworth	33,550	33,550	0
Homeland Security Grant	0	12,350	(12,350)
Dry Hydrant Grant	2,500	6,450	(3,950)
Fire Protection	5,500	5,500	0
	<u>144,852</u>	<u>148,958</u>	<u>(4,106)</u>
Total Fire Department			

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Police Department:			
Wages	\$ 16,229	\$ 17,082	\$ (853)
Social Security	1,006	1,125	(119)
Medicare	235	263	(28)
Retirement	0	1,425	(1,425)
Workers' Compensation	412	1,209	(797)
Insurance on Equipment	1,688	1,811	(123)
Professional Liability	3,500	2,240	1,260
Cruiser	2,000	2,382	(382)
Telephone	360	270	90
Gas	2,000	1,475	525
Contract Services	700	416	284
Training	100	250	(150)
Other	100	1,387	(1,287)
Total Police Department	28,330	31,335	(3,005)
Recreation Department:			
Wages	40,000	38,105	1,895
Social Security	2,480	2,458	22
Medicare	580	575	5
Workers' Compensation	2,391	1,649	742
Insurance - Building and Equipment	2,739	1,994	745
Electricity	1,760	1,905	(145)
Telephone	540	629	(89)
Repairs and Maintenance	7,000	4,337	2,663
Recreation Reserve Fund	20,000	20,075	(75)
Programming and Activities	2,500	2,490	10
Supplies	5,000	2,242	2,758
Chlorine	4,000	2,806	1,194
American Red Cross	2,000	3,489	(1,489)
Water and Sewer	1,500	1,168	332
Other	150	37	113
Total Recreation Department	92,640	83,959	8,681
Parks and Public Places:			
Wages	10,000	8,820	1,180
Social Security	620	531	89
Medicare	145	124	21
Retirement	3,755	1,183	2,572
Health Insurance	1,055	3,164	(2,109)
Dental Insurance	132	105	27
Workers' Compensation	900	756	144
Insurance	1,858	129	1,729
Mowing	0	9	(9)
Street Lights	27,000	17,867	9,133
Electricity - Parks	1,380	988	392

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Parks and Public Places/(Cont'd):			
Maintenance	\$ 3,780	\$ 1,756	\$ 2,024
Parks Beautification	500	933	(433)
Flags and Poles	1,000	432	568
Streetscape Program	1,500	0	1,500
Other	500	0	500
	<u>54,125</u>	<u>36,797</u>	<u>17,328</u>
Total Parks and Public Places			
Municipal Offices:			
Wages	131,000	109,169	21,831
Salary - Town Clerk	25,795	30,181	(4,386)
Treasurer	4,628	4,717	(89)
Town Manager	74,675	74,554	121
Social Security	14,638	13,703	935
Medicare	3,423	3,204	219
Retirement	24,885	25,998	(1,113)
Health Insurance	107,763	91,357	16,406
Workers' Compensation	2,621	1,393	1,228
Dental Insurance	5,303	4,763	540
Insurance - Building	5,099	2,885	2,214
Bond Insurance	10,053	5,298	4,755
Electricity	2,000	3,334	(1,334)
Telephone	4,214	5,111	(897)
Heat	3,500	5,445	(1,945)
Maintenance - Building	3,500	4,042	(542)
Maintenance - Copier	1,000	1,411	(411)
Maintenance - Computer	6,500	3,871	2,629
Office Equipment	1,000	498	502
Purchase - Office Furniture	500	446	54
Lease - Photocopier	1,500	1,061	439
Supplies	8,000	7,152	848
Water and Sewer	1,500	1,168	332
Bank Fees	700	653	47
Managers Expense	500	211	289
Other	350	2,273	(1,923)
Training	500	840	(340)
	<u>445,147</u>	<u>404,738</u>	<u>40,409</u>
Total Municipal Offices			

