

TOWN OF FAYSTON, VERMONT
COMPILATION REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2013

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ACCOUNTANT'S COMPILATION REPORT

To the Selectboard
Town of Fayston
Fayston, Vermont

We have compiled the accompanying financial statements of each major fund and the aggregate remaining fund information of the Town of Fayston, Vermont as of and for the year ended December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Town of Fayston, Vermont is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did become aware of departures from accounting principles generally accepted in the United States of America which are described in the following paragraphs.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Town's governmental activities are not reasonably determinable.

Management has not presented expenditures, in the Statement of Revenues, Expenditures and Changes in Fund Balances, categorized by function or by character as required by accounting principles generally accepted in the United States of America.

Management has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

The supplementary information appearing on pages 19 through 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
Vermont Public Accountancy License #110

January 27, 2014

TOWN OF FAYSTON, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

EXHIBIT A

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Other Equip./Assets	Road Construction		
ASSETS					
Cash - checking and savings	\$ 1,356,052	\$ 0	\$ 0	\$ 15,093	\$ 1,371,145
Investments	0	0	0	147,252	147,252
Delinquent taxes receivable	127,418	0	0	0	127,418
Other receivables	29,537	0	0	0	29,537
Prepaid expenses	6,319	0	0	0	6,319
Due from other funds	7,725	14,014	47,216	350,479	419,434
Total assets	\$ 1,527,051	\$ 14,014	\$ 47,216	\$ 512,824	\$ 2,101,105
LIABILITIES AND FUND BALANCE					
Liabilities					
Accrued payables	\$ 18,210	\$ 0	\$ 0	\$ 0	\$ 18,210
Due to State Education Fund	908,815	0	0	0	908,815
Deferred revenue - taxes	103,000	0	0	0	103,000
Property tax overpayments	1,943	0	0	0	1,943
Due to other funds	403,421	0	0	16,013	419,434
Total liabilities	1,435,389	0	0	16,013	1,451,402
Fund Balance					
Nonspendable - prepaid expenses	6,319	0	0	0	6,319
Restricted - Special Revenue Funds	0	0	0	214,255	214,255
Restricted - Permanent Funds	0	0	0	23,037	23,037
Assigned - Capital Project Funds	0	14,014	47,216	259,519	320,749
Unassigned	85,343	0	0	0	85,343
Total fund balances	91,662	14,014	47,216	496,811	649,703
Total liabilities and fund balances	\$ 1,527,051	\$ 14,014	\$ 47,216	\$ 512,824	\$ 2,101,105

TOWN OF FAYSTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

EXHIBIT B

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Other Equip./Assets	Road Construction		
REVENUES					
Property taxes	\$ 741,393	\$ 0	\$ 0	\$ 0	\$ 741,393
Fees, licenses and permits	40,043	0	0	0	40,043
State of Vermont - highway funds	67,560	0	0	0	67,560
State of Vermont - grants	0	0	114,104	11,077	125,181
Investment income	4,522	0	0	15,837	20,359
Other	91,068	0	0	6,519	97,587
Total revenues	944,586	0	114,104	33,433	1,092,123
EXPENDITURES					
Salaries - road crew	134,206	0	0	0	134,206
Employee benefits	114,215	0	0	0	114,215
Highway equipment	103,548	0	0	0	103,548
Highway supplies	49,028	0	0	0	49,028
Town garage	5,701	0	0	0	5,701
Officers' salaries	95,981	0	0	0	95,981
Officers' supplies	20,658	0	0	0	20,658
Taxes and assessments	102,429	0	0	0	102,429
Fire protection	33,668	0	0	0	33,668
Insurance	28,876	0	0	0	28,876
Town meeting and election	3,532	0	0	0	3,532
Municipal building	12,103	0	0	0	12,103
Planning / Board of Adjustment	40,567	0	0	0	40,567
Administrative	38,558	0	0	0	38,558
Conservation donations - Bragg Farm	0	0	0	20,000	20,000
Cemetery	0	0	0	7,680	7,680
Road construction	0	0	145,773	775	146,548
Equipment	0	150,731	0	0	150,731
Vehicles	0	0	0	103,200	103,200
Furnishings	0	0	0	3,260	3,260
Total expenditures	783,070	150,731	145,773	134,915	1,214,489
EXCESS REVENUES (EXPENDITURES) BEFORE OTHER FINANCING SOURCES (USES)	161,516	(150,731)	(31,669)	(101,482)	(122,366)
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	(228,000)	70,000	30,000	128,000	0
NET CHANGE IN FUND BALANCES	(66,484)	(80,731)	(1,669)	26,518	(122,366)
FUND BALANCES - JANUARY 1, 2013 - RESTATED	158,146	94,745	48,885	470,293	772,069
FUND BALANCES - DECEMBER 31, 2013	\$ 91,662	\$ 14,014	\$ 47,216	\$ 496,811	\$ 649,703

