

Audited Financial Statements and  
Other Supplemental Information

Town of Ferrisburgh, Vermont

June 30, 2018



*Proven Expertise and Integrity*

TOWN OF FERRISBURGH, VERMONT

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JUNE 30, 2018

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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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Ferrisburgh, Vermont as of June 30, 2018, 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 46 through 49 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2019, on our consideration of the Town of Ferrisburgh, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ferrisburgh, Vermont's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration # 092.0000697  
January 4, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**(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, 2018. 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 funds 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 \$90,611 from \$4,051,556 to \$4,142,167.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for governmental activities to a balance of \$472,538 at the end of this year.

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

	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Current Assets	\$ 617,314	\$ 589,286
Capital Assets	4,956,420	4,665,119
Total Assets	<u>5,573,734</u>	<u>5,254,405</u>
<b>Deferred Outflows of Resources:</b>		
Deferred Outflow Related to Pensions	84,768	110,868
Total Deferred Outflows of Resources	<u>84,768</u>	<u>110,868</u>
<b>Liabilities:</b>		
Current Liabilities	211,159	127,569
Long-term Debt Outstanding	1,289,588	1,178,796
Total Liabilities	<u>1,500,747</u>	<u>1,306,365</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	7,525	3,933
Deferred Other	-	-
Deferred Inflows Related to Pensions	8,063	3,419
Total Deferred Inflows of Resources	<u>15,588</u>	<u>7,352</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	3,656,031	3,548,332
Restricted: Special Revenue funds	-	5,038
Permanent funds	13,598	13,565
Unrestricted	472,538	484,621
Total Net Position	<u>\$ 4,142,167</u>	<u>\$ 4,051,556</u>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 13.06%, while total expenses increased by 16.97%.

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

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 71,354	\$ 81,923
Operating grants and contributions	19,540	17,637
Capital grants and contributions	-	-
<i>General Revenues:</i>		
Property taxes	9,332,643	8,360,117
Grants and contributions not restricted to specific programs	419,798	324,976
Miscellaneous	158,457	61,736
Total revenues	<u>10,001,792</u>	<u>8,846,389</u>
<b>Expenses</b>		
General government	517,634	482,353
Public safety	175,801	175,558
Highway	889,410	666,512
Employee benefits	132,148	125,991
Education	7,944,856	6,938,367
Tax assessments	88,439	82,143
Town meeting - voted authorizations	35,978	27,640
Contingency	2,500	2,568
Capital outlay	7,543	-
Interest on long-term debt	34,314	38,236
Unallocated depreciation (Note 4)	82,558	76,343
Total expenses	<u>9,911,181</u>	<u>8,615,711</u>
Change in Net Position	90,611	230,678
Net Position - July 1,	<u>4,051,556</u>	<u>3,820,878</u>
Net Position - June 30	<u>\$ 4,142,167</u>	<u>\$ 4,051,556</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>2018</u>	<u>2017</u>
General Fund:		
Unassigned	\$ 185,717	\$ 224,114
Total General Fund	<u>\$ 185,717</u>	<u>\$ 224,114</u>
Nonmajor Funds:		
Special revenues funds:		
Restricted	\$ -	\$ 5,038
Assigned	60,666	59,971
Capital projects funds:		
Restricted	-	-
Committed	94,725	132,745
Assigned	121,096	58,387
Unassigned	(40,863)	(40,870)
Permanent funds:		
Restricted	13,598	13,565
Total Nonmajor Funds	<u>\$ 249,222</u>	<u>\$ 228,836</u>

The general fund total fund balance decreased by \$38,397 from the prior fiscal year. This decrease was a result of a negative budgetary variance in expenditures and a budgeted use of fund balance which both exceeded a positive budgetary variance in revenues. The nonmajor fund balances increased by \$20,386 from the prior fiscal year which was mainly due to an excess in the nonmajor capital project funds.

### 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 \$176,201. This was due to all revenues being receipted in excess of budget with the exception of property taxes and charges for services.

The general fund actual expenditures were over budget by \$148,598. All expenditure categories were under budget with the exception of general government, highway and town meeting - voted authorizations.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town increased by \$291,301 from the prior year. This increase is the result of capital additions of \$486,938 less current year depreciation of \$195,637.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 250,863	\$ 250,863
Buildings and Improvements	3,074,658	3,190,978
Machinery and Equipment	330,422	9,807
Vehicles	645,044	712,157
Infrastructure	655,433	501,314
Total	<u>\$ 4,956,420</u>	<u>\$ 4,665,119</u>

### Debt

At June 30, 2018, the Town had \$680,000 in a bond 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, 2018