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TOWN OF BETHEL, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Hall:			
Wages	\$ 1,500	\$ 144	\$ 1,356
Social Security	93	8	85
Medicare	22	1	21
Workers' Compensation	250	5	245
Insurance	9,131	6,398	2,733
Electricity	2,000	2,405	(405)
Telephone	3,000	1,193	1,807
Heat	3,500	2,988	512
Building Repair	10,000	16,488	(6,488)
Repair - Clock	350	295	55
Supplies	750	1,143	(393)
Water and Sewer	1,500	1,168	332
Other	150	20	130
Total Town Hall	32,246	32,256	(10)
Town Officials:			
Selectboard	1,050	1,050	0
Trustees of Public Funds	250	200	50
Health Officer	600	600	0
Elections	500	200	300
Board of Civil Authority	100	0	100
Cemetery Commissioner	500	500	0
Social Security	0	133	(133)
Medicare	0	28	(28)
Total Town Officials	3,000	2,711	289
Listers:			
Wages	12,500	11,402	1,098
Social Security	775	709	66
Medicare	181	169	12
Workers' Compensation	162	162	0
Computer	942	1,680	(738)
Supplies	650	591	59
Mileage	500	779	(279)
Mapping Services	2,000	2,675	(675)
Training	700	561	139
Memberships	260	260	0
Other	300	187	113
Total Listers	18,970	19,175	(205)

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TOWN OF BETHEL, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Government Operations:			
Town Meeting	\$ 400	\$ 400	\$ 0
Town Reports	4,000	3,157	843
Tax Billing	1,500	1,247	253
Preservation of Records	1,500	753	747
Tax Abatements	100	5,875	(5,775)
Committee Training	300	0	300
Legal	25,000	20,026	4,974
Planning	2,000	172	1,828
Auditing Services	25,000	44,518	(19,518)
Training	3,000	758	2,242
Recording Fees	600	0	600
Maintain Website	500	750	(250)
Meeting Minutes	1,500	1,335	165
Conservation Commission	2,500	2,500	0
Red Cross Shelter Maintenance	1,400	741	659
Energy Commission	3,500	85	3,415
Voting Equipment and Supplies	1,000	478	522
Advertising	2,500	2,918	(418)
Other	500	4,445	(3,945)
Tax Sale Expenses	2,500	2,251	249
Capital Improvement Reserve Fund	50,000	50,000	0
Municipal Planning Grant	0	2,223	(2,223)
	<u>129,300</u>	<u>144,632</u>	<u>(15,332)</u>
Total Government Operations			
Appropriations:			
Local:			
Bethel Library	2,500	2,500	0
Council on the Arts	2,000	2,000	0
Bethel Historical Society	500	500	0
VT League of Cities and Towns	3,365	3,365	0
Two Rivers Regional Planning Commission	2,944	2,944	0
Green Mountain Economic Development	1,008	1,008	0
Green Up Day	150	150	0
White River Partnership	500	500	0
VT Rural Fire Protection (VACD)	100	100	0
Bethel Forward Festival	500	500	0
	<u>13,567</u>	<u>13,567</u>	<u>0</u>
Total Local			
Human Services:			
South Royalton Senior Center	3,000	3,000	0
Visiting Nurse Association and Hospice	6,000	6,000	0
Clara Martin Center	2,500	2,500	0
Central Vermont Community Action	300	300	0
Safeline	800	800	0
Stagecoach	4,000	4,000	0