TOWN OF FAYSTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

EXHIBIT C

	Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	\$ 710,969	\$ 741,393	\$ 30,424
State of Vermont - highway funds	65,000	67,560	2,560
GM Valley School	4,000	4,000	0
Fees, licenses and permits	31,500	40,043	8,543
Interest on taxes	18,000	14,443	(3,557)
Delinquent tax penalties	0	12,528	12,528
Interest on investments	6,000	4,522	(1,478)
Miscellaneous	50,000	60,097	10,097
Total revenues	<u>885,469</u>	<u>944,586</u>	<u>59,117</u>
EXPENDITURES			
Salaries			
Road crew	<u>149,000</u>	<u>134,206</u>	<u>14,794</u>
Employee Benefits			
Hospitalization	75,400	73,738	1,662
Retirement	12,000	11,555	445
Social Security	20,000	18,681	1,319
Uniforms	1,800	1,541	259
Dental	<u>10,000</u>	<u>8,700</u>	<u>1,300</u>
Total employee benefits	<u>119,200</u>	<u>114,215</u>	<u>4,985</u>
Highway Equipment			
Blades	5,000	8,157	(3,157)
Diesel	48,000	49,203	(1,203)
Repairs	15,000	19,480	(4,480)
Gasoline	700	164	536
Oil	2,000	1,365	635
Other parts	4,000	5,784	(1,784)
Rentals	8,000	8,494	(494)
Tires	<u>8,000</u>	<u>10,901</u>	<u>(2,901)</u>
Total highway equipment	<u>90,700</u>	<u>103,548</u>	<u>(12,848)</u>
Highway Supplies			
Calcium	10,000	8,588	1,412
Sand	10,000	10,661	(661)
Other supplies	1,500	1,018	482
Salt	<u>30,000</u>	<u>28,761</u>	<u>1,239</u>
Total highway supplies	<u>51,500</u>	<u>49,028</u>	<u>2,472</u>

TOWN OF FAYSTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

EXHIBIT C

	Budget	Actual	Favorable (Unfavorable) Variance
Town Garage			
Electricity	1,500	1,639	(139)
Maintenance and repairs	4,500	2,559	1,941
Telephone	1,500	1,503	(3)
Total town garage	<u>7,500</u>	<u>5,701</u>	<u>1,799</u>
Officers' Salaries			
Town Clerk, Treasurer and Tax Collector	51,408	51,478	(70)
Assistant Clerk/Treasurer	21,000	19,225	1,775
Selectboard assistant	10,608	10,608	0
Listers	18,400	14,670	3,730
Total officers' salaries	<u>101,416</u>	<u>95,981</u>	<u>5,435</u>
Officers' Supplies			
Computer expenses	4,500	4,542	(42)
Equipment purchase	1,500	1,067	433
Listers	1,000	1,175	(175)
Selectmen	2,250	2,250	0
Postage	2,000	1,599	401
Equipment rental	2,000	2,374	(374)
Supplies	4,000	2,371	1,629
911 wages	1,200	1,787	(587)
Tax mapping	2,500	1,819	681
Bank charges	0	50	(50)
Seminars/Dues	2,500	1,624	876
Total officers' supplies	<u>23,450</u>	<u>20,658</u>	<u>2,792</u>
Taxes and Assessments			
Joslin Memorial Library	17,593	21,991	(4,398)
FES usage	20,000	20,000	0
Washington County	27,200	27,200	0
Recreation district	12,500	12,500	0
Donations	20,738	20,738	0
Total taxes and assessments	<u>98,031</u>	<u>102,429</u>	<u>(4,398)</u>
Fire Protection			
Waitsfield contract	33,942	33,668	274