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 417,565
Investments	4,000
Taxes receivable	182,553
Total current assets	<u>617,314</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	250,863
Buildings and equipment, net of accumulated depreciation	4,705,557
Total noncurrent assets	<u>4,956,420</u>
<b>TOTAL ASSETS</b>	<u>5,573,734</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	84,768
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>84,768</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 5,658,502</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 40,278
Current portion of long-term obligations	170,881
Total current liabilities	<u>211,159</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	637,500
Capital leases payable	208,957
Notes payable	288,086
Net pension liability	155,045
Total noncurrent liabilities	<u>1,289,588</u>
<b>TOTAL LIABILITIES</b>	<u>1,500,747</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	7,525
Deferred amount on pensions	8,063
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>15,588</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,656,031
Restricted: Special Revenue funds	-
Permanent funds	13,598
Unrestricted	472,538
<b>TOTAL NET POSITION</b>	<u>4,142,167</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 5,658,502</u>

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

## TOWN OF FERRISBURGH, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 517,634	\$ 62,895	\$ -	\$ -	\$ (454,739)
Public safety	175,801	8,015	-	-	(167,786)
Highway	889,410	444	-	-	(888,966)
Employee benefits	132,148	-	-	-	(132,148)
Education	7,944,856	-	19,540	-	(7,925,316)
Tax assessments	88,439	-	-	-	(88,439)
Town meeting - voted authorizations	35,978	-	-	-	(35,978)
Contingency	2,500	-	-	-	(2,500)
Capital outlay	7,543	-	-	-	(7,543)
Interest on long-term debt	34,314	-	-	-	(34,314)
Unallocated depreciation (Note 4)	82,558	-	-	-	(82,558)
Total government	<u>\$ 9,911,181</u>	<u>\$ 71,354</u>	<u>\$ 19,540</u>	<u>\$ -</u>	<u>(9,820,287)</u>

\*This amount excludes depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)  
TOWN OF FERRISBURGH, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(9,820,287)</u>
General revenues:	
Property taxes, levied for general purposes	9,332,643
Grants and contributions not restricted to specific programs	419,798
Miscellaneous	158,457
Total general revenues	<u>9,910,898</u>
Change in net position	90,611
NET POSITION - JULY 1	<u>4,051,556</u>
NET POSITION - JUNE 30	<u><u>\$ 4,142,167</u></u>

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

## TOWN OF FERRISBURGH, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 413,007	\$ 4,558	\$ 417,565
Investments	-	4,000	4,000
Delinquent taxes receivable	182,553	-	182,553
Other receivable	13,196	-	13,196
Prepaid expenses	-	-	-
Due from other funds	40,863	281,527	322,390
<b>TOTAL ASSETS</b>	<b>\$ 649,619</b>	<b>\$ 290,085</b>	<b>\$ 939,704</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 40,278	\$ -	\$ 40,278
Due to other funds	281,527	40,863	322,390
<b>TOTAL LIABILITIES</b>	<b>321,805</b>	<b>40,863</b>	<b>362,668</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	7,525	-	7,525
Deferred property tax	134,572	-	134,572
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>142,097</b>	<b>-</b>	<b>142,097</b>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Restricted	-	13,598	13,598
Committed	-	94,725	94,725
Assigned	-	181,762	181,762
Unassigned	185,717	(40,863)	144,854
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>185,717</b>	<b>249,222</b>	<b>434,939</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 649,619</b>	<b>\$ 290,085</b>	<b>\$ 939,704</b>

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, 2018

	Total Governmental Funds
Total Fund Balances	\$ 434,939
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	4,956,420
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	84,768
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	134,572
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(680,000)
Capital leases payable	(241,502)
Notes payable	(378,887)
Accrued compensated absences	(5,035)
Net pension liability	(155,045)
	\$ 4,142,167
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, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 9,315,309	\$ -	\$ 9,315,309
Intergovernmental	434,300	5,038	439,338
Interest income	124,226	33	124,259
Charges for services	68,304	3,050	71,354
Miscellaneous	4,287	29,911	34,198
<b>TOTAL REVENUES</b>	<b>9,946,426</b>	<b>38,032</b>	<b>9,984,458</b>
<b>EXPENDITURES</b>			
Current:			
General government	472,260	28,963	501,223
Public safety	156,634	-	156,634
Highway	960,683	650	961,333
Employee benefits	132,148	-	132,148
Education	7,944,856	-	7,944,856
Tax assessments	88,439	-	88,439
Town meeting - voted authorizations	35,978	-	35,978
Contingency	2,500	-	2,500
Capital outlay	-	328,646	328,646
Debt service:			
Principal	97,606	10,000	107,606
Interest	33,719	595	34,314
<b>TOTAL EXPENDITURES</b>	<b>9,924,823</b>	<b>368,854</b>	<b>10,293,677</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>21,603</b>	<b>(330,822)</b>	<b>(309,219)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from note issuances	-	291,208	291,208
Transfers in	-	60,000	60,000
Transfers (out)	(60,000)	-	(60,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(60,000)</b>	<b>351,208</b>	<b>291,208</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(38,397)</b>	<b>20,386</b>	<b>(18,011)</b>
<b>FUND BALANCES - JULY 1</b>	<b>224,114</b>	<b>228,836</b>	<b>452,950</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 185,717</b>	<b>\$ 249,222</b>	<b>\$ 434,939</b>

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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (18,011)</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	486,938
Depreciation expense	<u>(195,637)</u>
	<u>291,301</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>17,334</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>(26,100)</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>107,606</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(291,208)</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	(236)
Net pension liability	<u>14,569</u>
	<u>14,333</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>(4,644)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 90,611</u></u>

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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. 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,

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.) except fiduciary activities. 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.

