

TOWN OF FERRISBURGH, VERMONT

ANNUAL FINANCIAL REPORT

JUNE 30, 2010

TOWN OF FERRISBURGH, VERMONT  
ANNUAL FINANCIAL REPORT  
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INDEPENDENT AUDITOR'S REPORT

Board of Selectmen  
Town of Ferrisburgh, Vermont  
Ferrisburgh, Vermont 05456

I 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, 2010, which collectively comprise the Town of Ferrisburgh, Vermont basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Ferrisburgh, Vermont management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Selectmen  
Town of Ferrisburgh, Vermont

In accordance with Government Auditing Standards, I have also issued my report dated November 3, 2010, on my consideration of the Town of Ferrisburgh, Vermont internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

William Yacavoni  
Certified Public Accountant  
License # 92-0000153  
November 3, 2010

TOWN OF FERRISBURGH, VERMONT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2010

This section of the Town of Ferrisburgh, Vermont annual financial report presents our discussion and analysis of the Town of Ferrisburgh, Vermont financial performance during the year ended June 30, 2010. Please read this in conjunction with the Town of Ferrisburgh, Vermont financial statements which follow this section.

Financial Highlights

The Town of Ferrisburgh, Vermont assets exceeded its liabilities by \$3,426,365 (net assets) for the year ended June 30, 2010. This compares to the previous year when assets exceeded liabilities by \$3,299,671.

	Governmental Activities	
	June 30, 2010	June 30, 2009
<u>ASSETS</u>		
Current Assets	\$ 458,395	\$ 491,241
Capital and Non-Current Assets	<u>3,374,935</u>	<u>3,335,334</u>
<b>TOTAL ASSETS</b>	<b><u>\$3,833,330</u></b>	<b><u>\$3,826,575</u></b>
<u>LIABILITIES</u>		
Current Liabilities	\$ 21,965	\$ 216,904
Long-Term Liabilities	<u>385,000</u>	<u>310,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 406,965</u></b>	<b><u>\$ 526,904</u></b>
<u>NET ASSETS</u>		
Invested in Capital Assets Net of Related Debt	\$2,989,935	\$3,025,334
Restricted	112,913	56,650
Unrestricted	<u>323,517</u>	<u>217,687</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$3,426,365</u></b>	<b><u>\$3,299,671</u></b>

TOWN OF FERRISBURGH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

The Town revenue was up 8.1% over the prior year. This increase was due to a large paving grant received from the State of Vermont. The paving project also caused the expenditures to be higher than the previous year, as noted below. The taxpayers saw an increase in their property taxes of 1.2%. The Town expenditures were up 3.8% over the prior year.

#### Overview of the Financial Statements

Management's Discussion and Analysis introduces the Town of Ferrisburgh, Vermont basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

#### Government-wide Financial Statements

The Town annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Town-wide statement of financial position presenting information that includes all of the Town assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Town net assets changed during the current period. All current period revenue and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Town distinct activities or functions on revenue provided by the Town taxpayers.

#### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

TOWN OF FERRISBURGH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

The Town has one kind of fund:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the period and balances of spendable resources available at the end of the period. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

#### Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

#### Financial Analysis of the Town Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the period in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$326,589.

#### Major Government Funds

The General Fund is the Town primary operating fund. The Town General Fund had a fund balance of \$187,553 at June 30, 2010.

#### General Fund Budgetary Highlights

For the year ended June 30, 2010, the taxpayers approved the budget for the General Fund of \$1,530,911. This was up 1.2% over the prior year budget of \$1,512,254. Actual expenditures for the year ended June 30, 2010 were more than the budgeted expenditures by \$76,028.

TOWN OF FERRISBURGH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

Capital Assets

The Town investment in capital assets net of accumulated depreciation as of June 30, 2010 was \$3,374,935. The Board of Selectmen has set a cost of \$5,000 as the minimum amount of an item to be classified as a capital asset of the Town. The Town had two purchases meeting that level during the year ended June 30, 2010.