TOWN OF FAYSTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

Favorable
(Unfavorable)
Variance

	Budget	Actual	
Insurance			
Liability, etc.	21,833	20,160	1,673
Workers' compensation	7,686	7,686	0
Unemployment	1,028	1,030	(2)
Total insurance	<u>30,547</u>	<u>28,876</u>	<u>1,671</u>
Town Meeting and Election			
Election clerks	1,000	70	930
Supplies	1,000	27	973
Town Report	4,000	3,435	565
Total town meeting and election	<u>6,000</u>	<u>3,532</u>	<u>2,468</u>
Municipal Building			
Cleaning	1,900	1,759	141
Electricity	2,500	2,300	200
Heat	1,500	2,520	(1,020)
Other	700	685	15
Maintenance	6,000	1,906	4,094
Telephone	3,000	2,933	67
Total municipal building	<u>15,600</u>	<u>12,103</u>	<u>3,497</u>
Planning/Board of Adjustment			
Advertising	2,000	897	1,103
CVRPC	1,421	1,421	0
FNRC	1,000	929	71
MRVPD	23,764	23,842	(78)
ZA expense	2,000	256	1,744
Planning/DRB resources	500	40	460
Supplies and postage	500	0	500
Zoning administrator and asst.	17,000	13,182	3,818
Total planning/board of adjustment	<u>48,185</u>	<u>40,567</u>	<u>7,618</u>

TOWN OF FAYSTON, VERMONT EXHIBIT C
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Favorable (Unfavorable) Variance
Administration			
Pound	2,000	2,000	0
Legal	20,000	18,690	1,310
Consulting	1,500	711	789
Audit	10,000	10,535	(535)
Loan interest	600	0	600
Fire warden	300	300	0
Public safety	300	300	0
MRV solid waste alliance	2,706	2,706	0
Other	1,000	1,179	(179)
League of Cities and Towns	2,137	2,137	0
Total administration	40,543	38,558	1,985
Total expenditures	815,614	783,070	32,544
Transfers to Other Funds			
Road construction reserve	30,000	30,000	0
Bridge reserve	3,000	3,000	0
Culvert reserve	9,000	9,000	0
Equipment reserve	70,000	70,000	0
Fire equipment reserve	23,000	23,000	0
Road retreatment reserve	60,000	60,000	0
Record restoration reserve	8,000	8,000	0
Reappraisal reserve	5,000	5,000	0
FNRC Conservation Fund	20,000	20,000	0
Total transfers to other funds	228,000	228,000	0
Total expenditures and transfers to other funds	1,043,614	1,011,070	32,544
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND TRANSFERS	\$ (158,145)	(66,484)	\$ 91,661
FUND BALANCE - JANUARY 1, 2013		158,146	
FUND BALANCE - DECEMBER 31, 2013		\$ 91,662	

TOWN OF FAYSTON, VERMONT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

The Town operates under a three-member Selectboard form of government. The Town's major operations include highways and streets, recreation, planning and zoning, and general administrative services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

The Town's management has elected to present only the financial statements of the major funds and the aggregate remaining fund information, which is not in conformity with generally accepted accounting principles, specifically GASB 34 and GASB 37. Therefore, government-wide financial statements that include accounting for capital assets, lease payables and notes payable are not included in the financial statements.

Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in GASB 14 as amended by GASB 39, and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on the criteria, the Town has no component units.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenue and expenditures. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. GASB No. 34 and No. 37 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of the governmental fund category) for the determination of major funds. The General Fund, Other Equip./Asset Fund and Road Construction Fund are the Town's major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF FAYSTON, VERMONT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following fund categories are used by the Town:

Governmental Funds

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

General Fund is the operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Other Equipment/Asset Fund is used to account for financial resources to be used for the acquisition of equipment or vehicles.

Road Construction Fund is used to account for financial resources to be used for road construction projects.