**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:

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major fund:

- 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.

Nonmajor funds:

- 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.

**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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Allowances for uncollectible accounts netted with accounts receivable were \$0 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

**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 Governmental Funds.

**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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a bond and notes payable, capital leases, compensated absences and net pension liability.

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

**Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town's liability for compensated absences is \$5,035.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense,

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plan 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.

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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the Town. Taxes were due on September 1, 2017, December 1, 2017, March 1, 2018, and June 1, 2018. Payments received after the due dates were charged interest of 1% per month. Payments received after June 2, 2018 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, 2018

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, 2018, the Town's cash balances of \$417,565 were comprised of bank balances of \$1,989,651, of which \$118,552 were insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining bank balances of \$1,871,099 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 118,552
Sweep account	1,871,099
	<u>\$ 1,989,651</u>

At June 30, 2018, all of the Town's investments amounting to \$8,000 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, 2018

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, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 40,863	\$ 281,527
Nonmajor special revenue funds	56,108	-
Nonmajor capital project funds	215,821	40,863
Nonmajor permanent funds	9,598	-
	<u>\$ 322,390</u>	<u>\$ 322,390</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance 7/1/17	Additions	Disposals	Balance 6/30/18
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
Machinery and equipment	339,020	321,103	-	660,123
Vehicles	1,244,960	-	-	1,244,960
Infrastructure	521,440	165,835	-	687,275
	<u>6,207,376</u>	<u>486,938</u>	<u>-</u>	<u>6,694,314</u>
Less: accumulated depreciation	(1,793,120)	(195,637)	-	(1,988,757)
	<u>4,414,256</u>	<u>291,301</u>	<u>-</u>	<u>4,705,557</u>
Net capital assets	<u>\$ 4,665,119</u>	<u>\$ 291,301</u>	<u>\$ -</u>	<u>\$ 4,956,420</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Public safety	\$	19,167
Highway		93,912
Town wide		82,558
Total depreciation	<u>\$</u>	<u>195,637</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Reductions	Balance, 6/30/18	Current Year Portion
Bond payable	\$ 722,500	\$ -	\$ (42,500)	\$ 680,000	\$ 42,500
Notes payable	120,239	291,208	(32,560)	378,887	90,801
Capital leases payable	274,048	-	(32,546)	241,502	32,545
Accrued compensated absences	4,799	236	-	5,035	5,035
Net pension liability	169,614	-	(14,569)	155,045	-
Total	<u>\$ 1,291,200</u>	<u>\$ 291,444</u>	<u>\$ (122,175)</u>	<u>\$ 1,460,469</u>	<u>\$ 170,881</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.

\$ 680,000

Total Bond Payable

\$ 680,000

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.

\$ 20,000

\$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.

67,679

\$190,000 Truck note payable to the Community Bank, N.A., due in five annual principal payments of \$38,000. Interest is charged at a rate of 2.25% per annum. Maturity in July of 2022.

190,000

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

\$190,000 Truck note payable to the Community Bank, N.A., due in five annual principal payments of \$38,000. Interest is charged at a rate of 2.25% per annum. Maturity in July of 2022.	190,000
\$101,208 John Deere loader note payable to the State of Vermont, due in five annual principal payments varying from \$20,646 to \$22,266. Interest is charged at a rate of 2.0% per annum. Maturity in June of 2023.	<u>101,208</u>
Total Notes Payable	<u><u>\$ 378,887</u></u>

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

Bond Payable

	Principal	Interest	Total Debt Service
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	42,500	15,912	58,412
2024-2028	212,500	59,735	272,235
2029-2033	212,500	26,531	239,031
2034-2038	42,500	1,326	43,826
	<u>\$ 680,000</u>	<u>\$ 180,466</u>	<u>\$ 860,466</u>

Notes Payable

	Principal	Interest	Total Debt Service
2019	\$ 90,801	\$ 6,960	\$ 97,761
2020	90,801	5,140	95,941
2021	80,801	3,305	84,106
2022	58,242	1,665	59,907
2023	58,242	405	58,647
	<u>\$ 378,887</u>	<u>\$ 17,475</u>	<u>\$ 277,808</u>

The following is a summary of the capital leases outstanding as of June 30, 2018:

\$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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

\$252,160, 2018 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:

Year Ending June 30:	
<u>2019</u>	\$ 42,267
2020	42,267
2021	42,265
2022	30,000
2023	30,000
2024-2028	<u>90,000</u>
Total minimum lease payment	276,799
Less amount representing interest	<u>(35,297)</u>
Present value of future minimum lease payments	<u><u>\$ 241,502</u></u>