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TOWN OF BETHEL, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Human Services/(Cont'd):			
Windsor Community Partners	\$ 600	\$ 600	\$ 0
Central Vermont Council on Aging	650	650	0
Vermont Association for the Blind	800	800	0
Vermont Center for Independent Living	150	150	0
Orange County Parent Child	500	500	0
Quin-Town Center for Senior Citizens	1,200	1,200	0
American Red Cross	250	250	0
One Planet (WRSVU)	2,500	2,500	0
Health Hub	500	500	0
	23,750	23,750	0
White River Valley Ambulance:	127,890	127,890	0
	165,207	165,207	0
Debt Service:			
Long-term Debt - Sewer	35,941	35,039	902
Long-term Debt - Town Hall	64,467	64,467	0
Interest - Tax Anticipation Notes	1,500	2,170	(670)
Long-term Debt - WW/BFD	20,717	1,554	19,163
2011 Irene Flood Interest	100,906	8,568	92,338
	223,531	111,798	111,733
County Tax:	13,926	13,566	360
Solid Waste Management Plan:	18,930	18,900	30
	2,360,622	2,462,542	(101,920)
Excess of Revenues Over Expenditures	\$ 0	427,052	\$ 427,052
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Unbudgeted Proceeds from Long-term Debt		1,444,000	
Cemeteries Fund Revenues		2,915	
Cemeteries Fund Expenditures		(1,066)	
Town Clerk Fund Revenues		23,149	
Town Clerk Fund Expenditures		(16,290)	
Net Change in Fund Balance		1,879,760	
Fund Balance/(Deficit) - July 1, 2018		(1,168,315)	
Fund Balance - June 30, 2019		\$ 711,445	

The reconciling items are due to unbudgeted proceeds from long-term debt and the Town combining two (2) funds, the Cemeteries Fund and the Town Clerk Fund with the General Fund in order to comply with GASB Statement No. 54.

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TOWN OF BETHEL, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VRSERS DEFINED BENEFIT PLAN
 JUNE 30, 2019

	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 767,059,000	\$ 680,336,959	\$ 661,938,236	\$ 545,047,730	\$ 351,642,081
Town's Proportion of the Net Pension Liability	0.1114%	0.1092%	0.1224%	0.1264%	0.0973%
Town's Proportionate Share of the Net Pension Liability	\$ 854,223	\$ 742,710	\$ 810,044	\$ 688,677	\$ 342,208
Town's Covered Employee Payroll	\$ 777,655	\$ 682,176	\$ 623,178	\$ 634,608	\$ 661,105
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	109.8460%	108.8737%	129.9860%	108.5201%	51.7630%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.59%	71.99%	70.86%	74.88%	82.50%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: None.

Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

TOWN OF BETHEL, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VSERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 90,206	\$ 71,901	\$ 65,807	\$ 66,507	\$ 70,607
Contributions in Relation to the Actuarially Determined Contributions	<u>90,206</u>	<u>71,901</u>	<u>65,807</u>	<u>66,507</u>	<u>70,607</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 777,655	\$ 682,176	\$ 623,178	\$ 634,608	\$ 661,105
Contributions as a Percentage of Town's Covered Employee Payroll	11.600%	10.540%	10.560%	10.480%	10.680%

Notes to Schedule

Valuation Date: June 30, 2018

Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

TOWN OF BETHEL, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Edmund's Memorial Fund	Total
<u>ASSETS</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 144,719	\$ 50,408	\$ 1,335	\$ 196,462
Investments	31,142	0	0	31,142
Due from Other Funds	<u>33,661</u>	<u>278,405</u>	<u>0</u>	<u>312,066</u>
Total Assets	<u>\$ 209,522</u>	<u>\$ 328,813</u>	<u>\$ 1,335</u>	<u>\$ 539,670</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to Other Funds	\$ <u>1,945</u>	\$ <u>37,409</u>	\$ <u>493</u>	\$ <u>39,847</u>
Total Liabilities	<u>1,945</u>	<u>37,409</u>	<u>493</u>	<u>39,847</u>
Fund Balances:				
Nonspendable	0	0	200	200
Restricted	48,136	95,029	642	143,807
Committed	0	219,812	0	219,812
Assigned	159,441	0	0	159,441
Unassigned/(Deficit)	<u>0</u>	<u>(23,437)</u>	<u>0</u>	<u>(23,437)</u>
Total Fund Balances	<u>207,577</u>	<u>291,404</u>	<u>842</u>	<u>499,823</u>
Total Liabilities and Fund Balances	<u>\$ 209,522</u>	<u>\$ 328,813</u>	<u>\$ 1,335</u>	<u>\$ 539,670</u>