Basis of Accounting

Basis of accounting refers to the point at which revenue or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end for property taxes and within six months for other revenues. 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.

TOWN OF FAYSTON, VERMONT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the Town's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

Investments

Investments are stated at fair value (quoted market price or the best available estimate).

Fund Balances

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose by the Selectboard. Formal action must be taken prior to the end of the fiscal year (e.g. capital projects, compensated absences). The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the Selectboard or official that has been given the authority to assign funds (e.g. encumbrances, subsequent budgets). Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balances - Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

TOWN OF FAYSTON, VERMONT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Selectboard establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the Selectboard through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service or other purposes).

When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied first to committed, then assigned, then unassigned.

Budgetary Accounting

The Town approves a budget for the General Fund at an annual Town Meeting and the Selectboard, based on the budget and Grand List, determines the tax rate. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates

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

TOWN OF FAYSTON, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 2 - DEPOSITS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of December 31, 2013, none of the government's bank balance of \$1,409,566 was exposed to custodial credit risk.

NOTE 3 - INVESTMENTS

As of December 31, 2013, the Town had the following investment:

<u>Investment type</u>	<u>Fair value</u>
Mutual funds	\$126,345
Unit trusts	20,907
Total	<u>\$147,252</u>

Interest Rate Risk – The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Town has an investment policy that would limit its investment choices.

Concentration of Credit Risk – The Town places no limit on the amount the Town may invest in any one issuer.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

TOWN OF FAYSTON, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 3 – INVESTMENTS (Continued)

Investment income includes the following:

	Governmental Funds			Total
	General Fund	Cemetery Perpetual Care	Cemetery Maintenance	
Interest and dividends	\$ 4,522	\$ 1,669	\$ 6,242	\$ 12,433
Realized gain (loss)	0	(667)	64	(603)
Unrealized gain	0	1,637	6,892	8,529
Total	<u>\$ 4,522</u>	<u>\$ 2,639</u>	<u>\$ 13,198</u>	<u>\$ 20,359</u>

The calculation of realized gains or losses is independent of a calculation of the net change in fair value of investments. Realized gains or losses on investments that have been held in more than one fiscal year and sold in the current year were included as a change in fair value of investments reported in prior years.

NOTE 4 - PROPERTY TAXES

Taxes are billed in July and are payable September 1st. Taxes become delinquent November 1st. The Town bills and collects its own property tax, taxes for the School District, and the School District's share of Harwood Union High School tax assessment. The tax rate for fiscal year 2013 was:

Town, including vet. exemption	0.1954
School - Homestead	1.4879
School - Non residential	1.4177

NOTE 5 - RETIREMENT PLAN

The Town of Fayston participates in the Vermont Municipal Employees' Retirement System, which is a cost-sharing multiple employer public employees' defined benefit pension plan. The plan provides benefits for disability, death, early retirement, and normal retirement. Vermont state statutes provide the authority under which benefit provisions and the Town's obligation to contribute are established. The System's actuary issues a financial report on the plan for the

TOWN OF FAYSTON, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 5 - RETIREMENT PLAN (Continued)

State of Vermont. Required contributions to the System are determined based upon the report prepared by the actuary. All employees who are regularly employed for at least 24 hours a week and for at least 1,040 hours a year must join the System when hired. During 1995, the Town elected to change from Group C membership to Group B membership. Employees who were participating in the plan at the time of the election had the option to remain in Group C or to change to Group B. Employees joining the program after the election in 1995 must become Group B members. Members who have Group B coverage are required to contribute 4.5% of compensation, and members who have Group C coverage are required to contribute 9.25%. Members in either plan are vested upon completing 5 creditable years of service.

The Town's 2013 payroll for all employees was \$244,201. Total 2013 covered payroll for the Vermont Municipal Employees' Retirement System was \$214,562. The Town's contribution to the plan is 5.0% of compensation for Group B employees. Total employer contributions to the plan were \$11,555 for 2013, \$11,570 for 2012 and \$10,783 for 2011. All 2013 employee and employer retirement contributions were paid as of December 31, 2013.

