

Audited Financial Statements and
Other Supplemental Information

Town of Ferrisburgh, Vermont

June 30, 2017



Proven Expertise and Integrity

TOWN OF FERRISBURGH, VERMONT

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JUNE 30, 2017

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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, 2017, 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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, 2017, 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 45 through 48 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules 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 23, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(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, 2017. 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). All of the Town's basic services are reported in governmental activities, which include general government, public safety, highway, and education.

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 funds statement of revenues, expenditures and changes in funds 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 one column in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general 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, a Schedule of Contributions, and Notes to Required Supplementary Information.

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 activities. The Town's total net position for governmental activities increased by \$230,678 from \$3,820,878 to \$4,051,556.

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 – increased for governmental activities to a balance of \$484,621 at the end of this year.

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

	<u>2017</u>	<u>2016</u>
Assets:		
Current Assets	\$ 589,286	\$ 780,849
Capital Assets	4,665,119	4,589,024
Total Assets	<u>5,254,405</u>	<u>5,369,873</u>
Deferred Outflows of Resources:		
Deferred Outflow Related to Pensions	110,868	72,328
Total Deferred Outflows of Resources	<u>110,868</u>	<u>72,328</u>
Liabilities:		
Current Liabilities	127,569	454,534
Long-term Debt Outstanding	1,178,796	1,137,224
Total Liabilities	<u>1,306,365</u>	<u>1,591,758</u>
Deferred Inflows of Resources:		
Prepaid Taxes	3,933	12,736
Deferred Other	-	16,829
Deferred Inflows Related to Pensions	3,419	-
Total Deferred Inflows of Resources	<u>7,352</u>	<u>29,565</u>
Net Position:		
Net Investment in Capital Assets	3,548,332	3,371,321
Restricted: Special Revenue funds	5,038	5,038
Permanent funds	13,565	13,511
Unrestricted	484,621	431,008
Total Net Position	<u>\$ 4,051,556</u>	<u>\$ 3,820,878</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 1.16%, while total expenses decreased by 1.12%.

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

	<u>2017</u>	<u>2016</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 81,923	\$ 91,110
Operating grants and contributions	17,637	12,837
Capital grants and contributions	-	32,805
<i>General Revenues:</i>		
Property taxes	8,360,117	840,332
Grants and contributions not restricted to specific programs	324,976	315,939
Miscellaneous	61,736	95,995
Total revenues	<u>8,846,389</u>	<u>8,950,018</u>
Expenses		
General government	482,353	443,426
Public safety	175,558	153,688
Highway	666,512	729,701
Employee benefits	125,991	138,729
Education	6,938,367	7,025,260
Tax assessments	82,143	82,349
Town meeting - voted authorizations	27,640	30,840
Contingency	2,568	1,778
Capital outlay	-	450
Interest on long-term debt	38,236	34,279
Unallocated depreciation (Note 4)	76,343	72,467
Total expenses	<u>8,615,711</u>	<u>8,712,967</u>
Change in Net Position	230,678	237,051
Net Position - July 1,	<u>3,820,878</u>	<u>3,583,827</u>
Net Position - June 30	<u>\$ 4,051,556</u>	<u>\$ 3,820,878</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>2017</u>	<u>2016</u>
General Fund:		
Committed	\$ -	\$ -
Unassigned	224,114	216,901
Total General Fund	<u>\$ 224,114</u>	<u>\$ 216,901</u>
Nonmajor Funds:		
Special revenues funds:		
Restricted	\$ 5,038	\$ 5,038
Assigned	59,971	56,863
Capital projects funds:		
Committed	132,745	95,467
Assigned	58,387	43,576
Unassigned	(40,870)	(40,863)
Permanent funds:		
Restricted	13,565	13,511
Total Nonmajor Funds	<u>\$ 228,836</u>	<u>\$ 173,592</u>

The general fund total fund balance increased by \$7,213 from the prior fiscal year. The nonmajor fund balances increased by \$55,244 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 \$29,554. This was due to property taxes, charges for services and other revenue being received in excess of budget.

