

Audited Financial Statements and
Other Supplemental Information

Town of Ferrisburgh, Vermont

June 30, 2015



Proven Expertise and Integrity

TOWN OF FERRISBURGH, VERMONT

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JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Ferrisburgh
Ferrisburgh, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Ferrisburgh, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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 above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Ferrisburgh, Vermont as of June 30, 2015, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 10 and 41 through 43 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 Ferrisburgh, Vermont's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

RHR Smith & Company

Buxton, Maine
Vermont Registration # 092.0000697
January 14, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

(UNAUDITED)

The following management's discussion and analysis of Town of Ferrisburgh, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Ferrisburgh's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have one column for the town's activities. The type of activity presented for the Town of Ferrisburgh is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, highway, education, and other unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Ferrisburgh, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Ferrisburgh are classified as governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Ferrisburgh presents three columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the highway facility fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, a Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities decreased by \$75,552 from \$3,676,927 to \$3,601,375.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased for governmental activities to a balance of \$568,142 at the end of this year.

Table 1
Town of Ferrisburgh, Vermont
Net Position
June 30,

	2015	2014 (Restated)
Assets:		
Current Assets	\$ 773,438	\$ 926,296
Capital Assets	4,074,437	3,232,783
Total Assets	4,847,875	4,159,079
Deferred Outflows of Resources:		
Deferred Amount on Pensions	39,807	16,566
Total Deferred Inflows of Resources	39,807	16,566
Liabilities:		
Current Liabilities	272,348	201,990
Long-term Debt Outstanding	974,163	294,870
Total Liabilities	1,246,511	496,860
Deferred Inflows of Resources:		
Prepaid Taxes	3,653	1,858
Deferred Amount on Pensions	36,143	-
Total Deferred Inflows of Resources	39,796	1,858
Net Position:		
Net Investment in Capital Assets	3,014,728	2,864,337
Restricted: Special Revenue funds	5,038	5,038
Permanent funds	13,467	13,434
Unrestricted	568,142	794,118
Total Net Position	\$ 3,601,375	\$ 3,676,927

Revenues and Expenses

Revenues for the Town's governmental activities increased by 15.31%, while total expenses increased by 16.06%.

Table 2
Town of Ferrisburgh, Vermont
Changes in Net Position
For the Years Ended June 30,

	<u>2015</u>	<u>2014</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 76,630	\$ 110,607
Operating grants and contributions	15,162	-
<i>General Revenues:</i>		
Property taxes	8,221,705	7,120,940
Grants and contributions not restricted to specific programs	387,013	310,875
Miscellaneous	67,499	61,349
Total revenues	<u>8,768,009</u>	<u>7,603,771</u>
Expenses		
General government	452,578	440,056
Public safety	158,675	155,747
Highway	854,986	836,449
Employee benefits	136,635	123,777
Grant funds	-	42,818
Education	7,017,022	5,833,180
Tax assessments	85,784	79,712
Town meeting - voted authorizations	30,840	30,340
Contingency	10,066	3,841
Capital outlay	4,584	-
Interest on long-term debt	19,926	1,792
Unallocated depreciation (Note 4)	72,465	72,467
Total expenses	<u>8,843,561</u>	<u>7,620,179</u>
Change in Net Position	(75,552)	(16,408)
Net Position - July 1, Restated	<u>3,676,927</u>	<u>3,693,335</u>
Net Position - June 30	<u>\$ 3,601,375</u>	<u>\$ 3,676,927</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Ferrisburgh, Vermont
Fund Balances - Governmental Funds
June 30,

	<u>2015</u>	<u>2014</u>
General Fund:		
Committed	\$ 100,000	\$ 100,000
Unassigned	124,205	207,981
Total General Fund	<u>\$ 224,205</u>	<u>\$ 307,981</u>
Highway Facility Fund:		
Committed	<u>\$ 88,940</u>	<u>\$ 156,390</u>
Total Highway Facility Fund	<u>\$ 88,940</u>	<u>\$ 156,390</u>
Nonmajor Funds:		
Special revenues funds:		
Restricted	\$ 5,038	\$ 5,038
Assigned	51,776	103,938
Capital project funds:		
Committed	95,416	100,000
Assigned	28,756	14,334
Permanent funds:		
Restricted	<u>13,467</u>	<u>13,434</u>
Total Nonmajor Funds	<u>\$ 194,453</u>	<u>\$ 236,744</u>

The general fund total fund balance decreased by \$83,776 from the prior fiscal year. The highway facility fund decreased by \$67,450 and the non-major fund balances decreased by \$42,291 from the prior fiscal year.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budget by \$156,841. This was due to all categories being receipted in excess of budget with the exception of charges for services.