All bonds, notes 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, 2018, the Town had the following restricted fund balances:

Nonmajor permanent funds (Schedule H)	<u><u>\$ 13,598</u></u>
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NOTE 7 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

Nonmajor capital projects funds (Schedule F)	<u><u>\$ 94,725</u></u>
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TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 8 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 60,666
Nonmajor capital projects funds (Schedule F)	121,096
	<u>\$ 181,762</u>

NOTE 9 - DEFICIT FUND BALANCE

At June 30, 2018, the Town had the following deficit fund balance:

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

NOTE 10 - OVERSPENT APPROPRIATIONS

At June 30, 2018, the Town had the following overspent appropriations:

	<u>Excess</u>
General government	\$ 63,083
Highway	109,415
Town meeting - voted authorizations	3,200
	<u>\$ 175,698</u>

NOTE 11 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

[http://finance.vermont.gov/reports\\_and\\_publications/cafr](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:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
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:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2018 and 2017 totaled \$19,143 and \$13,362, respectively. The Town contributed \$21,598 and \$20,031, for the years ended June 30, 2018 and 2017, respectively. The Town's total payroll for the year ended June 30, 2018 for all employees covered under this plan was \$392,684.

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

At June 30, 2018, the Town reported a liability of \$155,045 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.12797% for VMERS, which was a decrease of 0.00382% from its proportion measured as of June 30, 2016 for VMERS.

For the year ended June 30, 2018, the Town recognized total pension expense of \$16,175. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,256	\$ 3,838
Changes of assumptions	32,458	-
Net difference between projected and actual earnings on pension plan investments	25,824	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,632	4,225
Contributions subsequent to the measurement date	<u>21,598</u>	<u>-</u>
Total	<u>\$ 84,768</u>	<u>\$ 8,063</u>

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$21,598 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:

Plan Year ended June 30:	VMERS
2018	\$ 20,446
2019	28,851
2020	7,512
2021	(1,702)
2022	-
Thereafter	-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 the plan, 7.50% per annum.

*Inflation:* The separately stated assumptions for investment return, salary increases and cost of living adjustments for the plan are consistent with an expected annual inflation rate of 2.50% per year.

For the plan, increases are 5.00% per year.

*Deaths After Retirement:* Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based variations of RP-2014 Tables with generational improvement using Scale SSA-2017 as follows:

Pre-retirement - Groups A, B, and C blended with a 60% Blue Collar Employee and 40% Healthy Employee, and Group D with a Blue Collar Annuitant Table

Healthy Retiree - Groups A, B and C with a 60% Blue Collar Annuitant and 40% Healthy Annuitant, and Group D with a Blue Collar Annuitant Table

Disabled Retiree - All Groups with a Disabled Mortality Table

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Separation from Service Before Retirement (Due to Withdrawal and Disability):*  
Representative values of the assumed annual rates of withdrawal and disability are as follows:

Withdrawal

Service	Male	Female	
	All Ages	Ages 25-34	Other Ages
0	22.5%	45.0%	30.0%
1	16.2%	33.0%	22.0%
2	13.5%	27.0%	18.0%
3	12.2%	22.5%	15.0%
4	10.8%	18.0%	12.0%
5	9.0%	15.0%	10.0%
6	8.1%	13.5%	9.0%
7	7.2%	12.0%	8.0%
8	7.2%	9.0%	6.0%
9	6.3%	9.0%	6.0%
10+	3.6%	7.5%	5.0%

Disability

Age	Male	Female
25	0.0100%	0.0050%
30	0.0130%	0.0065%
35	0.0170%	0.0085%
40	0.0300%	0.0150%
45	0.0500%	0.0250%
50	0.0900%	0.0450%
55	0.1800%	0.0900%
60	0.3150%	0.1575%
65	0.3150%	0.1575%

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Retirement Rates:*

Retirement Group A

Age	Male	Female	Age	Male	Female
55	3.0%	4.9%	63	21.0%	22.5%
56	7.5%	7.7%	64	21.0%	25.0%
57	5.0%	7.0%	65	56.0%	25.0%
58	5.0%	4.9%	66	15.0%	20.0%
59	7.2%	7.0%	67	20.0%	30.0%
60	7.2%	4.9%	68	20.0%	20.0%
61	12.0%	10.5%	69	20.0%	20.0%
62	28.0%	10.5%	70	100.0%	100.0%

Retirement Group B

Age	Male	Female	Age	Male	Female
55	4.9%	4.9%	63	24.0%	14.0%
56	4.9%	4.9%	64	18.0%	14.0%
57	4.9%	8.4%	65	48.0%	28.0%
58	4.9%	8.4%	66	30.0%	18.0%
59	4.9%	4.9%	67	30.0%	14.0%
60	4.9%	8.4%	68	30.0%	14.0%
61	14.0%	10.5%	69	30.0%	14.0%
62	36.0%	17.5%	70	100.0%	100.0%