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TOWN OF BETHEL, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Edmund's Memorial Fund	Total
Revenues:				
Intergovernmental	\$ 10,055	\$ 0	\$ 0	\$ 10,055
Charges for Services	5,164	0	0	5,164
Investment Income	790	271	7	1,068
Donations	<u>11,436</u>	<u>7,424</u>	<u>0</u>	<u>18,860</u>
Total Revenues	<u>27,445</u>	<u>7,695</u>	<u>7</u>	<u>35,147</u>
Expenditures:				
General Government	1,000	0	0	1,000
Public Works	0	2,100	0	2,100
Culture and Recreation	<u>5,955</u>	<u>8,100</u>	<u>0</u>	<u>14,055</u>
Total Expenditures	<u>6,955</u>	<u>10,200</u>	<u>0</u>	<u>17,155</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>20,490</u>	<u>(2,505)</u>	<u>7</u>	<u>17,992</u>
Other Financing Sources:				
Insurance Proceeds	0	3,893	0	3,893
Transfers In	<u>0</u>	<u>136,108</u>	<u>0</u>	<u>136,108</u>
Total Other Financing Sources	<u>0</u>	<u>140,001</u>	<u>0</u>	<u>140,001</u>
Net Change in Fund Balances	20,490	137,496	7	157,993
Fund Balances - July 1, 2018	<u>187,087</u>	<u>153,908</u>	<u>835</u>	<u>341,830</u>
Fund Balances - June 30, 2019	<u>\$ 207,577</u>	<u>\$ 291,404</u>	<u>\$ 842</u>	<u>\$ 499,823</u>

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TOWN OF BETHEL, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	Reappraisal Fund	Council on the Arts Fund	Forward Festival Fund	Bandshell Fund	Leasehold Fund	Town Records Preservation Fund	Emergency Shelter Fund	Walking Trail Fund	Bilodeau Land Purchase Fund	Total
<u>ASSETS</u>										
Cash	\$ 128,503	\$ 4,476	\$ 4,750	\$ 2,705	\$ 3,549	\$ 0	\$ 736	\$ 0	\$ 0	\$ 144,719
Investments	0	0	0	0	0	31,142	0	0	0	31,142
Due from Other Funds	<u>20,144</u>	<u>50</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>3,230</u>	<u>7</u>	<u>2,439</u>	<u>7,777</u>	<u>33,661</u>
Total Assets	<u>\$ 148,647</u>	<u>\$ 4,526</u>	<u>\$ 4,750</u>	<u>\$ 2,712</u>	<u>\$ 3,556</u>	<u>\$ 34,372</u>	<u>\$ 743</u>	<u>\$ 2,439</u>	<u>\$ 7,777</u>	<u>\$ 209,522</u>
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:										
Due to Other Funds	\$ <u>0</u>	\$ <u>0</u>	\$ 1,945	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ 1,945
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,945</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,945</u>
Fund Balances:										
Restricted	0	0	2,805	0	0	34,372	743	2,439	7,777	48,136
Assigned	<u>148,647</u>	<u>4,526</u>	<u>0</u>	<u>2,712</u>	<u>3,556</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>159,441</u>
Total Fund Balances	<u>148,647</u>	<u>4,526</u>	<u>2,805</u>	<u>2,712</u>	<u>3,556</u>	<u>34,372</u>	<u>743</u>	<u>2,439</u>	<u>7,777</u>	<u>207,577</u>
Total Liabilities and Fund Balances	<u>\$ 148,647</u>	<u>\$ 4,526</u>	<u>\$ 4,750</u>	<u>\$ 2,712</u>	<u>\$ 3,556</u>	<u>\$ 34,372</u>	<u>\$ 743</u>	<u>\$ 2,439</u>	<u>\$ 7,777</u>	<u>\$ 209,522</u>