The general fund actual expenditures were over budget by \$140,617. All expenditure categories were over budget with the exception of public safety and interest expense.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2015, the net book value of capital assets recorded by the Town increased by \$841,654 from the prior year. This increase is the result of capital additions of \$967,965 less current year depreciation of \$126,311.

Table 4
Town of Ferrisburgh, Vermont
Capital Assets (Net of Depreciation)
June 30,

	<u>2015</u>	<u>2014</u>
Land	\$ 210,000	\$ 210,000
Buildings and Improvements	3,423,612	2,585,248
Machinery and Equipment	14,985	19,672
Vehicles	373,840	364,238
Infrastructure	<u>52,000</u>	<u>53,625</u>
Total	<u>\$ 4,074,437</u>	<u>\$ 3,232,783</u>

Debt

At June 30, 2015, the Town had \$997,500 in bonds outstanding versus \$297,500 last year. Other obligations include a capital lease, accrued vacation pay and sick leave and net pension liability. For additional comparative information on the Town's outstanding debt, refer to Note 5 of Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen to a level insufficient to sustain government operations for a period of approximately two months. However, the Town is working towards building a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at P.O. Box 6, Ferrisburgh, Vermont 05456.

TOWN OF FERRISBURGH, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 563,786
Investments	4,000
Taxes receivable	205,652
Total current assets	<u>773,438</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	210,000
Buildings and equipment, net of accumulated depreciation	3,864,437
Total noncurrent assets	<u>4,074,437</u>
TOTAL ASSETS	<u>4,847,875</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on pensions	39,807
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>39,807</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,887,682</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 165,998
Accrued expenses	560
Current portion of long-term obligations	105,790
Total current liabilities	<u>272,348</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	912,500
Capital leases payable	49,942
Net pension liability	11,721
Total noncurrent liabilities	<u>974,163</u>
TOTAL LIABILITIES	<u>1,246,511</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	3,653
Deferred amount on pensions	36,143
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>39,796</u>
NET POSITION	
Net investment in capital assets	3,014,728
Restricted: Special Revenue funds	5,038
Permanent funds	13,467
Unrestricted	568,142
TOTAL NET POSITION	<u>3,601,375</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,887,682</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 452,578	\$ 70,275	\$ -	\$ -	\$ (382,303)
Public safety	158,675	5,860	-	-	(152,815)
Highway	854,986	495	-	-	(854,491)
Employee benefits	136,635	-	-	-	(136,635)
Education	7,017,022	-	15,162	-	(7,001,860)
Tax assessments	85,784	-	-	-	(85,784)
Town meeting - voted authorizations	30,840	-	-	-	(30,840)
Contingency	10,066	-	-	-	(10,066)
Capital outlay	4,584	-	-	-	(4,584)
Interest on long term debt	19,926	-	-	-	(19,926)
Unallocated depreciation (Note 4)	72,465	-	-	-	(72,465)
Total government	<u>\$ 8,843,561</u>	<u>\$ 76,630</u>	<u>\$ 15,162</u>	<u>\$ -</u>	<u>(8,751,769)</u>

STATEMENT B (CONTINUED)
TOWN OF FERRISBURGH, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(8,751,769)</u>
General revenues:	
Property taxes, levied for general purposes	8,221,705
Grants and contributions not restricted to specific programs	387,013
Miscellaneous	<u>67,499</u>
Total general revenues	<u>8,676,217</u>
Change in net position	(75,552)
NET POSITION - JULY 1, RESTATED	<u>3,676,927</u>
NET POSITION - JUNE 30	<u><u>\$ 3,601,375</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Highway Facility Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 555,979	\$ -	\$ 7,807	\$ 563,786
Investments	-	-	4,000	4,000
Taxes receivable	205,652	-	-	205,652
Due from other funds	-	88,940	182,646	271,586
TOTAL ASSETS	\$ 761,631	\$ 88,940	\$ 194,453	\$ 1,045,024
LIABILITIES				
Accounts payable	\$ 165,998	\$ -	\$ -	\$ 165,998
Accrued expenses	560	-	-	560
Due to other funds	271,586	-	-	271,586
TOTAL LIABILITIES	438,144	-	-	438,144
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	3,653	-	-	3,653
Deferred property tax	95,629	-	-	95,629
TOTAL DEFERRED INFLOWS OF RESOURCES	99,282	-	-	99,282
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	18,505	18,505
Committed	100,000	88,940	95,416	284,356
Assigned	-	-	80,532	80,532
Unassigned	124,205	-	-	124,205
TOTAL FUND BALANCES	224,205	88,940	194,453	507,598
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 761,631	\$ 88,940	\$ 194,453	\$ 1,045,024