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

NOTE 6 - COMMITMENTS

From time to time the Town enters into finance and maintenance agreements with the State of Vermont, Agency of Transportation, for various cost sharing arrangements relating to bridge and road projects. Generally, the Town bears certain percentages of the total costs relating to preliminary and construction engineering costs, right-of-way costs, utility costs, and final construction costs.

NOTE 7 - RISK MANAGEMENT

The Town of Fayston is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town of Fayston maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town of Fayston. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

TOWN OF FAYSTON, VERMONT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 8 - FUND BALANCES

Governmental Fund balances are as follows:

General Fund		
Nonspendable - prepaid expenses	\$ 6,319	
Unassigned	<u>85,343</u>	
Total General Fund		\$ 91,662
Capital Projects Funds		
Assigned:		
Fire Equipment	(7,725)	
Bridge Reserve	147,690	
Recreation Reserve	12,000	
Road Construction	47,216	
Road Retreatment	60,988	
Other Equipment	14,014	
Record Restoration	37,367	
Culvert Reserve	<u>9,199</u>	
Total Capital Projects Funds		320,749
Special Revenue Funds		
Restricted:		
Conservation Fund	12,000	
Cemetery maintenance	126,965	
Reappraisal	<u>75,290</u>	
Total Special Revenue Funds		214,255
Permanent Fund		
Restricted:		
Cemetery perpetual care		<u>23,037</u>
Total Fund Balances - Governmental Funds		<u>\$ 649,703</u>

The Fire Equipment Fund has a deficit balance of \$7,725 as of December 31, 2013. The 2014 budget calls for a transfer from the General Fund to eliminate the deficit.

TOWN OF FAYSTON, VERMONT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 9 - INTERFUND TRANSFERS

During the year, several interfund transactions occurred between funds. The various operating transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2013 are as follows:

Transfers to:	Transfers from: General Fund
Road retreatment	\$ 60,000
Record restoration	8,000
Bridge reserve	3,000
Culvert reserve	9,000
Fire equipment	23,000
Other equipment/assets	70,000
Road construction	30,000
FNRC Conservation fund	20,000
Reappraisal	5,000
Total	\$ 228,000

In addition, \$3,769 was transferred from the Cemetery Perpetual Care Fund to the Cemetery Maintenance Fund.

NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES

The Town has combined some of the cash resources of its governmental funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2013 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 7,725	\$ 403,421
Capital Projects Funds		
Other Equipment/Assets	14,014	0
Fire Equipment	0	7,725
Bridge Reserve	135,347	0
Recreation Reserve	12,000	0
Road Construction	47,216	0
Road Retreatment	60,988	0
Record Restoration	37,367	0
Culvert reserve	9,199	0
Special Revenue Funds		
Conservation fund	12,000	0
Reappraisal	75,290	0
Cemetery Maintenance	8,288	0
Permanent Funds		
Cemetery Perpetual Care	0	8,288
Total	\$ 419,434	\$ 419,434

TOWN OF FAYSTON, VERMONT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 11 – DUE TO STATE EDUCATION FUND

The amount due to the State Education Fund has been estimated based on the data available as of the statement date. A final reconciliation of this amount will be performed in May, 2014.

NOTE 12 – RESTATED FUND BALANCE

The beginning fund balance of the Road Construction Fund has been restated from \$30,809 to \$48,885 due to the receipt in April, 2013 of a grant reimbursement of \$18,076 for funds expended in 2012.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 27, 2014, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.

TOWN OF FAYSTON, VERMONT
 SCHEDULE OF TAXES RAISED
 YEAR ENDED DECEMBER 31, 2013

SCHEDULE 1

	MUNICIPAL	HOMESTEAD	NON-RESIDENTIAL	TOTAL
Total Grand List	\$ 3,703,737.00	\$ 1,511,116.00	\$ 2,157,572.00	
Tax rate	0.1954	1.4879	1.4177	
Taxes Billed	\$ 723,710.21	\$ 2,248,389.50	\$ 3,058,790.59	\$ 6,030,890.30
Various adjustments				(1,138.30)
Decrease in deferred taxes				13,000.00
Payment to Fayston School District				(2,858,890.00)
State adjustments - HS-122				(541,824.00)
Payment to State of Vermont				(1,900,645.00)
Net property taxes				\$ 741,393.00