The general fund actual expenditures were over budget by \$2,001. All expenditure categories were under budget with the exception of general government, capital outlay and interest expense.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town increased by \$76,095 from the prior year. This increase is the result of capital additions of \$257,516 less current year depreciation of \$181,421.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 250,863	\$ 250,863
Buildings and Improvements	3,190,978	3,307,295
Machinery and Equipment	9,807	10,296
Vehicles	712,157	731,264
Infrastructure	<u>501,314</u>	<u>289,306</u>
Total	<u>\$ 4,665,119</u>	<u>\$ 4,589,024</u>

Debt

At June 30, 2017, the Town had \$722,500 in bonds outstanding versus \$722,500 last year. Other obligations include notes payable, capital leases payable, accrued compensated absences 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 less than one month. 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, 2017

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 410,131
Investments	4,000
Taxes receivable	175,155
Total current assets	<u>589,286</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	250,863
Buildings and equipment, net of accumulated depreciation	4,414,256
Total noncurrent assets	<u>4,665,119</u>
TOTAL ASSETS	<u>5,254,405</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	110,868
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>110,868</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,365,273</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 15,165
Current portion of long-term obligations	112,404
Total current liabilities	<u>127,569</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	680,000
Capital leases payable	241,503
Notes payable	87,679
Net pension liability	169,614
Total noncurrent liabilities	<u>1,178,796</u>
TOTAL LIABILITIES	<u>1,306,365</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	3,933
Deferred amount on pensions	3,419
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,352</u>
NET POSITION	
Net investment in capital assets	3,548,332
Restricted: Special Revenue funds	5,038
Permanent funds	13,565
Unrestricted	484,621
TOTAL NET POSITION	<u>4,051,556</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 5,365,273</u>

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

TOWN OF FERRISBURGH, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 482,353	\$ 73,391	\$ -	\$ -	\$ (408,962)
Public safety	175,558	8,462	-	-	(167,096)
Highway	666,512	70	-	-	(666,442)
Employee benefits	125,991	-	-	-	(125,991)
Education	6,938,367	-	17,637	-	(6,920,730)
Tax assessments	82,143	-	-	-	(82,143)
Town meeting - voted authorizations	27,640	-	-	-	(27,640)
Contingency	2,568	-	-	-	(2,568)
Interest on long term debt	38,236	-	-	-	(38,236)
Unallocated depreciation (Note 4)	76,343	-	-	-	(76,343)
Total government	<u>\$ 8,615,711</u>	<u>\$ 81,923</u>	<u>\$ 17,637</u>	<u>\$ -</u>	<u>(8,516,151)</u>

STATEMENT B (CONTINUED)
TOWN OF FERRISBURGH, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(8,516,151)
General revenues:	
Property taxes, levied for general purposes	8,360,117
Grants and contributions not restricted to specific programs	324,976
Miscellaneous	61,736
Total general revenues	8,746,829
Change in net position	230,678
NET POSITION - JULY 1,	3,820,878
NET POSITION - JUNE 30	\$ 4,051,556

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

TOWN OF FERRISBURGH, VERMONT

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 399,845	\$ 10,286	\$ 410,131
Investments	-	4,000	4,000
Taxes receivable	175,155	-	175,155
Due from other funds	40,870	255,420	296,290
TOTAL ASSETS	\$ 615,870	\$ 269,706	\$ 885,576
LIABILITIES			
Accounts payable	\$ 15,165	\$ -	\$ 15,165
Due to other funds	255,420	40,870	296,290
TOTAL LIABILITIES	270,585	40,870	311,455
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	3,933	-	3,933
Deferred property tax	117,238	-	117,238
TOTAL DEFERRED INFLOWS OF RESOURCES	121,171	-	121,171
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	18,603	18,603
Committed	-	132,745	132,745
Assigned	-	118,358	118,358
Unassigned	224,114	(40,870)	183,244
TOTAL FUND BALANCES (DEFICITS)	224,114	228,836	452,950
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 615,870	\$ 269,706	\$ 885,576

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, 2017

	Total Governmental Funds
Total Fund Balances	\$ 452,950
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	4,665,119
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	110,868
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	117,238
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(722,500)
Capital leases payable	(274,048)
Notes payable	(120,239)
Accrued compensated absences	(4,799)
Net pension liability	(169,614)
	\$ 4,051,556
Net position of governmental activities	

See accompanying independent auditors' 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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 8,342,669	\$ -	\$ 8,342,669
Intergovernmental	321,966	20,647	342,613
Interest income	35,721	54	35,775
Charges for services	75,926	5,997	81,923
Miscellaneous	5,566	20,395	25,961
TOTAL REVENUES	8,781,848	47,093	8,828,941
EXPENDITURES			
Current:			
General government	419,361	36,754	456,115
Public safety	156,391	-	156,391
Highway	783,022	15,088	798,110
Employee benefits	125,991	-	125,991
Education	6,938,367	-	6,938,367
Tax assessments	82,143	-	82,143
Town meeting - voted authorizations	27,640	-	27,640
Contingency	2,568	-	2,568
Capital outlay	10,000	30,007	40,007
Debt service:			
Principal	100,916	-	100,916
Interest	38,236	-	38,236
TOTAL EXPENDITURES	8,684,635	81,849	8,766,484
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	97,213	(34,756)	62,457
OTHER FINANCING SOURCES (USES)			
Transfers in	-	90,000	90,000
Transfers (out)	(90,000)	-	(90,000)
TOTAL OTHER FINANCING SOURCES (USES)	(90,000)	90,000	-
NET CHANGE IN FUND BALANCES	7,213	55,244	62,457
FUND BALANCES - JULY 1	216,901	173,592	390,493
FUND BALANCES - JUNE 30	\$ 224,114	\$ 228,836	\$ 452,950