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 507,598
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, net of accumulated depreciation	4,074,437
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	39,807
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	95,629
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(997,500)
Capital leases payable	(62,209)
Accrued compensated absences	(8,523)
Net pension liability	(11,721)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	<u>(36,143)</u>
Net position of governmental activities	<u><u>\$ 3,601,375</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Highway Facility Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 8,267,176	\$ -	\$ -	\$ 8,267,176
Intergovernmental	384,681	-	17,494	402,175
Interest income	50,492	-	33	50,525
Charges for services	70,303	-	6,327	76,630
Miscellaneous	6,389	515	10,070	16,974
TOTAL REVENUES	<u>8,779,041</u>	<u>515</u>	<u>33,924</u>	<u>8,813,480</u>
EXPENDITURES				
Current:				
General government	393,992	-	71,631	465,623
Public safety	151,078	-	-	151,078
Highway	811,871	917,965	-	1,729,836
Employee benefits	136,635	-	-	136,635
Education	7,017,022	-	-	7,017,022
Tax assessments	85,784	-	-	85,784
Town meeting - voted authorizations	30,840	-	-	30,840
Contingency	10,066	-	-	10,066
Capital outlay	-	-	54,584	54,584
Debt service:				
Principal	155,603	-	-	155,603
Interest	19,926	-	-	19,926
TOTAL EXPENDITURES	<u>8,812,817</u>	<u>917,965</u>	<u>126,215</u>	<u>9,856,997</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,776)</u>	<u>(917,450)</u>	<u>(92,291)</u>	<u>(1,043,517)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	-	850,000	-	850,000
Transfers in	-	-	50,000	50,000
Transfers (out)	(50,000)	-	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>850,000</u>	<u>50,000</u>	<u>850,000</u>
NET CHANGE IN FUND BALANCES	(83,776)	(67,450)	(42,291)	(193,517)
FUND BALANCES - JULY 1	<u>307,981</u>	<u>156,390</u>	<u>236,744</u>	<u>701,115</u>
FUND BALANCES - JUNE 30	<u>\$ 224,205</u>	<u>\$ 88,940</u>	<u>\$ 194,453</u>	<u>\$ 507,598</u>

See accompanying independent auditors report and notes to financial statements.

TOWN OF FERRISBURGH, 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, 2015

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (193,517)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental Capital asset purchases capitalized	967,965
Depreciation expense	<u>(126,311)</u>
	<u>841,654</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(45,471)</u>
Deferred outflows of resources is a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>23,241</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Net Position	<u>158,737</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	<u>(850,000)</u>
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:	
Accrued compensated absenses	(6,089)
Net pension liability	<u>32,036</u>
	<u>25,947</u>
Deferred inflows of resources are a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	<u>(36,143)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (75,552)</u>

See accompanying independent auditor' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Ferrisburgh was incorporated under the laws of the State of Vermont. The Town operates under the selectmen-treasurer form of government and provides the following services: general government services, public safety, highway, and education.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and 61.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

In the government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the entity as governmental.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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.

1. Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the first half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Ferrisburgh has no formal investment policy but instead follows the State of Vermont Statutes.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2015.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable, capital leases, compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation within each year. Any unused vacation time above 40 hours not used by the end of a year is lost. Employees are reimbursed for unused vacation days when terminating employment with the Town.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plans and additions to/deductions from the VMERS Plan's fiduciary net position have been determined on the same basis as they are reported by the VMERS Plan. 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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

The Town is in the process of adopting a set of financial policies to guide the financial operation of the Town. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. Town funds that may exceed insurance limits are fully collateralized with securities held by the financial institution in the Town's name.

At June 30, 2015, the Town's cash balances of \$563,786 were comprised of bank balances of \$592,344, of which \$250,000 were insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining bank balances of \$342,344 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 592,344
	<u>\$ 592,344</u>

At June 30, 2015, all of the Town's investments amounting to \$4,000 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Certificates of deposit	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk – Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions, repurchase agreements, and money market mutual funds. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ -	\$ 271,586
Highway Facility Fund	88,940	-
Special Revenue funds	49,007	-
Capital Project funds	124,172	-
Permanent funds	9,467	-
	<u>\$ 271,586</u>	<u>\$ 271,586</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2015:

	<u>Balance 7/1/14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/15</u>
Non-depreciated assets:				
Land	\$ 210,000	\$ -	\$ -	\$ 210,000
	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>210,000</u>
Depreciated assets:				
Buildings and improvements	3,183,991	917,965	-	4,101,956
Vehicles	816,131	50,000	-	866,131
Machinery & equipment	339,020	-	-	339,020
Infrastructure	65,000	-	-	65,000
	<u>4,404,142</u>	<u>967,965</u>	<u>-</u>	<u>5,372,107</u>
Less: accumulated depreciation	<u>(1,381,359)</u>	<u>(126,311)</u>	<u>-</u>	<u>(1,507,670)</u>
	<u>3,022,783</u>	<u>841,654</u>	<u>-</u>	<u>3,864,437</u>
Net capital assets	<u>\$ 3,232,783</u>	<u>\$ 841,654</u>	<u>\$ -</u>	<u>\$ 4,074,437</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Public safety	\$ 7,597
Highway	46,249
Town-wide	72,465
Total depreciation	<u>\$ 126,311</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance 7/1/14 (Restated)	Additions	Reductions	Balance 6/30/15	Current Year Portion
Bonds payable	\$ 297,500	\$ 850,000	\$ (150,000)	\$ 997,500	\$ 85,000
Capital lease payable	70,946	-	(8,737)	62,209	12,267
Accrued compensated absences	2,434	6,089	-	8,523	8,523
Net pension liability	43,757	37,408	(69,444)	11,721	-
Totals	<u>\$ 414,637</u>	<u>\$ 893,497</u>	<u>\$ (228,181)</u>	<u>\$ 1,079,953</u>	<u>\$ 105,790</u>

The following is a summary of outstanding bonds payable:

\$185,000 bond payable to Vermont Municipal Bond Bank, annual principal payments of \$35,000 to \$40,000. Interest is charged at a rate varying from 0.904% to 1.984%. Maturity in December of 2016.	\$ 70,000
\$150,000 bond payable to National Bank of Middlebury, five principal payments of \$7,500 are due annually with a final principal payment of \$112,500 due December 31, 2016. Interest is charged at a rate of 3.95% per annum.	120,000
\$850,000 bond payable to Merchants Bank, principal payments of \$42,500 are due annually. Maturity in March of 2034. Interest is charged at a rate of 3.12% per annum.	<u>807,500</u>
Total Bonds Payable	<u>\$ 997,500</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Principal and interest requirements on the bonds payable to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 85,000	\$ 30,982	\$ 115,982
2017	190,000	28,659	218,659
2018	42,500	22,542	65,042
2019	42,500	21,216	63,716
2020	42,500	19,944	62,444
2021-2025	212,500	79,600	292,100
2026-2030	212,500	46,435	258,935
2031-2035	170,000	13,271	183,271
	<u>\$ 997,500</u>	<u>\$ 249,378</u>	<u>\$ 1,246,878</u>

The following is a summary of the lease outstanding as of June 30, 2015:

\$95,150, 2013 capital lease for John Deere excavator under a non-cancellable lease agreement. The lease is for nine years with annual payments of \$12,267 through June of 2021. The effective interest rate is 4.80% per annum.

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

<u>Year Ending June 30:</u>	
2016	\$ 12,267
2017	12,267
2018	12,267
2019	12,267
2020	12,267
2021-2025	<u>12,267</u>
Total minimum lease payment	73,602
Less amount representing interest	<u>(11,393)</u>
Present value of future minimum lease payments	<u>\$ 62,209</u>

All bonds and capital leases are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for special assessment debt. All bonds and capital leases are payable from taxes levied on all taxable property located within the Town. The General Fund is used to liquidate the liability for the bonds and capital leases.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RESTRICTED FUND BALANCES

At June 30, 2015, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 5,038
Nonmajor permanent funds (Schedule H)	13,467
	<u>\$ 18,505</u>

NOTE 7 - COMMITTED FUND BALANCES

At June 30, 2015, the Town had the following committed fund balances:

General fund:	
Utilization of unassigned FB	\$ 100,000
Highway facility fund	88,940
Nonmajor capital project funds (Schedule F)	95,416
	<u>\$ 284,356</u>

NOTE 8 - ASSIGNED FUND BALANCES

At June 30, 2015, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 51,776
Nonmajor capital project funds (Schedule F)	28,756
	<u>\$ 80,532</u>

NOTE 9 - PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975, and is governed by *Title 24, V.S.A. Chapter 125*. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. Employees of the Town other than Teachers are eligible to participate in the VMERS providing they work on a regular basis for not less than 30 hours a week and for not less than 1,040 hours for the school year.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives—one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance & Management website at:

http://finance.vermont.gov/reports_and_publications/cafr.

Benefits Provided

The pension plan is divided into four membership groups:

- Group A – general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B & C – general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D – sworn police officers, firefighters and emergency medical personnel

The Town participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 55 with 20 years of service
Early Retirement Eligibility	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund, and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.5% of gross salary	4.75% of gross salary to 6/30/15; 4.875% of gross salary after 7/1/15	9.625% of gross salary to 12/31/14; 9.75% of gross salary to 6/30/15; 9.875% of gross salary after 7/1/15	11.125% of gross salary to 6/30/15; 11.35% of gross salary after 7/1/15
Employer Contributions	4% of gross salary	5.375% of gross salary to 6/30/15; 5.50% of gross salary after 7/1/15	6.875% of gross salary to 12/31/14; 7% of gross salary to 6/30/15; 7.125% of gross salary after 7/1/15	9.75% of gross salary to 6/30/15; 9.85% of gross salary after 7/1/15

Employee contributions are withheld pre income tax by the Town and are remitted to the State of Vermont. Such withholdings for the years ended June 30, 2015, 2014 and 2013 totaled \$17,549, \$14,950 and \$12,984, respectively. The Town contributed \$19,858, \$16,566 and \$14,427 for the years ended June 30, 2015, 2014, and 2013, respectively. The Town's total payroll for the year ended June 30, 2015 for all employees covered under this plan was \$369,443.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported a liability of \$11,721 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

At June 30, 2014, the Town's proportion was 0.1284% for VMERS, which was an increase of 0.0082% from its proportion measured as of June 30, 2013 for VMERS.