Long-Term Debt

At June 30, 2010, the Town had total debt outstanding of \$385,000. This debt is expected to reach maturity in December, 2014.

Contacting the Town Financing Management

This financial report is designed to provide a general overview of the Town finances and demonstrate the Town commitment to public accountability. If you have questions about this report, or would like to request additional information, contact the Town finance department at P O Box 6, Ferrisburgh, Vermont 05456.

TOWN OF FERRISBURGH, VERMONT  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 214,029
Accounts Receivable	11,777
Prepaid Expenses	1,250
Delinquent Taxes Receivable	<u>231,339</u>
Total Current Assets	<u>458,395</u>
Non-Current Assets:	
Land, Buildings, and Equipment - Net of Accumulated Depreciation of \$780,617	<u>3,374,935</u>
TOTAL ASSETS	<u>\$3,833,330</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	<u>\$ 21,965</u>
Non-Current Liabilities:	
Bonds Payable	<u>385,000</u>
TOTAL LIABILITIES	<u>\$ 406,965</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets - Net of Related Debt	\$2,989,935
Restricted for:	
Town Hall Construction	20,358
Highway Facility Fund	62,076
Records Restoration	8,714
Other	21,765
Unrestricted	<u>323,517</u>
TOTAL NET ASSETS	<u>\$3,426,365</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2010

	Expenses	Charges for Services	Program Revenue	Net (Expense) Revenue and Change in Net Assets
			Operating Grant and Contributions	
Governmental Activities:				
General Government	\$ 448,955	\$ 0	\$ 0	\$(448,955)
Highways	919,916	0	175,000	(744,916)
Public Safety	130,899	0	0	(130,899)
Debt Service	13,205	0	0	(13,205)
Employee Benefits/Insurance	163,857	0	0	(163,857)
Total Governmental Activities	<u>\$1,676,832</u>	<u>\$ 0</u>	<u>\$175,000</u>	<u>(1,501,832)</u>
General Revenue:				
Property Taxes				1,208,278
Intergovernmental				285,460
Interest on Investments				2,006
Licenses, Fees, and Permits				56,131
Police Fines				10,045
Other				66,606
Total General Revenue				<u>1,628,526</u>
Change in Net Assets				126,694
Net Assets - Beginning				<u>3,299,671</u>
Net Assets - Ending				<u>\$3,426,365</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2010

	General Fund	Highway Facility Fund	Reappraisal Fund	Other Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 75,498	\$ 62,076	\$ 23,605	\$ 52,850	\$214,029
Accounts Receivable	11,155	0	0	622	11,777
Prepaid Expenses	1,250	0	0	0	1,250
Delinquent Taxes Receivable	<u>231,339</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>231,339</u>
TOTAL ASSETS	<u>\$319,242</u>	<u>\$ 62,076</u>	<u>\$ 23,605</u>	<u>\$ 53,472</u>	<u>\$458,395</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 21,848	\$ 0	\$ 0	\$ 117	\$ 21,965
Deferred Revenue	<u>109,841</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>109,841</u>
Total Liabilities	<u>131,689</u>	<u>0</u>	<u>0</u>	<u>117</u>	<u>131,806</u>
Fund Balances:					
Reserved	0	62,076	0	50,837	112,913
Unreserved - Designated	0	0	23,605	2,518	26,123
Unreserved - Undesignated	<u>187,553</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>187,553</u>
Total Fund Balances	<u>187,553</u>	<u>62,076</u>	<u>23,605</u>	<u>53,355</u>	<u>326,589</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$319,242</u>	<u>\$ 62,076</u>	<u>\$ 23,605</u>	<u>\$ 53,472</u>	<u>\$458,395</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010