Retirement Group C

Age	Male	Female	Age	Male	Female
55	30.0%	0.0%	63	10.0%	20.0%
56	10.0%	5.0%	64	20.0%	20.0%
57	5.0%	5.0%	65	35.0%	35.0%
58	20.0%	25.0%	66	35.0%	35.0%
59	20.0%	5.0%	67	35.0%	35.0%
60	10.0%	5.0%	68	35.0%	35.0%
61	10.0%	5.0%	69	35.0%	35.0%
62	40.0%	5.0%	70	100.0%	100.0%

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Group D

Age	<20 Years of Service	20+ Years of Service	Age	<20 Years of Service	20+ Years of Service
50	0.0%	40.0%	58	10.0%	10.0%
51	0.0%	35.0%	59	10.0%	10.0%
52	0.0%	30.0%	60	15.0%	15.0%
53	0.0%	25.0%	61	10.0%	10.0%
54	0.0%	20.0%	62	25.0%	25.0%
55	15.0%	15.0%	63	25.0%	25.0%
56	10.0%	10.0%	64	25.0%	25.0%
57	10.0%	10.0%	65	100.0%	100.0%

*Inactive Members:* Valuation liability for the plan equals 200.00% of accumulated contributions.

*Future Administrative Expenses:* For the plan, an expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

*Unknown Data for Participants:* For the plan, they are the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

*Percent Married:* For the plan, 85% of male members are assumed to be married. 50% of female members for the plan are assumed to be married.

*Spouse's Age:* For the plan, husbands are assumed to be three years older than their wives.

*Cost-of-Living Adjustments:* Adjustments for the plan are assumed to occur on January 1 following one year of retirement. For the plan, this occurs at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for Group A, B and D members who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit).

*Actuarial Cost Method:* For the plan is the Entry Age Actuarial Cost Method. Entry age is the age at date of employment, or, if date is unknown, current age minus

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

years of service. Normal Cost and Accrued Actuarial Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

A smoothing *asset valuation method* was used for funding purposes in the plan, 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 plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for the VMERS plan. 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 which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**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 7.50% for the VMERS plan, 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
Town's proportionate share of the net pension liability	\$ 276,822	\$ 155,045	\$ 54,050

**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 VMERS or their participating employers. VMERS do 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](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, 2018. 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.

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12 - RISK MANAGEMENT (CONTINUED)

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

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

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

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

TOWN OF FERRISBURGH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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 - Pension
- 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, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 224,114	\$ 224,114	\$ 224,114	\$ -
Resources (Inflows):				
Property taxes	9,345,225	9,345,225	9,315,309	(29,916)
Intergovernmental revenues	314,000	314,000	434,300	120,300
Charges for services	68,500	68,500	68,304	(196)
Interest income	40,500	40,500	124,226	83,726
Other revenue	2,000	2,000	4,287	2,287
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>9,994,339</u>	<u>9,994,339</u>	<u>10,170,540</u>	<u>176,201</u>
Charges to Appropriations (Outflows):				
General government	409,177	409,177	472,260	(63,083)
Public safety	171,508	171,508	156,634	14,874
Highway	851,268	851,268	960,683	(109,415)
Employee benefits	142,637	142,637	132,148	10,489
Education	7,944,856	7,944,856	7,944,856	-
Tax assessments	89,272	89,272	88,439	833
Town meeting - voted authorizations	32,778	32,778	35,978	(3,200)
Contingency	2,500	2,500	2,500	-
Debt service:				
Principal	97,606	97,606	97,606	-
Interest	34,623	34,623	33,719	904
Transfers to other funds	60,000	60,000	60,000	-
Total Charges to Appropriations	<u>9,836,225</u>	<u>9,836,225</u>	<u>9,984,823</u>	<u>(148,598)</u>
Budgetary Fund Balance, June 30	<u>\$ 158,114</u>	<u>\$ 158,114</u>	<u>\$ 185,717</u>	<u>\$ 27,603</u>
Utilization of unassigned fund balance	<u>\$ 66,000</u>	<u>\$ 66,000</u>	<u>\$ -</u>	<u>\$ (66,000)</u>

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

## TOWN OF FERRISBURGH, VERMONT

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.12797%	0.13179%	0.14206%
Proportionate share of the net pension liability (asset)	\$ 155,045	\$ 169,614	\$ 109,521
Covered-employee payroll	\$ 379,982	\$ 364,199	\$ 369,443
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.80%	46.57%	30.07%
Plan fiduciary net position as a percentage of the total pension liability	83.64%	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 - PENSION  
 LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VMERS:</u>					
Contractually required contribution	\$ 21,598	\$ 20,899	\$ 20,031	\$ 19,858	\$ 16,566
Contributions in relation to the contractually required contribution	<u>(21,598)</u>	<u>(20,899)</u>	<u>(20,031)</u>	<u>(19,858)</u>	<u>(16,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 392,684	\$ 379,982	\$ 364,199	\$ 369,443	\$ 323,240
Contributions as a percentage of covered-employee payroll	5.50%	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, 2018

**Changes of Assumptions**

The actuarial assumptions regarding inflation, investment return, COLA increase and mortality were changed based on reviews of economic assumptions, rates of mortality and future expectations of experience for VMERS.