For the year ended June 30, 2015, the Town recognized total pension expense of \$27,523. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>VMERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Changes in proportion	2,401	
Net difference between projected and actual earnings on pension plan investments	-	36,143
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>17,672</u>	<u>-</u>
Total	<u>\$ 20,073</u>	<u>\$ 36,143</u>

\$17,672 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>VMERS</u>	
Year ended June 30:		
2016	\$	7,856
2017		7,856
2018		7,856
2019		-
2020		-
Thereafter		-

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five year period ending June 30, 2010:

VMERS:

Inflation	3.00% to 3.25% per year
Salary increases	5.00%, per year, including inflation
Interest rate	A select-and-ultimate interest rate set that is restarted every year follows:

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Mortality rates for active participants in the VMERS plan were based on 50% of the probabilities in the 1995 Buck Mortality Tables for males and females, non-disabled retirees and terminated vested participants were based on the 1995 Buck Mortality Tables with no set-back for males and a one-year set-back for females, disabled retirees were based on the RP-2000 Disabled Life Tables, and the 1995 Buck Mortality Tables for males and females was applied to beneficiaries.

Spouse's age assumptions used in the June 30, 2014 valuation set a husband's age at three years greater than their wives.

Cost-of-Living adjustments to benefits of terminated vested and retired participants were assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D of the VMERS plan.

A smoothing *asset valuation method* was used for funding purposes, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

The *long-term expected rate of return* on the VMERS plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	VMERS	
	Target Allocation	Long-term Expected Real Rate of Return
Equity	31.50%	6.70%
Fixed income	33.00%	2.94%
Alternative	15.50%	6.26%
Multi-strategy	20.00%	5.98%
Total	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 of 3.0%

Discount Rate

The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

projected future benefit payments to current VMERS System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.23%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.23%) or 1 percentage point higher (9.23%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	7.23%	8.23%	9.23%
District's proportionate share of the net pension liability	\$ 98,743	\$ 11,721	\$ (61,287)

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 10 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2015. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

In addition, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up three insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life and disability coverage; and the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, VLCTHT and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

To provide insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance, and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims, and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 12 - OVERPSENT APPROPRIATIONS

At June 30, 2015, the Town had the following overspent appropriations:

	<u>Excess</u>
General government	\$ 23,779
Highway	68,123
Employee benefits	17,050
Tax assessments	4,245
Contingency	4,066
Debt service	26,616
	<u>\$ 143,879</u>

NOTE 13 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2014 to account for the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (Issued 06/12)*. As a result, the beginning balance has been reduced by \$27,191 to a balance of \$3,676,927.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions

TOWN OF FERRISBURGH, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance - July 1	\$ 307,981	\$ 307,981	\$ 307,981	\$ -
Resources (Inflows):				
Property Taxes	8,223,650	8,223,650	8,267,176	43,526
Intergovernmental revenues	284,000	284,000	384,681	100,681
Charges for services	75,350	75,350	70,303	(5,047)
Interest income	37,200	37,200	50,492	13,292
Other revenue	2,000	2,000	6,389	4,389
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>8,930,181</u>	<u>8,930,181</u>	<u>9,087,022</u>	<u>156,841</u>
Charges to Appropriations (Outflows):				
General government	370,213	370,213	393,992	(23,779)
Public safety	154,340	154,340	151,078	3,262
Highway	743,748	743,748	811,871	(68,123)
Employee benefits	119,585	119,585	136,635	(17,050)
Education	7,017,022	7,017,022	7,017,022	-
Tax assessments	81,539	81,539	85,784	(4,245)
Town meeting - voted authorizations	30,840	30,840	30,840	-
Contingency	6,000	6,000	10,066	(4,066)
Debt service				
Principal	125,267	125,267	155,603	(30,336)
Interest	23,646	23,646	19,926	3,720
Transfers to other funds	50,000	50,000	50,000	-
Total Charges to Appropriations	<u>8,722,200</u>	<u>8,722,200</u>	<u>8,862,817</u>	<u>(140,617)</u>
Budgetary Fund Balance, June 30	<u>\$ 207,981</u>	<u>\$ 207,981</u>	<u>\$ 224,205</u>	<u>\$ 16,224</u>
Utilization of unassigned fund balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.3628%	0.3625%
Proportionate share of the net pension liability (asset)	\$ 11,721	\$ 43,757
Covered-employee payroll	\$ 369,443	\$ 323,240
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	3.17%	13.54%
Plan fiduciary net position as a percentage of the total pension liability	98.32%	92.71%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2015</u>	<u>2014</u>
<u>VMERS:</u>		
Contractually required contribution	\$ 37,406	\$ 31,516
Contributions in relation to the contractually required contribution	<u>(37,406)</u>	<u>(31,516)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 369,443	\$ 323,240
Contributions as a percentage of covered- employee payroll	-10.12%	-9.75%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule – Budgetary Basis - Budget and Actual – General Fund Revenues
- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF FERRISBURGH, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes	\$ 8,223,650	\$ 8,223,650	\$ 8,267,176	\$ 43,526
Intergovernmental revenues:				
Vermont State Mileage Aid	162,000	162,000	161,737	(263)
Railroad Tax/State Land Tax	50,000	50,000	51,617	1,617
State School Tax Coll. Reimb.	15,000	15,000	15,162	162
Current Land Use	57,000	57,000	83,546	26,546
Other	-	-	72,619	72,619
Charges for services:				
Liquor License Fee	650	650	925	275
Highway Department Sales	3,000	3,000	495	(2,505)
Zoning Fees	11,000	11,000	10,050	(950)
Land Recording, Filing and Other	36,000	36,000	28,921	(7,079)
Clerk Fees	9,700	9,700	13,652	3,952
Police Fines	9,000	9,000	5,860	(3,140)
Rent	6,000	6,000	10,400	4,400
Interest income:				
Tax interest and penalties	37,000	37,000	50,358	13,358
Interest income	200	200	134	(66)
Miscellaneous revenues	2,000	2,000	6,389	4,389
Amounts Available for Appropriation	<u>\$ 8,622,200</u>	<u>\$ 8,622,200</u>	<u>\$ 8,779,041</u>	<u>\$ 156,841</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government:					
Administration	\$ 12,100	\$ -	\$ 12,100	\$ 11,795	\$ 305
Union Meeting Hall	10,520	-	10,520	506	10,014
Town Clerk's Office	309,265	-	309,265	342,128	(32,863)
Town Offices/Community Center	22,128	-	22,128	21,053	1,075
Miscellaneous General Government	16,200	-	16,200	18,510	(2,310)
	<u>370,213</u>	<u>-</u>	<u>370,213</u>	<u>393,992</u>	<u>(23,779)</u>
Public Safety:					
Ferrisburgh Volunteer Fire Department	65,250	-	65,250	65,250	-
Vergennes Fire Department - Contract	46,650	-	46,650	47,777	(1,127)
Fire Services - Extra	2,500	-	2,500	1,116	1,384
Fire Station - Maintenance	8,900	-	8,900	7,261	1,639
Addison County Sheriff's Office	13,000	-	13,000	11,634	1,366
Vermont Area Rescue Squad	18,040	-	18,040	18,040	-
	<u>154,340</u>	<u>-</u>	<u>154,340</u>	<u>151,078</u>	<u>3,262</u>
Highway:					
Payroll	208,520	-	208,520	229,737	(21,217)
Maintenance	421,500	-	421,500	441,960	(20,460)
Town Garage/Yard	10,728	-	10,728	16,773	(6,045)
Vehicles/Equipment	103,000	-	103,000	123,401	(20,401)
	<u>743,748</u>	<u>-</u>	<u>743,748</u>	<u>811,871</u>	<u>(68,123)</u>

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Employee Benefits	119,585	-	119,585	136,635	(17,050)
Education	7,017,022	-	7,017,022	7,017,022	-
Tax Assessments:					
County Tax	21,900	-	21,900	23,646	(1,746)
Vermont League of Cities & Towns	3,836	-	3,836	3,836	-
Addison County Regional Planning Comm.	3,244	-	3,244	5,743	(2,499)
Bixby Library	52,559	-	52,559	52,559	-
	<u>81,539</u>	<u>-</u>	<u>81,539</u>	<u>85,784</u>	<u>(4,245)</u>
Debt Service:					
Principal	125,267	-	125,267	155,603	(30,336)
Interest	23,646	-	23,646	19,926	3,720
	<u>148,913</u>	<u>-</u>	<u>148,913</u>	<u>175,529</u>	<u>(26,616)</u>
Town Meeting - Voted Authorizations	30,840	-	30,840	30,840	-
Contingency	6,000	-	6,000	10,066	(4,066)
Transfers to other funds:					
Capital project funds	50,000	-	50,000	50,000	-
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Expenditures	<u>\$ 8,722,200</u>	<u>\$ -</u>	<u>\$ 8,722,200</u>	<u>\$ 8,862,817</u>	<u>\$ (140,617)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,807	\$ -	\$ -	\$ 7,807
Investments	-	-	4,000	4,000
Due from other funds	49,007	124,172	9,467	182,646
TOTAL ASSETS	\$ 56,814	\$ 124,172	\$ 13,467	\$ 194,453
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	5,038	-	13,467	18,505
Committed	-	95,416	-	95,416
Assigned	51,776	28,756	-	80,532
Unassigned	-	-	-	-
TOTAL FUND BALANCES	56,814	124,172	13,467	194,453
TOTAL LIABILITIES AND FUND BALANCES	\$ 56,814	\$ 124,172	\$ 13,467	\$ 194,453