Total Fund Balances - Governmental Funds	\$ 326,589
1. Capital assets used in Governmental Funds are not financial resources and, therefore, are not reported in the Governmental Funds financial statements net of accumulated depreciation.	3,374,935
2. Bonds payable not requiring current financial resources have not been included in the Governmental Funds financial statements.	(385,000)
3. Deferred Revenue:	
a. Property taxes not collected within 60 days of balance sheet date, therefore, not recorded as current financial resources in the Governmental Funds financial statements.	<u>109,841</u>
Net Assets of Governmental Activities	<u>\$3,426,365</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
 STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Highway Facility Fund	Reappraisal Fund	Other Funds	Total Governmental Funds
Revenue:					
Property Taxes	\$1,227,035	\$ 0	\$ 0	\$ 0	\$1,227,035
Intergovernmental	445,565	0	14,497	398	460,460
Licenses, Fees, and Permits	49,198	0	0	6,933	56,131
Interest on Investments	1,718	0	49	239	2,006
Police Fines	10,045	0	0	0	10,045
Other	48,931	0	0	17,675	66,606
Total Revenue	<u>1,782,492</u>	<u>0</u>	<u>14,546</u>	<u>25,245</u>	<u>1,822,283</u>
Expenditures:					
General Government	343,620	0	1,950	32,544	378,114
Highways	877,955	0	0	160,000	1,037,955
Public Safety	123,302	0	0	0	123,302
Debt Service	98,205	0	0	0	98,205
Employee Benefits/Insurance	163,857	0	0	0	163,857
Total Expenditures	<u>1,606,939</u>	<u>0</u>	<u>1,950</u>	<u>192,544</u>	<u>1,801,433</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>175,553</u>	<u>0</u>	<u>12,596</u>	<u>(167,299)</u>	<u>20,850</u>

Other Financing Sources/(Uses):					
Proceeds of Long-Term Debt	0	0	0	160,000	160,000
Transfers In	12,000	0	0	0	12,000
Transfers Out	<u>0</u>	<u>0</u>	<u>(12,000)</u>	<u>0</u>	<u>(12,000)</u>
Total Other Financing Sources/(Uses)	<u>12,000</u>	<u>0</u>	<u>(12,000)</u>	<u>160,000</u>	<u>160,000</u>
Net Changes in Fund Balances	187,553	0	596	(7,299)	180,850
Fund Balances - Beginning	62,076	0	23,009	60,654	145,739
Residual Equity Transfer	<u>(62,076)</u>	<u>62,076</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 187,553</u>	<u>\$ 62,076</u>	<u>\$ 23,605</u>	<u>\$ 53,355</u>	<u>\$ 326,589</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUE, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2010

Total Net Changes in Fund Balances - Governmental Funds	\$ 180,850
1. Current period long-term debt principal payments reported as expenditures in the Governmental Funds financial statements are shown as a reduction in long-term debt in the government-wide financial statements.	85,000
2. The proceeds of debt issuances provide current financial resources in the Governmental Funds financial statements but issuing debt increases long-term liabilities in the government-wide financial statements.	(160,000)
3. Depreciation is not recognized as an expense in the Governmental Funds since it does not require the use of current financial resources. The effect of the current period depreciation is to decrease net assets.	(155,848)
4. Current period capital outlays are expenditures in the Governmental Funds financial statements, but they are shown as increases in capital assets in the government-wide financial statements.	195,449
5. The change in deferred revenue, excluding deferred revenue relating to grants, is eliminated within the government-wide financial statements.	<u>(18,757)</u>
Change in Net Assets of Governmental Activities	<u>\$ 126,694</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenue:			
Property Taxes	\$1,201,407	\$1,227,035	\$ 25,628
Delinquent Tax Fees and Interest	26,000	36,996	10,996
State Aid - Highways	132,600	335,883	203,283
Railroad Tax/State Land Tax	48,000	49,854	1,854
Liquor License Fees	550	550	0
Highway Department Sales, Service and Culverts	2,000	3,114	1,114
Zoning Fees	12,000	12,260	260
Current Use Program	50,000	59,828	9,828
Land Recording, Filing and All Other Clerk Fees	25,000	36,388	11,388
Interest	10,000	1,718	(8,282)
Police Fines	10,000	10,045	45
Rent	5,400	7,750	2,350
Other	<u>2,000</u>	<u>1,071</u>	<u>(929)</u>
Total Revenue	<u>1,524,957</u>	<u>1,782,492</u>	<u>257,535</u>
Expenditures:			
Administration/General Government:			
Selectmen Salaries	3,300	2,700	600
Annual Report Expenses	6,500	5,812	688
Elections/Town Meetings	700	390	310
Selectmen Expenses	100	0	100
Union Meeting Hall:			
Maintenance	10,000	4,485	5,515
Town Clerk's Office - Administration:			
Salary - Town Clerk	35,568	35,568	0
Salary - Assistant Town Clerk	35,568	35,568	0
Salary - Zoning Administrator	21,840	10,400	11,440
Salary - Tax Collector	14,000	12,546	1,454
Overtime/Contingency	8,500	1,616	6,884
Supplies/Equipment/Maintenance	16,000	17,470	(1,470)
Advertising	3,000	1,221	1,779