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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property Taxes	\$ 9,345,225	\$ 9,345,225	\$ 9,315,309	\$ (29,916)
Intergovernmental Revenues:				
Vermont State Mileage Aid	161,000	161,000	161,501	501
Railroad Tax/State Land Tax	48,000	48,000	45,733	(2,267)
State School Tax Coll. Reimb.	15,000	15,000	19,540	4,540
Current Land Use	90,000	90,000	96,185	6,185
Other	-	-	111,341	111,341
Charges for Services:				
Liquor License Fee	1,000	1,000	1,065	65
Highway Department Sales	1,000	1,000	444	(556)
Zoning Fees/Bylaws/Planning	10,900	10,900	12,942	2,042
Land Recording, Filing and Other	35,000	35,000	25,587	(9,413)
Clerk Fees	8,000	8,000	13,651	5,651
Police Fines	6,000	6,000	8,015	2,015
Rent	6,600	6,600	6,600	-
Interest Income:				
Tax Interest and Penalties	39,000	39,000	36,550	(2,450)
Tax Sale Revenue	-	-	83,257	83,257
Interest Income	1,500	1,500	4,419	2,919
Miscellaneous Revenues	2,000	2,000	4,287	2,287
Amounts Available for Appropriation	<u>\$ 9,770,225</u>	<u>\$ 9,770,225</u>	<u>\$ 9,946,426</u>	<u>\$ 176,201</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, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government:					
Administration	\$ 13,500	\$ -	\$ 13,500	\$ 8,305	\$ 5,195
Union Meeting Hall	520	-	520	1,025	(505)
Town Clerk's Office	371,979	-	371,979	406,521	(34,542)
Town Offices/Community Center	18,428	-	18,428	52,756	(34,328)
Miscellaneous General Government	4,750	-	4,750	3,653	1,097
	<u>409,177</u>	<u>-</u>	<u>409,177</u>	<u>472,260</u>	<u>(63,083)</u>
Public Safety:					
Ferrisburgh Volunteer Fire Department	68,625	-	68,625	68,625	-
Vergennes Fire Department - Contract	57,800	-	57,800	59,782	(1,982)
Fire Services - Extra	2,000	-	2,000	968	1,032
Addison County Sheriff's Office	25,000	-	25,000	9,176	15,824
Vermont Area Rescue Squad	18,083	-	18,083	18,083	-
	<u>171,508</u>	<u>-</u>	<u>171,508</u>	<u>156,634</u>	<u>14,874</u>
Highway:					
Payroll	267,440	-	267,440	278,917	(11,477)
Maintenance	459,000	-	459,000	526,610	(67,610)
Town Garage/Yard	21,828	-	21,828	32,259	(10,431)
Vehicles/Equipment	103,000	-	103,000	122,897	(19,897)
	<u>851,268</u>	<u>-</u>	<u>851,268</u>	<u>960,683</u>	<u>(109,415)</u>

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Employee Benefits	142,637	-	142,637	132,148	10,489
Education	7,944,856	-	7,944,856	7,944,856	-
Tax Assessments:					
County Tax	20,000	-	20,000	19,192	808
Bristol Gravel Pit	660	-	660	635	25
Vermont League of Cities & Towns	4,144	-	4,144	4,144	-
Addison County Regional Planning Comm.	3,418	-	3,418	3,418	-
Bixby Library	61,050	-	61,050	61,050	-
	<u>89,272</u>	<u>-</u>	<u>89,272</u>	<u>88,439</u>	<u>833</u>
Debt Service:					
Principal	97,606	-	97,606	97,606	-
Interest	34,623	-	34,623	33,719	904
	<u>132,229</u>	<u>-</u>	<u>132,229</u>	<u>131,325</u>	<u>904</u>
Town Meeting - Voted Authorizations	32,778	-	32,778	35,978	(3,200)
Contingency	2,500	-	2,500	2,500	-
Transfers to Other Funds:					
Capital Projects Funds	60,000	-	60,000	60,000	-
	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total Expenditures	<u>\$ 9,836,225</u>	<u>\$ -</u>	<u>\$ 9,836,225</u>	<u>\$ 9,984,823</u>	<u>\$ (148,598)</u>

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

## TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,558	\$ -	\$ -	\$ 4,558
Investments	-	-	4,000	4,000
Due from other funds	56,108	215,821	9,598	281,527
<b>TOTAL ASSETS</b>	<b>\$ 60,666</b>	<b>\$ 215,821</b>	<b>\$ 13,598</b>	<b>\$ 290,085</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	40,863	-	40,863
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>40,863</b>	<b>-</b>	<b>40,863</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	13,598	13,598
Committed	-	94,725	-	94,725
Assigned	60,666	121,096	-	181,762
Unassigned	-	(40,863)	-	(40,863)
<b>TOTAL FUND BALANCES</b>	<b>60,666</b>	<b>174,958</b>	<b>13,598</b>	<b>249,222</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 60,666</b>	<b>\$ 215,821</b>	<b>\$ 13,598</b>	<b>\$ 290,085</b>