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TOWN OF BETHEL, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Reappraisal Fund	Council on the Arts Fund	Forward Festival Fund	Bandshell Fund	Leasehold Fund	Town Records Preservation Fund	Emergency Shelter Fund	Walking Trail Fund	Bilodeau Land Purchase Fund	Total
Revenues:										
Intergovernmental	\$ 10,055	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,055
Charges for Services	0	4,541	0	0	0	623	0	0	0	5,164
Investment Income	691	0	0	14	19	62	4	0	0	790
Donations	0	0	2,059	0	0	0	0	600	8,777	11,436
Total Revenues	10,746	4,541	2,059	14	19	685	4	600	8,777	27,445
Expenditures:										
General Government	0	0	0	0	0	0	0	0	1,000	1,000
Culture and Recreation	0	4,297	1,658	0	0	0	0	0	0	5,955
Total Expenditures	0	4,297	1,658	0	0	0	0	0	1,000	6,955
Net Change in Fund Balances	10,746	244	401	14	19	685	4	600	7,777	20,490
Fund Balances - July 1, 2018	137,901	4,282	2,404	2,698	3,537	33,687	739	1,839	0	187,087
Fund Balances - June 30, 2019	\$ 148,647	\$ 4,526	\$ 2,805	\$ 2,712	\$ 3,556	\$ 34,372	\$ 743	\$ 2,439	\$ 7,777	\$ 207,577

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TOWN OF BETHEL, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2019

	Highway Equipment Trust Fund	Town Hall Renovation Fund	Recreation Reserve Fund	Capital Improvement Fund	Fire Equipment Fund	Total
<u>ASSETS</u>						
Cash	\$ 4,680	\$ 13,050	\$ 18,706	\$ 0	\$ 13,972	\$ 50,408
Due from Other Funds	<u>90,349</u>	<u>5,305</u>	<u>82,751</u>	<u>100,000</u>	<u>0</u>	<u>278,405</u>
Total Assets	<u>\$ 95,029</u>	<u>\$ 18,355</u>	<u>\$ 101,457</u>	<u>\$ 100,000</u>	<u>\$ 13,972</u>	<u>\$ 328,813</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to Other Funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,409</u>	<u>\$ 37,409</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,409</u>	<u>37,409</u>
Fund Balances:						
Restricted	95,029	0	0	0	0	95,029
Committed	0	18,355	101,457	100,000	0	219,812
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(23,437)</u>	<u>(23,437)</u>
Total Fund Balances/ (Deficit)	<u>95,029</u>	<u>18,355</u>	<u>101,457</u>	<u>100,000</u>	<u>(23,437)</u>	<u>291,404</u>
Total Liabilities and Fund Balances	<u>\$ 95,029</u>	<u>\$ 18,355</u>	<u>\$ 101,457</u>	<u>\$ 100,000</u>	<u>\$ 13,972</u>	<u>\$ 328,813</u>

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TOWN OF BETHEL, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Highway Equipment Trust Fund	Town Hall Renovation Fund	Recreation Reserve Fund	Capital Improvement Fund	Fire Equipment Fund	Total
Revenues:						
Investment Income	\$ 25	\$ 70	\$ 101	\$ 0	\$ 75	\$ 271
Donations	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>2,424</u>	<u>7,424</u>
Total Revenues	<u>25</u>	<u>70</u>	<u>5,101</u>	<u>0</u>	<u>2,499</u>	<u>7,695</u>
Expenditures:						
Public Works	2,100	0	0	0	0	2,100
Culture and Recreation	<u>0</u>	<u>0</u>	<u>8,100</u>	<u>0</u>	<u>0</u>	<u>8,100</u>
Total Expenditures	<u>2,100</u>	<u>0</u>	<u>8,100</u>	<u>0</u>	<u>0</u>	<u>10,200</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(2,075)</u>	<u>70</u>	<u>(2,999)</u>	<u>0</u>	<u>2,499</u>	<u>(2,505)</u>
Other Financing Sources:						
Insurance Proceeds	3,893	0	0	0	0	3,893
Transfers In	<u>66,108</u>	<u>0</u>	<u>20,000</u>	<u>50,000</u>	<u>0</u>	<u>136,108</u>
Total Other Financing Sources	<u>70,001</u>	<u>0</u>	<u>20,000</u>	<u>50,000</u>	<u>0</u>	<u>140,001</u>
Net Change in Fund Balances	67,926	70	17,001	50,000	2,499	137,496
Fund Balances/(Deficit) - July 1, 2018	<u>27,103</u>	<u>18,285</u>	<u>84,456</u>	<u>50,000</u>	<u>(25,936)</u>	<u>153,908</u>
Fund Balances/(Deficit) - June 30, 2019	<u>\$ 95,029</u>	<u>\$ 18,355</u>	<u>\$ 101,457</u>	<u>\$ 100,000</u>	<u>\$ (23,437)</u>	<u>\$ 291,404</u>