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Administration/General Government (Continued):			
Town Clerk's Office -			
Administration (Continued):			
Telephone	\$ 4,000	\$ 3,596	\$ 404
Workshops, Meetings, Dues	1,500	1,320	180
Auditors' Salaries/Professional Audit	3,700	3,750	(50)
Board of Listers/Professional Appraisers	110,900	75,607	35,293
Town and Vital Land Books	1,500	1,396	104
Town Attorney/Legal Expenses	11,000	8,084	2,916
Planning/Zoning Expenses	2,500	612	1,888
Recycling	10,500	12,000	(1,500)
Conservation Commission	200	75	125
Town Hall:			
Maintenance	7,000	9,662	(2,662)
Electricity	3,600	3,663	(63)
Heating Fuel	6,000	3,676	2,324
Water	450	471	(21)
Town Web Site	300	155	145
Maintenance - Center School	<u>1,000</u>	<u>880</u>	<u>120</u>
Total Administration/General Government	<u>319,226</u>	<u>252,723</u>	<u>66,503</u>
Insurance - Employee Benefits:			
General Liability/Workers' Compensation	50,825	49,890	935
Municipal Retirement System	25,826	23,961	1,865
Unemployment Compensation	800	597	203
Social Security	20,800	20,073	727
Medical/Disability/Life Insurance	<u>74,500</u>	<u>69,336</u>	<u>5,164</u>
Total Insurance - Employee Benefits	<u>172,751</u>	<u>163,857</u>	<u>8,894</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Debt Service:			
Town Hall/Grader Bond - Principal	\$ 60,000	\$ 60,000	\$ 0
Town Hall/Grader Bond - Interest	8,050	8,050	0
Tandem Bond - Principal	25,000	25,000	0
Tandem Bond - Interest	2,510	2,508	2
2009 Tandem Truck - Interest	3,000	2,647	353
Interest - Town Operating	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Debt Service	<u>100,560</u>	<u>98,205</u>	<u>2,355</u>
Highway Department:			
Payroll:			
Road Foreman	44,928	45,769	(841)
Road Crew	97,448	100,577	(3,129)
Overtime/Contingency	31,000	21,273	9,727
Town Highways:			
Chloride	24,000	24,342	(342)
Paving	265,000	384,499	(119,499)
Road Construction/Bridge Repair	36,000	38,973	(2,973)
Winter Maintenance Materials/Shed	52,000	77,143	(25,143)
Guardrails	1,000	0	1,000
Street/Traffic Signs	2,000	1,879	121
Culverts	5,000	11,873	(6,873)
Gravel Roads Repair/Maintenance	33,750	47,388	(13,638)
Painting Roads	1,000	0	1,000
Town Garage/Yard:			
Water	500	471	29
Telephone	200	0	200
Shop Supplies/Equipment	3,500	7,570	(4,070)
Maintenance	6,000	10,631	(4,631)
Electricity	2,000	1,990	10
Vehicles/Equipment:			
Heating Fuel/Diesel Fuel	63,000	38,900	24,100
Operation/Gas	4,000	2,993	1,007
Maintenance/Repair	26,000	39,937	(13,937)
Rental Services - Equipment	<u>14,000</u>	<u>7,855</u>	<u>6,145</u>
Total Highway Department	<u>712,326</u>	<u>864,063</u>	<u>(151,737)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Tax Assessments:</b>			
Addison County Tax	\$ 32,000	\$ 30,914	\$ 1,086
Vermont League of Cities and Towns	2,865	2,865	0
Addison County Regional Planning Commission	<u>2,827</u>	<u>2,827</u>	<u>0</u>
<b>Total Tax Assessments</b>	<u>37,692</u>	<u>36,606</u>	<u>1,086</u>
<b>Public Safety:</b>			
Ferrisburgh Volunteer Fire Department - Contract	55,850	55,850	0
Vergennes Fire Department - Contract	42,000	45,723	(3,723)
Fire Services - Extra	2,000	944	1,056
Addison County Sheriff's Office	10,000	9,132	868
Fire Station - Maintenance	1,500	885	615
Vermont Area Rescue Squad	<u>10,768</u>	<u>10,768</u>	<u>0</u>
<b>Total Public Safety</b>	<u>122,118</u>	<u>123,302</u>	<u>(1,184)</u>
<b>Other Services:</b>			
Cemetery Maintenance	2,700	1,475	1,225
Town Beach Maintenance	1,400	935	465
Health Officer Salary	750	750	0
Health Officer Expenses	100	0	100
Dog Warden Salary	600	600	0
Dog Warden Expenses	300	139	161
Other	<u>800</u>	<u>175</u>	<u>625</u>
<b>Total Other Services</b>	<u>6,650</u>	<u>4,074</u>	<u>2,576</u>
Contingency - Truck	<u>10,000</u>	<u>13,892</u>	<u>(3,892)</u>
Contingency - Other	<u>5,000</u>	<u>5,829</u>	<u>(829)</u>
Mileage Reimbursement	<u>200</u>	<u>0</u>	<u>200</u>
Town Meeting - Voted Authorizations	<u>44,388</u>	<u>44,388</u>	<u>0</u>
<b>Total Expenditures</b>	<u>1,530,911</u>	<u>1,606,939</u>	<u>(76,028)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ (5,954)	\$ 175,553	\$ 181,507
Other Financing Sources: Transfers from Other Funds	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over Expenditures	\$ <u>6,046</u>	187,553	\$ <u>181,507</u>
Fund Balance - Beginning		62,076	
Residual Equity Transfer		<u>(62,076)</u>	
Fund Balance - Ending		\$ <u>187,553</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF FERRISBURGH, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ferrisburgh, Vermont (the "Town") is a public entity operating under the applicable laws and regulations of the State of Vermont. It is governed by a five member Board of Selectmen (the "Board") elected by registered voters of the Town. The Town prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants.