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, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 5,038	\$ -	\$ -	\$ 5,038
Interest income	-	-	33	33
Charges for services	3,050	-	-	3,050
Other income	16,532	13,379	-	29,911
TOTAL REVENUES	<u>24,620</u>	<u>13,379</u>	<u>33</u>	<u>38,032</u>
EXPENDITURES				
Capital outlay	-	328,646	-	328,646
Debt service:				
Principal	-	10,000	-	10,000
Interest	-	595	-	595
Other	28,963	650	-	29,613
TOTAL EXPENDITURES	<u>28,963</u>	<u>339,891</u>	<u>-</u>	<u>368,854</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,343)</u>	<u>(326,512)</u>	<u>33</u>	<u>(330,822)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from note issuances	-	291,208	-	291,208
Transfers in	-	60,000	-	60,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>351,208</u>	<u>-</u>	<u>351,208</u>
NET CHANGE IN FUND BALANCES	(4,343)	24,696	33	20,386
FUND BALANCES - JULY 1	<u>65,009</u>	<u>150,262</u>	<u>13,565</u>	<u>228,836</u>
FUND BALANCES - JUNE 30	<u>\$ 60,666</u>	<u>\$ 174,958</u>	<u>\$ 13,598</u>	<u>\$ 249,222</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, 2018

	PTO Grant Fund	Recreation Fund	U. M. Steeple Fund	Town Hall Bond Fund	Listers Education Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	3,809	2,075	-	2,470
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 3,809</b>	<b>\$ 2,075</b>	<b>\$ -</b>	<b>\$ 2,470</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	3,809	2,075	-	2,470
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>3,809</b>	<b>2,075</b>	<b>-</b>	<b>2,470</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 3,809</b>	<b>\$ 2,075</b>	<b>\$ -</b>	<b>\$ 2,470</b>

TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2018

	Energy Committee Fund	Insurance Deductible Fund	Records Restoration Fund	Town Hall Maintenance	Ice Rink	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 4,558	\$ -	\$ -	\$ -	\$ 4,558
Due from other funds	171	-	18,854	20,064	8,129	56,108
<b>TOTAL ASSETS</b>	<u>\$ 171</u>	<u>\$ 4,558</u>	<u>\$ 18,854</u>	<u>\$ 20,064</u>	<u>\$ 8,129</u>	<u>\$ 60,666</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	171	4,558	18,854	20,064	8,129	60,666
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>171</u>	<u>4,558</u>	<u>18,854</u>	<u>20,064</u>	<u>8,129</u>	<u>60,666</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 171</u>	<u>\$ 4,558</u>	<u>\$ 18,854</u>	<u>\$ 20,064</u>	<u>\$ 8,129</u>	<u>\$ 60,666</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, 2018

	PTO Grant Fund	Recreation Fund	U. M. Steeple Fund	Town Hall Bond Fund	Listers Education Fund
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	3,050	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>3,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	<u>5,038</u>	<u>2,758</u>	<u>-</u>	<u>677</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5,038</u>	<u>2,758</u>	<u>-</u>	<u>677</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(5,038)	292	-	(677)	-
FUND BALANCES - JULY 1	<u>5,038</u>	<u>3,517</u>	<u>2,075</u>	<u>677</u>	<u>2,470</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 3,809</u>	<u>\$ 2,075</u>	<u>\$ -</u>	<u>\$ 2,470</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, 2018

	Energy Committee Fund	Insurance Deductible Fund	Records Restoration Fund	Town Hall Maintenance	Ice Rink	Total
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 5,038	\$ 5,038
Charges for services	-	-	-	-	-	3,050
Other income	-	10,008	2,843	3,027	118	16,532
<b>TOTAL REVENUES</b>	<u>-</u>	<u>10,008</u>	<u>2,843</u>	<u>3,027</u>	<u>5,156</u>	<u>24,620</u>
<b>EXPENDITURES</b>						
Other	-	15,736	1,730	-	3,024	28,963
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>15,736</u>	<u>1,730</u>	<u>-</u>	<u>3,024</u>	<u>28,963</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(5,728)	1,113	3,027	2,132	(4,343)
<b>FUND BALANCES - JULY 1</b>	<u>171</u>	<u>10,286</u>	<u>17,741</u>	<u>17,037</u>	<u>5,997</u>	<u>65,009</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 171</u>	<u>\$ 4,558</u>	<u>\$ 18,854</u>	<u>\$ 20,064</u>	<u>\$ 8,129</u>	<u>\$ 60,666</u>