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, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 62,457</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 activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions capitalized	257,516
Depreciation expense	<u>(181,421)</u>
	<u>76,095</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>17,448</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>38,540</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 Position	
	<u>221,155</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(120,239)</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 absences	(1,266)
Net pension liability	<u>(60,093)</u>
	<u>(61,359)</u>
Deferred inflows of resources are an acquisition of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(3,419)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 230,678</u></u>

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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 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 No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements - in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

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.

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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- 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. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred other also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 1, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due on September 1, 2016, December 1, 2016, March 1, 2017, and June 1, 2017. Payments received after the due dates were charged interest of 1% per month. Payments received after June 2, 2017 were considered delinquent and subject to a penalty of 8% plus interest accrued at 1% per month.

Property tax revenues are recognized when they become available. Available includes those property tax receivables collected by June 1. The remaining receivables due for the current fiscal year have been recorded as deferred revenues.

Tax liens are placed on real property within twenty-four months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property two months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating capital grants and contributions, including special assessments).

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, 2017

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, 2017, the Town's cash balances of \$410,131 were comprised of bank balances of \$406,695, of which \$41,907 were insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining bank balances of \$364,788 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 41,907
Sweep account	364,788
	<u>\$ 406,695</u>

At June 30, 2017, 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>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</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, 2017

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, 2017 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 40,870	\$ 255,420
Highway Facility Fund	-	-
Special Revenue funds	54,723	-
Capital Projects funds	191,132	40,870
Permanent funds	9,565	-
	<u>\$ 296,290</u>	<u>\$ 296,290</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance 7/1/16	Additions	Disposals	Balance 6/30/17
Non-depreciated assets:				
Land	\$ 250,863	\$ -	\$ -	\$ 250,863
	<u>250,863</u>	<u>-</u>	<u>-</u>	<u>250,863</u>
Depreciated assets:				
Buildings and improvements	4,101,956	-	-	4,101,956
Vehicles	1,204,953	40,007	-	1,244,960
Machinery and equipment	339,020	-	-	339,020
Infrastructure	303,931	217,509	-	521,440
	<u>5,949,860</u>	<u>257,516</u>	<u>-</u>	<u>6,207,376</u>
Less: accumulated depreciation	(1,611,699)	(181,421)	-	(1,793,120)
	<u>4,338,161</u>	<u>76,095</u>	<u>-</u>	<u>4,414,256</u>
Net capital assets	<u>\$ 4,589,024</u>	<u>\$ 76,095</u>	<u>\$ -</u>	<u>\$ 4,665,119</u>
<u>Current year depreciation</u>				
Public safety				\$ 19,167
Highway				85,911
Town wide				76,343
Total depreciation				<u>\$ 181,421</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance 7/1/16	Additions	Reductions	Balance 6/30/17	Current Year Portion
Bonds payable	\$ 912,500	\$ -	\$ (190,000)	\$ 722,500	\$ 42,500
Notes payable	-	120,239	-	120,239	32,560
Capital leases payable	305,203	-	(31,155)	274,048	32,545
Accrued compensated absences	3,533	1,266	-	4,799	4,799
Net pension liability	109,521	60,093	-	169,614	-
Total	<u>\$ 1,330,757</u>	<u>\$ 181,598</u>	<u>\$ (221,155)</u>	<u>\$ 1,291,200</u>	<u>\$ 112,404</u>

The following is a summary of the outstanding bond and notes payable:

Bond Payable

\$850,000 bond payable to the Community Bank, N.A., principal payments of \$42,500 are due annually. Interest is charged at a rate of 3.12% per annum. Maturity in March of 2034.

\$ 722,500

Total Bond Payable

\$ 722,500

Notes Payable

\$30,000 Highway Equipment note payable to the Community Bank, N.A., due in three annual principal payments of \$10,000. Interest is charged at a rate of 1.91% per annum. Maturity in September of 2019.

\$ 30,000

\$90,239 municipal note payable to the National Bank of Middlebury, due in four annual principal payments of \$22,560. Interest is charged at a rate of 1.68% per annum. Maturity in September of 2020.