During 2003-2004, the Town implemented GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB Statement No. 34), GASB Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, Certain Financial Statement Disclosures which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, district-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that district-wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and district-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The government-wide financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the Town of Ferrisburgh, Vermont has elected not to apply FASB Standards issued after November 30, 1989.

TOWN OF FERRISBURGH, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

#### Reporting Entity

The Board of Selectmen (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. There are no component units included within the reporting entity.

#### Town-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are Town-wide financial statements. They report information on all of the Town of Ferrisburgh, Vermont nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenue. The Town has no business type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported instead as general revenue.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Town-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenue and other financing sources and expenditures and other financing uses).

TOWN OF FERRISBURGH, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

The modified accrual basis of accounting recognizes revenue in the accounting period in which it becomes both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Town considers all revenue available if it is collectible within 60 days after year end.

Revenue from local sources consist primarily of property taxes. Property tax revenue and revenue received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenue is recorded as revenue when received in cash because it is generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenue until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the Town to refund all or part of the unused amount.

#### Fund Accounting

The Town reports the following major governmental funds:

1. General Fund - The General Fund is the Town primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. Highway Facility Fund - The Highway Facility Fund was established to account for monies approved by the taxpayers for a highway facility/garage.
3. Reappraisal Fund - The Reappraisal Fund is established to account for monies received from the State of Vermont to assist the Town in performing reappraisal services.