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 3,072	\$ 14,422	\$ -	\$ 17,494
Interest income	-	-	33	33
Charges for services	6,327	-	-	6,327
Other income	10,070	-	-	10,070
TOTAL REVENUES	<u>19,469</u>	<u>14,422</u>	<u>33</u>	<u>33,924</u>
EXPENDITURES				
Capital outlay	-	54,584	-	54,584
Other	71,631	-	-	71,631
TOTAL EXPENDITURES	<u>71,631</u>	<u>54,584</u>	<u>-</u>	<u>126,215</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(52,162)</u>	<u>(40,162)</u>	<u>33</u>	<u>(92,291)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,000	-	50,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCES	(52,162)	9,838	33	(42,291)
FUND BALANCES - JULY 1	<u>108,976</u>	<u>114,334</u>	<u>13,434</u>	<u>236,744</u>
FUND BALANCES - JUNE 30	<u>\$ 56,814</u>	<u>\$ 124,172</u>	<u>\$ 13,467</u>	<u>\$ 194,453</u>

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	PTO Grant Fund	Recreation Fund	U. M. Steeple Fund	Town Hall Bond Fund	Listers Education Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	5,038	6,276	2,075	677	2,720
TOTAL ASSETS	<u>\$ 5,038</u>	<u>\$ 6,276</u>	<u>\$ 2,075</u>	<u>\$ 677</u>	<u>\$ 2,720</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	5,038	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	6,276	2,075	677	2,720
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,038</u>	<u>6,276</u>	<u>2,075</u>	<u>677</u>	<u>2,720</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,038</u>	<u>\$ 6,276</u>	<u>\$ 2,075</u>	<u>\$ 677</u>	<u>\$ 2,720</u>

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015

	Energy Committee Fund	Insurance Deductible Fund	Records Restoration Fund	Town Hall Maintenance	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ 7,807	\$ -	\$ -	\$ 7,807
Due from other funds	211	-	19,810	12,200	49,007
TOTAL ASSETS	<u>\$ 211</u>	<u>\$ 7,807</u>	<u>\$ 19,810</u>	<u>\$ 12,200</u>	<u>\$ 56,814</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	5,038
Committed	-	-	-	-	-
Assigned	211	7,807	19,810	12,200	51,776
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>211</u>	<u>7,807</u>	<u>19,810</u>	<u>12,200</u>	<u>56,814</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 211</u>	<u>\$ 7,807</u>	<u>\$ 19,810</u>	<u>\$ 12,200</u>	<u>\$ 56,814</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	PTO Grant Fund	Recreation Fund	U. M. Steeple Fund	Town Hall Bond Fund	Listers Education Fund
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	6,327	-	-	-
Other income	-	-	-	277	399
TOTAL REVENUES	<u>-</u>	<u>6,327</u>	<u>-</u>	<u>277</u>	<u>399</u>
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other	-	41,827	-	13,182	60
TOTAL EXPENDITURES	<u>-</u>	<u>41,827</u>	<u>-</u>	<u>13,182</u>	<u>60</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(35,500)</u>	<u>-</u>	<u>(12,905)</u>	<u>339</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(35,500)	-	(12,905)	339
FUND BALANCES - JULY 1	<u>5,038</u>	<u>41,776</u>	<u>2,075</u>	<u>13,582</u>	<u>2,381</u>
FUND BALANCES - JUNE 30	<u>\$ 5,038</u>	<u>\$ 6,276</u>	<u>\$ 2,075</u>	<u>\$ 677</u>	<u>\$ 2,720</u>