90,239

Total Notes Payable

\$ 120,239

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

Bonds Payable

	Principal	Interest	Total Debt Service
2018	\$ 42,500	\$ 22,542	\$ 65,042
2019	42,500	21,216	63,716
2020	42,500	19,944	62,444
2021	42,500	18,564	61,064
2022	42,500	17,238	59,738
2023-2027	212,500	66,340	278,840
2028-2032	212,500	33,186	245,686
2033-2036	85,000	3,978	88,978
	<u>\$ 722,500</u>	<u>\$ 203,008</u>	<u>\$ 925,508</u>

Notes Payable

	Principal	Interest	Total Debt Service
2018	\$ 32,560	\$ 2,107	\$ 34,667
2019	32,560	1,516	34,076
2020	32,560	949	33,509
2021	22,559	380	22,939
	<u>\$ 120,239</u>	<u>\$ 4,952</u>	<u>\$ 125,191</u>

The following is a summary of the capital leases outstanding as of June 30, 2017:

\$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.

\$252,160, 2017 capital lease for one new fire truck under a non-cancellable lease agreement. The lease is for ten years with annual payments of \$30,000 through January of 2026. The effective interest rate is 3.29% per annum.

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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Year Ending June 30:	
2018	\$ 42,267
2019	42,267
2020	42,267
2021	42,265
2022	30,000
2023-2026	<u>120,000</u>
Total minimum lease payment	319,066
Less amount representing interest	<u>(45,018)</u>
Present value of future minimum lease payments	<u><u>\$ 274,048</u></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.

NOTE 6 - RESTRICTED FUND BALANCES

At June 30, 2017, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 5,038
Nonmajor permanent funds (Schedule H)	<u>13,565</u>
	<u><u>\$ 18,603</u></u>

NOTE 7 - COMMITTED FUND BALANCES

At June 30, 2017, the Town had the following committed fund balances:

Nonmajor capital projects funds (Schedule F)	<u><u>\$ 132,745</u></u>
--	--------------------------

NOTE 8 - ASSIGNED FUND BALANCES

At June 30, 2017, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 59,971
Nonmajor capital projects funds (Schedule F)	<u>58,387</u>
	<u><u>\$ 118,358</u></u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - DEFICIT FUND BALANCES

At June 30, 2017, the Town had the following deficit fund balances:

Nonmajor capital projects funds (Schedule F):	
Town truck	\$ 7
Atkins Lot #11	40,863
	<u>\$ 40,870</u>

NOTE 10 - OVERSPENT APPROPRIATIONS

At June 30, 2017, the Town had the following overspent appropriations:

	<u>Excess</u>
General government	\$ 33,320
	<u>\$ 33,320</u>

NOTE 11 - 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.

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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - PENSION PLAN (CONTINUED)

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, 2017

NOTE 11 - 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 Reduction	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.

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:

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.5% of gross salary	4.875% of gross salary	10.0% of gross salary	11.35% of gross salary
Employer Contributions	4% of gross salary	5.50% of gross salary	7.25% of gross salary	9.85% of gross salary

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, 2017, 2016 and 2015 totaled \$13,362, \$17,549, and \$14,950, respectively. The Town contributed \$20,031 and \$19,858, for the years ended June 30, 2017, 2016, and 2015, respectively. The Town's total payroll for the year ended June 30, 2017 for all employees covered under this plan was \$379,982.

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

At June 30, 2017, the Town reported a liability of \$169,614 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2016, 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.

At June 30, 2016, the Town's proportion was 0.13179% for VMERS, which was a decrease of 0.01027% from its proportion measured as of June 30, 2015 for VMERS.

For the year ended June 30, 2017, the Town recognized total pension expense of \$24,972. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - PENSION PLAN (CONTINUED)

	<u>VMERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,484	\$ -
Changes of assumptions	27,239	-
Net difference between projected and actual earnings on pension plan investments	54,997	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,249	3,419
Contributions subsequent to the measurement date	<u>20,899</u>	<u>-</u>
Total	<u>\$ 110,868</u>	<u>\$ 3,419</u>

\$20,899 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, 2018. 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>
Plan Year ended June 30:	
2017	\$ 22,796
2018	22,796
2019	31,469
2020	9,489
2021	-
Thereafter	-

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - PENSION PLAN (CONTINUED)

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2014:

Investment Rate of Return: For both plans, 7.95% per annum.

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments for both plans are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Salary Increases: Representative values of the assumed annual rates of future salary increases for the VSTRS plan are as follows:

Age	Annual Rate of Salary Increase
25	8.15%
30	6.84%
35	5.97%
40	5.29%
45	4.80%
50	4.46%
55	4.22%
60	4.12%
64	4.12%

Salary increases for the VMERS plan are 5.00% per year, including inflation.