TOWN OF FERRISBURGH, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

Investments

All investments are reported at fair value as of the end of the fiscal year.

Capital Assets

Capital assets which include land, buildings, furniture, and equipment are reported in the applicable governmental activities column in the Town-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized.

All assets that meet the above criteria have been reported in the financial statements except for infrastructure assets. The Town is reporting infrastructure assets beginning with those acquired during the eighteen months ended June 30, 2005. Infrastructure assets acquired in prior years are not reported in these financial statements.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure and Bridges - 40 Years  
Buildings - 40 Years  
Highway Equipment and Dump Trucks - 10 Years  
Fire Trucks - 10 Years

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF FERRISBURGH, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

### Budgets

The administration and finance office of the Town are responsible for preparing the annual revenue and expenditures budgets. This budget is presented to the Board of Selectmen and once the Board has adopted the budget, it is sent to the voters of the Town. The budget is voted on annually in March.

### Net Assets and Fund Balance

#### Town-Wide Financial Statements

When the Town incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt - The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted - The component of net assets that is legally restricted for specific purposes.

Unrestricted - The difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt, or Net Assets Restricted.

#### Governmental Fund Financial Statements

In the fund financial statements, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance.

Reserved Fund Balance - That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Unreserved Fund Balance - Composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balance represents tentative plans for future use of financial resources.

TOWN OF FERRISBURGH, VERMONT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2010

Liability for Compensated Absences

Employees of the Town of Ferrisburgh, Vermont are granted sick leave and vacation leave in varying amounts. Employees can only utilize sick leave when sick and are not compensated for unused sick days. Employees are reimbursed for unused vacation days when terminating employment with the Town. All vacation leave is used or lost if not taken each year. Vacation pay is charged to operations when taken by the employee.

Note 2: CASH DEPOSITS

The Town of Ferrisburgh, Vermont invests its funds in interest-bearing accounts. The depository bank places approved pledged securities in a collateral pool sufficient to cover the Town deposits in excess of the amount of deposits insured by the Federal Deposit Insurance Corporation (FDIC).

At June 30, 2010, the carrying amount of the Town deposits (cash, certificate of deposits and savings accounts) was \$214,029 and the bank balance was \$211,980. These amounts were covered by FDIC or collateralized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$214,029	\$211,980
◆ Uninsured - Collateralized	0	0
Total	\$214,029	\$211,980

- ◆ Uninsured and collateralized by pledging bank's trust department, not in the Town of Ferrisburgh, Vermont name.

The cash deposits during the fiscal year were entirely covered by FDIC or by pledged securities.

Deposits and investments at June 30, 2010 consisted of the following:

Cash on Hand	\$ 0
Demand Deposits with Financial Institutions	<u>214,029</u>
Total	\$214,029

TOWN OF FERRISBURGH, VERMONT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2010

Note 3: CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Buildings and Improvements	\$3,044,689	\$ 21,557	\$ 0	\$3,066,246
Equipment and Trucks	850,414	173,892	0	1,024,306
Infrastructure	<u>65,000</u>	<u>0</u>	<u>0</u>	<u>65,000</u>
Total	3,960,103	195,449	0	4,155,552
Less: Accumulated Depreciation	<u>624,769</u>	<u>155,848</u>	<u>0</u>	<u>780,617</u>
Capital Assets - Net	<u>\$3,335,334</u>	<u>\$ 39,601</u>	<u>\$ 0</u>	<u>\$3,374,935</u>

Depreciation expense was charged to governmental functions as follows:

General Fund	\$ 70,841
Highway Fund	77,410
Public Safety Fund	<u>7,597</u>
Total	<u>\$155,848</u>

Note 4: LONG-TERM OBLIGATIONS

At June 30, 2010, the Town of Ferrisburgh, Vermont had the following long-term obligations outstanding:

Bonds Payable:

Town Hall/Grader Bond Payable to the Vermont Municipal Bond Bank, Variable Annual Principal Payments, Net Interest of 3.568%, Matures December 1, 2014.	\$175,000
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TOWN OF FERRISBURGH, VERMONT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2010

Highway Truck Bond Payable to the Vermont Municipal Bond Bank, Variable Annual Principal Payments, Net Interest of 3.976%, Matures December 1, 2011.	\$ 50,000
Highway Truck Bond Payable to the Vermont Municipal Bond Bank, Variable Annual Principal Payments, Net Interest of 2.108%, Matures December 1, 2014.	<u>160,000</u>
Total Bonds Payable	<u>\$385,000</u>

Annual debt service requirements are as follows:

<u>For the Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 95,000	\$ 10,727	\$105,727
2012	95,000	7,867	102,867
2013	65,000	5,408	70,408
2014	65,000	3,365	68,365
2015	<u>65,000</u>	<u>1,150</u>	<u>66,150</u>
Total	<u>\$385,000</u>	<u>\$ 28,517</u>	<u>\$413,517</u>

Changes in long-term obligations were as follows:

Outstanding Obligations - July 1, 2009	\$310,000
Additions of New Debt	160,000
Repayments	<u>(85,000)</u>
Outstanding Obligations - June 30, 2010	<u>\$385,000</u>

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable represents monies owed to the Town at June 30, 2010 and consisted of the following:

Government Entities	\$ 10,989
Other	<u>788</u>
Total	<u>\$ 11,777</u>

TOWN OF FERRISBURGH, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

Note 6: RISK MANAGEMENT

The Town is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

Note 7: CLAIMS AND JUDGMENTS

The Town of Ferrisburgh, Vermont participates in a number of federal and state programs that are fully or partially funded by grants. Expenditures financed by these grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government.

At June 30, 2010, significant amounts of grant expenditures have not been audited but the Town believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Town.

Note 8: RETIREMENT EXPENSE

All Town of Ferrisburgh, Vermont employees who are considered full-time and have completed one year of service are covered under the Vermont Municipal Employee Retirement System. This system requires that both the Town and employee contribute to the plan, which provides retirement, disability and death benefits.

There are three plans available to members. Plan A requires employee contributions of 2.5% and employer contributions of 4.0%. Plan B requires employee contributions of 4.5% and employer contributions of 5.0%, and Plan C requires employee contributions of 9.0% and employer contributions of 6.0%. Employees are eligible for normal retirement after reaching age 65 under Plan A, provided they have completed five (5) years of services. Employees are eligible for normal retirement under Plan B and Plan C after reaching age 62, provided they have completed five (5) years of service.

TOWN OF FERRISBURGH, VERMONT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2010

Note 11: BUDGETED SURPLUS

The Board of Selectmen budgeted a surplus of \$6,046 for the year ended June 30, 2010. It was the Board of Selectmen intent to raise additional revenue in excess of the budgeted expenditures to retire a deficit brought forward from the year ended June 30, 2008.

Note 12: FUND BALANCES - OTHER FUNDS

The fund balances of the Other Funds consisted of the following at June 30, 2010:

	<u>Reserved</u>	<u>Unreserved - Designated</u>
Town Hall Fund	\$ 20,358	\$ 0
Records Restoration Fund	8,714	0
Insurance Deductible Fund	0	1,605
Recreation Fund	6,023	0
Cemetery Fund	13,667	0
Steeple Fund	2,075	0
Listers Fund	<u>0</u>	<u>913</u>
Total	<u>\$ 50,837</u>	<u>\$ 2,518</u>

Note 13: RESIDUAL EQUITY TRANSFER

A residual equity transfer represents nonrecurring transfers of equity between funds. A residual equity transfer may represent the creation of a new fund or the liquidation or contraction of an existing fund.

At the annual Town meeting in March 2010, the taxpayers approved establishing a reserve fund (Highway Facility Fund) to account for monies to be utilized in the construction of a new Town highway facility.

The taxpayers also approved funding this reserve by transferring the entire fund equity (\$62,076) of the General Fund.