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

## Capital Projects Funds

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

## TOWN OF FERRISBURGH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	Highway Facility	Reappraisal Fund	Highway Reserve	Town Truck	Building Maintenance Reserve	Atkins Lot #11	Total
<b>ASSETS</b>							
Due from other funds	\$ 11,265	\$ 71,766	\$ 49,330	\$ 493	\$ 82,967	\$ -	\$ 215,821
<b>TOTAL ASSETS</b>	<u>\$ 11,265</u>	<u>\$ 71,766</u>	<u>\$ 49,330</u>	<u>\$ 493</u>	<u>\$ 82,967</u>	<u>\$ -</u>	<u>\$ 215,821</u>
<b>LIABILITIES</b>							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,863	\$ 40,863
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,863</u>	<u>40,863</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	11,265	-	-	493	82,967	-	94,725
Assigned	-	71,766	49,330	-	-	-	121,096
Unassigned	-	-	-	-	-	(40,863)	(40,863)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>11,265</u>	<u>71,766</u>	<u>49,330</u>	<u>493</u>	<u>82,967</u>	<u>(40,863)</u>	<u>174,958</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 11,265</u>	<u>\$ 71,766</u>	<u>\$ 49,330</u>	<u>\$ 493</u>	<u>\$ 82,967</u>	<u>\$ -</u>	<u>\$ 215,821</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, 2018

	Highway Facility	Reappraisal Fund	Highway Reserve	Town Truck	Building Maintenance Reserve	Atkins Lot #11	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	13,379	-	-	-	-	13,379
TOTAL REVENUES	<u>-</u>	<u>13,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,379</u>
EXPENDITURES							
Capital outlay	-	-	32,780	290,708	5,158	-	328,646
Debt service:							
Principal	-	-	10,000	-	-	-	10,000
Interest	-	-	595	-	-	-	595
Other	650	-	-	-	-	-	650
TOTAL EXPENDITURES	<u>650</u>	<u>-</u>	<u>43,375</u>	<u>290,708</u>	<u>5,158</u>	<u>-</u>	<u>339,891</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(650)</u>	<u>13,379</u>	<u>(43,375)</u>	<u>(290,708)</u>	<u>(5,158)</u>	<u>-</u>	<u>(326,512)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from note issuances	-	-	-	291,208	-	-	291,208
Transfers in	-	-	30,000	-	30,000	-	60,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>291,208</u>	<u>30,000</u>	<u>-</u>	<u>351,208</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(650)	13,379	(13,375)	500	24,842	-	24,696
FUND BALANCES (DEFICITS) - JULY 1	11,915	58,387	62,705	(7)	58,125	(40,863)	150,262
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 11,265</u>	<u>\$ 71,766</u>	<u>\$ 49,330</u>	<u>\$ 493</u>	<u>\$ 82,967</u>	<u>\$ (40,863)</u>	<u>\$ 174,958</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, 2018

	<u>Cemetery</u>	<u>Total</u>
<b>ASSETS</b>		
Investments	\$ 4,000	\$ 4,000
Due from other funds	9,598	9,598
<b>TOTAL ASSETS</b>	<u>\$ 13,598</u>	<u>\$ 13,598</u>
<b>LIABILITIES</b>		
Due to others funds	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	13,598	13,598
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>TOTAL FUND BALANCES</b>	<u>13,598</u>	<u>13,598</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13,598</u>	<u>\$ 13,598</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, 2018

	<u>Cemetery</u>	<u>Total</u>
REVENUES		
Interest income	\$ 33	\$ 33
Other income	-	-
TOTAL REVENUES	<u>33</u>	<u>33</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	33	33
FUND BALANCES - JULY 1	<u>13,565</u>	<u>13,565</u>
FUND BALANCES - JUNE 30	<u>\$ 13,598</u>	<u>\$ 13,598</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, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Equipment & Vehicles	Infrastructure	Total
Public safety	\$ -	\$ 295,000	\$ 413,835	\$ -	\$ 708,835
Highway	-	973,297	1,491,248	-	2,464,545
Town wide	250,863	2,833,659	-	687,275	3,771,797
Total General Capital Assets	250,863	4,101,956	1,905,083	687,275	6,945,177
Less: Accumulated Depreciation	-	(1,027,298)	(929,617)	(31,842)	(1,988,757)
Net General Capital Assets	<u>\$ 250,863</u>	<u>\$ 3,074,658</u>	<u>\$ 975,466</u>	<u>\$ 655,433</u>	<u>\$ 4,956,420</u>

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

TOWN OF FERRISBURGH, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
Public Safety	\$ 708,835	\$ -	\$ -	\$ 708,835
Highway	2,143,442	321,103	-	2,464,545
Town Wide	3,605,962	165,835	-	3,771,797
Total General Capital Assets	6,458,239	486,938	-	6,945,177
Less: Accumulated Depreciation	(1,793,120)	(195,637)	-	(1,988,757)
Net General Capital Assets	<u>\$ 4,665,119</u>	<u>\$ 291,301</u>	<u>\$ -</u>	<u>\$ 4,956,420</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, 2018, 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 4, 2019.

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 4, 2019