TOWN OF FERRISBURGH, VERMONT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Energy Committee Fund	Insurance Deductible Fund	Records Restoration Fund	Town Hall Maintenance	Totals
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 3,072	\$ -	\$ 3,072
Charges for services	-	-	-	-	6,327
Other income	200	6,144	-	3,050	10,070
TOTAL REVENUES	<u>200</u>	<u>6,144</u>	<u>3,072</u>	<u>3,050</u>	<u>19,469</u>
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other	87	11,538	4,937	-	71,631
TOTAL EXPENDITURES	<u>87</u>	<u>11,538</u>	<u>4,937</u>	<u>-</u>	<u>71,631</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>113</u>	<u>(5,394)</u>	<u>(1,865)</u>	<u>3,050</u>	<u>(52,162)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	113	(5,394)	(1,865)	3,050	(52,162)
FUND BALANCES - JULY 1	<u>98</u>	<u>13,201</u>	<u>21,675</u>	<u>9,150</u>	<u>108,976</u>
FUND BALANCES - JUNE 30	<u>\$ 211</u>	<u>\$ 7,807</u>	<u>\$ 19,810</u>	<u>\$ 12,200</u>	<u>\$ 56,814</u>

See accompanying independent auditors' report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF FERRISBURGH, VERMONT

BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2015

	Reappraisal Fund	Fire Truck Reserve	Highway Reserve	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	28,756	90,000	5,416	124,172
TOTAL ASSETS	<u>\$ 28,756</u>	<u>\$ 90,000</u>	<u>\$ 5,416</u>	<u>\$ 124,172</u>
LIABILITIES				
Due to others funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	90,000	5,416	95,416
Assigned	28,756	-	-	28,756
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>28,756</u>	<u>90,000</u>	<u>5,416</u>	<u>124,172</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,756</u>	<u>\$ 90,000</u>	<u>\$ 5,416</u>	<u>\$ 124,172</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NON MAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Reappraisal Fund	Fire Truck Reserve	Highway Reserve	Totals
REVENUES				
Intergovernmental	\$ 14,422	\$ -	\$ -	\$ 14,422
Other income	-	-	-	-
TOTAL REVENUES	<u>14,422</u>	<u>-</u>	<u>-</u>	<u>14,422</u>
EXPENDITURES				
Capital outlay	-	-	54,584	54,584
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>54,584</u>	<u>54,584</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,422</u>	<u>-</u>	<u>(54,584)</u>	<u>(40,162)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	30,000	20,000	50,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>30,000</u>	<u>20,000</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCES	14,422	30,000	(34,584)	9,838
FUND BALANCES - JULY 1	<u>14,334</u>	<u>60,000</u>	<u>40,000</u>	<u>114,334</u>
FUND BALANCES - JUNE 30	<u>\$ 28,756</u>	<u>\$ 90,000</u>	<u>\$ 5,416</u>	<u>\$ 124,172</u>

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Ferrisburgh, Vermont that are legally restricted and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including provision for the maintenance of cemeteries in the Town of Ferrisburgh.

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2015

	<u>Cemetery</u>	<u>Totals</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Investments	4,000	4,000
Due from other funds	9,467	9,467
TOTAL ASSETS	<u>\$ 13,467</u>	<u>\$ 13,467</u>
LIABILITIES		
Due to others funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	13,467	13,467
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>13,467</u>	<u>13,467</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,467</u>	<u>\$ 13,467</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Cemetery</u>	<u>Total</u>
REVENUES		
Interest income	\$ 33	\$ 33
Other income	-	-
TOTAL REVENUES	<u>33</u>	<u>33</u>
EXPENDITURES		
Capital outlay	-	-
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>33</u>	<u>33</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	33	33
FUND BALANCES - JULY 1	<u>13,434</u>	<u>13,434</u>
FUND BALANCES - JUNE 30	<u>\$ 13,467</u>	<u>\$ 13,467</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2015

	Land and Non-depreciable Assets	Buildings and Improvements	Machinery, Equipment & Vehicles	Infrastructure	Totals
Public safety	\$ -	\$ 295,000	\$ 8,870	\$ -	\$ 303,870
Highway	-	973,297	1,196,281	-	2,169,578
Town Wide	210,000	2,833,659	-	65,000	3,108,659
Total General Capital Assets	210,000	4,101,956	1,205,151	65,000	5,582,107
Less: Accumulated Depreciation	-	(678,344)	(816,326)	(13,000)	(1,507,670)
Net General Capital Assets	<u>\$ 210,000</u>	<u>\$ 3,423,612</u>	<u>\$ 388,825</u>	<u>\$ 52,000</u>	<u>\$ 4,074,437</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2015

	General Capital Assets 7/1/14	Additions	Deletions	General Capital Assets 6/30/15
Public Safety	303,870	-	-	303,870
Highway	1,201,613	967,965	-	2,169,578
Town Wide	3,108,659	-	-	3,108,659
Total General Capital Assets	4,614,142	967,965	-	5,582,107
Less: Accumulated Depreciation	(1,381,359)	(126,311)	-	(1,507,670)
Net General Capital Assets	<u>\$ 3,232,783</u>	<u>\$ 841,654</u>	<u>\$ -</u>	<u>\$ 4,074,437</u>

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