Deaths After Retirement: The VSTRS plan used the RP-2000 Mortality Tables projected to 2029 using Scale BB for terminated vested members and beneficiaries and retirees; the RP-2000 Disabled Life Table with projection to 2020 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Mortality rates for active participants in the VMERS plan for Groups A, B, C and D were based on the RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB. Groups A, B, and C with a 60% Blue Collar and 40% White Collar adjustment and Group D with a 100% Blue Collar adjustment. The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - PENSION PLAN (CONTINUED)

Spouse's Age: For both plans, husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: For the VSTRS plan, adjustments are assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

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.

Actuarial Cost Method: For both plans is the Entry Age Normal – Level Percentage of Pay.

For the VSTRS plan, the *asset valuation method* used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

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%.

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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - PENSION PLAN (CONTINUED)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	VMERS Long-term Expected Real Rate of Return
Equity	8.54%
Fixed income	2.36%
Alternative	8.35%
Multi-strategy	4.90%

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 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current 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 7.95%, 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 (6.95%) or 1 percentage point higher (8.95%) than the current rate:

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.95%	7.95%	8.95%
Town's proportionate share of the net pension liability	\$ 281,576	\$ 169,614	\$ 75,869

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 12 - 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.

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, 2017. 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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - RISK MANAGEMENT (CONTINUED)

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.

NOTE 13 - 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.

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
- Notes to Required Supplementary Information

TOWN OF FERRISBURGH, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance - July 1	\$ 216,901	\$ 216,901	\$ 216,901	\$ -
Resources (Inflows):				
Property Taxes	8,338,819	8,338,819	8,342,669	3,850
Intergovernmental revenues	306,000	306,000	321,966	15,966
Charges for services	64,325	64,325	75,926	11,601
Interest income	41,150	41,150	35,721	(5,429)
Other revenue	2,000	2,000	5,566	3,566
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>8,969,195</u>	<u>8,969,195</u>	<u>8,998,749</u>	<u>29,554</u>
Charges to Appropriations (Outflows):				
General government	386,041	386,041	419,361	(33,320)
Public safety	166,224	166,224	156,391	9,833
Highway	799,250	799,250	783,022	16,228
Employee benefits	133,387	133,387	125,991	7,396
Education	6,938,367	6,938,367	6,938,367	-
Tax assessments	83,191	83,191	82,143	1,048
Town meeting - voted authorizations	30,840	30,840	27,640	3,200
Contingency	6,000	6,000	2,568	3,432
Capital outlay	-	-	10,000	(10,000)
Debt service:				
Principal	115,119	115,119	100,916	14,203
Interest	24,215	24,215	38,236	(14,021)
Transfers to other funds	90,000	90,000	90,000	-
Total Charges to Appropriations	<u>8,772,634</u>	<u>8,772,634</u>	<u>8,774,635</u>	<u>(2,001)</u>
Budgetary Fund Balance, June 30	<u>\$ 196,561</u>	<u>\$ 196,561</u>	<u>\$ 224,114</u>	<u>\$ 27,553</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>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.13179%	0.14206%
Proportionate share of the net pension liability (asset)	\$ 169,614	\$ 109,521
Covered-employee payroll	\$ 364,199	\$ 369,443
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.57%	30.07%
Plan fiduciary net position as a percentage of the total pension liability	80.95%	87.42%

* 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VMERS:</u>				
Contractually required contribution	\$ 20,899	\$ 20,031	\$ 19,858	\$ 16,566
Contributions in relation to the contractually required contribution	<u>(20,899)</u>	<u>(20,031)</u>	<u>(19,858)</u>	<u>(16,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 379,982	\$ 364,199	\$ 369,443	\$ 323,240
Contributions as a percentage of covered-employee payroll	5.50%	5.50%	5.38%	5.12%

* 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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Assumptions

The actuarial assumptions regarding the incidence of mortality, terminations, retirements, and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014 for VSTRS and VMERS plans.