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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"

Board of Selectmen
Town of Bethel, Vermont
134 South Main Street
Bethel, Vermont 05032

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 Bethel, Vermont as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Bethel, Vermont's basic financial statements and have issued our report thereon dated March 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bethel, 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 Bethel, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bethel, Vermont's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Bethel, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2019-01 and 2019-02 to be a material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2019-03 and 2019-04 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bethel, 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 Bethel, Vermont in a separate letter dated March 4, 2020.

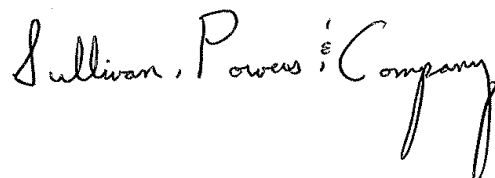
Town of Bethel, Vermont's Response to Deficiencies in Internal Control

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

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 Bethel, 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 Bethel, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 4, 2020
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF BETHEL, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2019

Deficiencies in Internal Control:

Material Weaknesses:

2019-01 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 a monthly basis in order to detect and correct errors in account balances.

Condition:

A number of balance sheet accounts such as fixed assets, grants receivable, prepaid expenses, accounts payable, advances to/from other funds, deferred revenue, deferred inflows and outflows of resources and fund balances were not reconciled 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 incorrect.

Recommendation:

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

Management's Response:

The Town of Bethel is putting in place a quarterly reconciliation procedure for balance sheet items.

2019-02 Property Tax Reconciliation

Criteria:

Internal controls should be in place to ensure property taxes have been reconciled to the general ledger at year-end.

TOWN OF BETHEL, VERMONT
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Condition:

The Town did not have controls in place to ensure property taxes were reconciled to the general ledger at year-end.

Cause:

Unknown.

Effect:

The Town's property tax account balances were not completely reconciled which resulted in various adjustments to correct account balances.

Recommendation:

We recommend that the Town implement controls to ensure property taxes are reconciled to the general ledger at year-end.

Management's Response:

The Town of Bethel is changing the process by which taxes are recorded in the balance sheet, and working with the Lister's Office to create a procedure to create continuity in the information being transferred from the Grand List.

Significant Deficiencies:

2019-03 Authorization of General Journal Entries

Criteria:

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

Condition:

The Town has a policy which requires review and approval of journal entries, however, the Town does not consistently approve journal entries.

Cause:

Unknown.

Effect:

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

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SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
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Recommendation:

We recommend that the Town implement procedures to ensure that all journal entries are reviewed by an appropriate official so as not to circumvent the original approval process.

Management's Response:

The Town of Bethel now has set office staff, so getting signatures on journal entries for the appropriate Department Head will be a priority.

2019-04 Department Head Approval and Coding of Invoices

Criteria:

Internal controls should be in place to ensure that all invoices are approved and coded correctly by the department heads.

Condition:

It is the policy of the Town that the appropriate department head approve and code all invoices before they are paid. There were several instances where invoices were paid without the appropriate approval or account coding.

Cause:

Unknown.

Effect:

The Town expended funds without proper approval and could have recorded them in incorrect accounts.

Recommendation:

We recommend that the Town implement controls to ensure that the Town document approval and account coding on all invoices.

Management's Response:

The Purchasing Policy regarding coding of invoices will be recirculated to department heads and accounts payable.