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 Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects 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, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes	\$ 8,338,819	\$ 8,338,819	\$ 8,342,669	\$ 3,850
Intergovernmental revenues:				
Vermont State Mileage Aid	161,000	161,000	161,603	603
Railroad Tax/State Land Tax	50,000	50,000	50,122	122
State School Tax Coll. Reimb.	15,000	15,000	17,637	2,637
Current Land Use	80,000	80,000	92,604	12,604
Charges for services:				
Liquor License Fee	925	925	925	-
Highway Department Sales	1,000	1,000	70	(930)
Zoning Fees/Bylaws/Planning	10,000	10,000	11,951	1,951
Land Recording, Filing and Other	33,000	33,000	32,390	(610)
Clerk Fees	7,800	7,800	15,128	7,328
Police Fines	5,000	5,000	8,462	3,462
Rent	6,600	6,600	7,000	400
Interest income:				
Tax interest and penalties	41,000	41,000	33,110	(7,890)
Interest income	150	150	2,611	2,461
Miscellaneous revenues	2,000	2,000	5,566	3,566
Amounts Available for Appropriation	<u>\$ 8,752,294</u>	<u>\$ 8,752,294</u>	<u>\$ 8,781,848</u>	<u>\$ 29,554</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, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government:					
Administration	\$ 14,400	\$ -	\$ 14,400	\$ 12,984	\$ 1,416
Union Meeting Hall	520	-	520	1,388	(868)
Town Clerk's Office	347,793	-	347,793	375,087	(27,294)
Town Offices/Community Center	18,428	-	18,428	26,733	(8,305)
Miscellaneous General Government	4,900	-	4,900	3,169	1,731
	<u>386,041</u>	<u>-</u>	<u>386,041</u>	<u>419,361</u>	<u>(33,320)</u>
Public Safety:					
Ferrisburgh Volunteer Fire Department	68,625	-	68,625	68,625	-
Vergennes Fire Department - Contract	52,559	-	52,559	54,600	(2,041)
Fire Services - Extra	2,000	-	2,000	1,848	152
Addison County Sheriff's Office	25,000	-	25,000	13,278	11,722
Vermont Area Rescue Squad	18,040	-	18,040	18,040	-
	<u>166,224</u>	<u>-</u>	<u>166,224</u>	<u>156,391</u>	<u>9,833</u>
Highway:					
Payroll	240,422	-	240,422	246,022	(5,600)
Maintenance	455,000	-	455,000	426,885	28,115
Town Garage/Yard	11,828	-	11,828	13,553	(1,725)
Vehicles/Equipment	92,000	-	92,000	96,562	(4,562)
	<u>799,250</u>	<u>-</u>	<u>799,250</u>	<u>783,022</u>	<u>16,228</u>

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Employee Benefits	133,387	-	133,387	125,991	7,396
Education	6,938,367	-	6,938,367	6,938,367	-
Tax Assessments:					
County Tax	22,620	-	22,620	21,863	757
Bristol Gravel Pit	605	-	605	315	290
Vermont League of Cities & Towns	4,003	-	4,003	4,003	-
Addison County Regional Planning Comm.	3,404	-	3,404	3,403	1
Bixby Library	52,559	-	52,559	52,559	-
	<u>83,191</u>	<u>-</u>	<u>83,191</u>	<u>82,143</u>	<u>1,048</u>
Debt Service:					
Principal	115,119	-	115,119	100,916	14,203
Interest	24,215	-	24,215	38,236	(14,021)
	<u>139,334</u>	<u>-</u>	<u>139,334</u>	<u>139,152</u>	<u>182</u>
Town Meeting - Voted Authorizations	30,840	-	30,840	27,640	3,200
Contingency	6,000	-	6,000	2,568	3,432
Capital Outlay	-	-	-	10,000	(10,000)
Transfers to other funds:					
Capital projects funds	90,000	-	90,000	90,000	-
	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Total Expenditures	<u>\$ 8,772,634</u>	<u>\$ -</u>	<u>\$ 8,772,634</u>	<u>\$ 8,774,635</u>	<u>\$ (2,001)</u>

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

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,286	\$ -	\$ -	\$ 10,286
Investments	-	-	4,000	4,000
Due from other funds	54,723	191,132	9,565	255,420
TOTAL ASSETS	\$ 65,009	\$ 191,132	\$ 13,565	\$ 269,706
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	40,870	-	40,870
TOTAL LIABILITIES	-	40,870	-	40,870
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	5,038	-	13,565	18,603
Committed	-	132,745	-	132,745
Assigned	59,971	58,387	-	118,358
Unassigned	-	(40,870)	-	(40,870)
TOTAL FUND BALANCES (DEFICITS)	65,009	150,262	13,565	228,836
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 65,009	\$ 191,132	\$ 13,565	\$ 269,706

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, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 5,836	\$ 14,811	\$ -	\$ 20,647
Interest income	-	-	54	54
Charges for services	5,997	-	-	5,997
Other income	20,393	2	-	20,395
TOTAL REVENUES	<u>32,226</u>	<u>14,813</u>	<u>54</u>	<u>47,093</u>
EXPENDITURES				
Capital outlay	-	30,007	-	30,007
Other	29,118	22,724	-	51,842
TOTAL EXPENDITURES	<u>29,118</u>	<u>52,731</u>	<u>-</u>	<u>81,849</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,108</u>	<u>(37,918)</u>	<u>54</u>	<u>(34,756)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	90,000	-	90,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
NET CHANGE IN FUND BALANCES	3,108	52,082	54	55,244
FUND BALANCES - JULY 1	<u>61,901</u>	<u>98,180</u>	<u>13,511</u>	<u>173,592</u>
FUND BALANCES - JUNE 30	<u>\$ 65,009</u>	<u>\$ 150,262</u>	<u>\$ 13,565</u>	<u>\$ 228,836</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, 2017

	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	3,517	2,075	677	2,470
TOTAL ASSETS	<u>\$ 5,038</u>	<u>\$ 3,517</u>	<u>\$ 2,075</u>	<u>\$ 677</u>	<u>\$ 2,470</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	-	3,517	2,075	677	2,470
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,038</u>	<u>3,517</u>	<u>2,075</u>	<u>677</u>	<u>2,470</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,038</u>	<u>\$ 3,517</u>	<u>\$ 2,075</u>	<u>\$ 677</u>	<u>\$ 2,470</u>

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Energy Committee Fund	Insurance Deductible Fund	Records Restoration Fund	Town Hall Maintenance	Ice Rink	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 10,286	\$ -	\$ -	\$ -	\$ 10,286
Due from other funds	171	-	17,741	17,037	5,997	54,723
TOTAL ASSETS	<u>\$ 171</u>	<u>\$ 10,286</u>	<u>\$ 17,741</u>	<u>\$ 17,037</u>	<u>\$ 5,997</u>	<u>\$ 65,009</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	5,038
Committed	-	-	-	-	-	-
Assigned	171	10,286	17,741	17,037	5,997	59,971
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>171</u>	<u>10,286</u>	<u>17,741</u>	<u>17,037</u>	<u>5,997</u>	<u>65,009</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 171</u>	<u>\$ 10,286</u>	<u>\$ 17,741</u>	<u>\$ 17,037</u>	<u>\$ 5,997</u>	<u>\$ 65,009</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 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	PTO Grant Fund	Recreation Fund	U. M. Steeple Fund	Town Hall Bond Fund	Listers Education Fund
REVENUES					
Intergovernmental	\$ -	\$ 2,395	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>2,395</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	-	8,451	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>8,451</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(6,056)</u>	<u>-</u>	<u>-</u>	<u>-</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	-	(6,056)	-	-	-
FUND BALANCES - JULY 1	<u>5,038</u>	<u>9,573</u>	<u>2,075</u>	<u>677</u>	<u>2,470</u>
FUND BALANCES - JUNE 30	<u><u>\$ 5,038</u></u>	<u><u>\$ 3,517</u></u>	<u><u>\$ 2,075</u></u>	<u><u>\$ 677</u></u>	<u><u>\$ 2,470</u></u>

TOWN OF FERRISBURGH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Energy Committee Fund	Insurance Deductible Fund	Records Restoration Fund	Town Hall Maintenance	Ice Rink	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 3,441	\$ -	\$ -	\$ 5,836
Charges for services	-	-	-	-	5,997	5,997
Other income	-	18,106	-	2,287	-	20,393
TOTAL REVENUES	-	18,106	3,441	2,287	5,997	32,226
EXPENDITURES						
Other	-	16,544	4,123	-	-	29,118
TOTAL EXPENDITURES	-	16,544	4,123	-	-	29,118
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,562	(682)	2,287	5,997	3,108
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	1,562	(682)	2,287	5,997	3,108
FUND BALANCES - JULY 1	171	8,724	18,423	14,750	-	61,901
FUND BALANCES - JUNE 30	\$ 171	\$ 10,286	\$ 17,741	\$ 17,037	\$ 5,997	\$ 65,009

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

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Highway Facility	Reappraisal Fund	Fire Truck Reserve	Highway Reserve	Town Truck	Building Maintenance Reserve	Atkins Lot #11	Total
ASSETS								
Due from other funds	\$ 11,915	\$ 58,387	\$ 31,789	\$ 30,916	\$ -	\$ 58,125	\$ -	\$ 191,132
TOTAL ASSETS	<u>\$ 11,915</u>	<u>\$ 58,387</u>	<u>\$ 31,789</u>	<u>\$ 30,916</u>	<u>\$ -</u>	<u>\$ 58,125</u>	<u>\$ -</u>	<u>\$ 191,132</u>
LIABILITIES								
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ 7	\$ -	\$ 40,863	\$ 40,870
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>40,863</u>	<u>40,870</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	11,915	-	31,789	30,916	-	58,125	-	132,745
Assigned	-	58,387	-	-	-	-	-	58,387
Unassigned	-	-	-	-	(7)	-	(40,863)	(40,870)
TOTAL FUND BALANCES (DEFICITS)	<u>11,915</u>	<u>58,387</u>	<u>31,789</u>	<u>30,916</u>	<u>(7)</u>	<u>58,125</u>	<u>(40,863)</u>	<u>150,262</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,915</u>	<u>\$ 58,387</u>	<u>\$ 31,789</u>	<u>\$ 30,916</u>	<u>\$ -</u>	<u>\$ 58,125</u>	<u>\$ -</u>	<u>\$ 191,132</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 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Highway Facility	Reappraisal Fund	Fire Truck Reserve	Highway Reserve	Town Truck	Building Maintenance Reserve	Atkins Lot #11	Total
REVENUES								
Intergovernmental	\$ -	\$ 14,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,811
Other income	2	-	-	-	-	-	-	2
TOTAL REVENUES	<u>2</u>	<u>14,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,813</u>
EXPENDITURES								
Capital outlay	-	-	-	-	30,007	-	-	30,007
Other	15,088	-	5,761	-	-	1,875	-	22,724
TOTAL EXPENDITURES	<u>15,088</u>	<u>-</u>	<u>5,761</u>	<u>-</u>	<u>30,007</u>	<u>1,875</u>	<u>-</u>	<u>52,731</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,086)</u>	<u>14,811</u>	<u>(5,761)</u>	<u>-</u>	<u>(30,007)</u>	<u>(1,875)</u>	<u>-</u>	<u>(37,918)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	30,000	-	30,000	30,000	-	90,000
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>90,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(15,086)	14,811	24,239	-	(7)	28,125	-	52,082
FUND BALANCES (DEFICITS) - JULY 1	<u>27,001</u>	<u>43,576</u>	<u>7,550</u>	<u>30,916</u>	<u>-</u>	<u>30,000</u>	<u>(40,863)</u>	<u>98,180</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 11,915</u>	<u>\$ 58,387</u>	<u>\$ 31,789</u>	<u>\$ 30,916</u>	<u>\$ (7)</u>	<u>\$ 58,125</u>	<u>\$ (40,863)</u>	<u>\$ 150,262</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, 2017

	<u>Cemetery</u>	<u>Total</u>
ASSETS		
Investments	\$ 4,000	\$ 4,000
Due from other funds	9,565	9,565
TOTAL ASSETS	<u>\$ 13,565</u>	<u>\$ 13,565</u>
LIABILITIES		
Due to others funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	13,565	13,565
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>13,565</u>	<u>13,565</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,565</u>	<u>\$ 13,565</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, 2017

	<u>Cemetery</u>	<u>Total</u>
REVENUES		
Interest income	\$ 54	\$ 54
TOTAL REVENUES	<u>54</u>	<u>54</u>
EXPENDITURES		
Capital outlay	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>54</u>	<u>54</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	54	54
FUND BALANCES - JULY 1	<u>13,511</u>	<u>13,511</u>
FUND BALANCES - JUNE 30	<u>\$ 13,565</u>	<u>\$ 13,565</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, 2017

	Land and Non-depreciable Assets	Buildings and Improvements	Machinery, Equipment & Vehicles	Infrastructure	Total
Public safety	\$ -	\$ 295,000	\$ 413,835	\$ -	\$ 708,835
Highway	-	973,297	1,170,145	-	2,143,442
Town wide	250,863	2,833,659	-	521,440	3,605,962
Total General Capital Assets	250,863	4,101,956	1,583,980	521,440	6,458,239
Less: Accumulated Depreciation	-	(910,978)	(862,016)	(20,126)	(1,793,120)
Net General Capital Assets	\$ 250,863	\$ 3,190,978	\$ 721,964	\$ 501,314	\$ 4,665,119

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, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
Public Safety	708,835	-	-	708,835
Highway	2,103,435	40,007	-	2,143,442
Town Wide	3,388,453	217,509	-	3,605,962
Total General Capital Assets	6,200,723	257,516	-	6,458,239
Less: Accumulated Depreciation	(1,611,699)	(181,421)	-	(1,793,120)
Net General Capital Assets	<u>\$ 4,589,024</u>	<u>\$ 76,095</u>	<u>\$ -</u>	<u>\$ 4,665,119</u>

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



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen
Town of Ferrisburgh
Ferrisburgh, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ferrisburgh, Vermont as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Ferrisburgh, Vermont's basic financial statements, and have issued our report thereon dated January 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Ferrisburgh, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ferrisburgh, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ferrisburgh, Vermont's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ferrisburgh, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 23, 2018