Reconciliation of Delinquent Taxes

Years	Delinquent Taxes Due Jan. 1, 2013	Current Taxes Gone Delinquent	Collections	Delinquent Taxes Due Dec. 31, 2013
2009	\$ 1,259.66	\$ 0	\$ 1,259.66	\$ 0
2010	15,245.19	0	10,135.77	5,109.42
2011	6,499.64	0	6,499.64	0
2012	118,789.72	0	117,598.01	1,191.71
2013	0	121,117	0	121,117.20
	\$ 141,794.21	\$ 121,117.20	\$ 135,493.08	\$ 127,418.33

TOWN OF FAYSTON, VERMONT
SUMMARY OF CASH RECEIPTS AND CASH EXPENDITURES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

SCHEDULE 2

CASH BALANCE - January 1, 2013 \$ 1,535,078

CASH RECEIPTS

Taxes collected	5,362,835	
Delinquent taxes	135,493	
Penalties and interest	26,968	
Interest and dividends	12,433	
State of Vermont - highway funds	67,560	
State and federal grants	29,153	
Other miscellaneous receipts	113,177	
Proceeds from security sales - cemetery	30,987	
Total cash receipts	5,778,606	5,778,606

CASH EXPENDITURES

Transfer to School District and State	4,783,126	
Highway	292,483	
Other General Fund	495,515	
Property purchased at tax sale	25,200	
Capital expenditures	289,635	
Cemetery maintenance	7,680	
Reinvested dividends & securities purchases - cemetery	28,900	
Conservation Fund donation	20,000	
Total cash expenditures	5,942,539	5,942,539

CASH BALANCE - December 31, 2013 \$ 1,371,145

TOWN OF FAYSTON, VERMONT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	Capital Projects						Special Revenue			Permanent Fund Cemetery Perpetual Care	Totals	
	Fire Equipment	Bridge Reserve	Recreation Reserve	Road Retreatment	Record Restoration	Culvert Reserve	Conservation Fund	Reappraisal	Cemetery Maintenance			Amphibian Project
Cash	\$ 0	\$ 12,343	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,584	\$ 0	\$ 1,166	\$ 15,093
Investments	0	0	0	0	0	0	0	0	117,093	0	30,159	147,252
Due from other funds	0	135,347	12,000	60,988	37,367	9,199	12,000	75,290	8,288	0	0	350,479
Total assets	\$ 0	\$ 147,690	\$ 12,000	\$ 60,988	\$ 37,367	\$ 9,199	\$ 12,000	\$ 75,290	\$ 126,965	\$ 0	\$ 31,325	\$ 512,824
LIABILITIES												
Due to other funds	\$ 7,725	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,288	\$ 16,013
Total liabilities	7,725	0	0	0	0	0	0	0	0	0	8,288	16,013
FUND BALANCES												
Restricted	0	0	0	0	0	0	12,000	75,290	126,965	0	23,037	237,292
Assigned	(7,725)	147,690	12,000	60,988	37,367	9,199	0	0	0	0	0	259,519
Total fund balances	(7,725)	147,690	12,000	60,988	37,367	9,199	12,000	75,290	126,965	0	23,037	496,811
Total liabilities and fund balances	\$ 0	\$ 147,690	\$ 12,000	\$ 60,988	\$ 37,367	\$ 9,199	\$ 12,000	\$ 75,290	\$ 126,965	\$ 0	\$ 31,325	\$ 512,824

TOWN OF FAYSTON, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2013

	Capital Projects					Special Revenue			Permanent Fund			
	Fire Equipment	Bridge Reserve	Recreation Reserve	Road Retreatment	Record Restoration	Culvert Reserve	Conservation Fund	Reappraisal	Cemetery Maintenance	Amphibian Project	Cemetery Perpetual Care	Totals
REVENUES												
Investment income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,198	\$ 0	\$ 2,639	\$ 15,837
State and federal grants	0	0	0	0	0	0	0	11,077	0	0	0	11,077
Other	0	0	0	0	2,124	0	1,000	0	3,395	0	0	6,519
Total revenues	0	0	0	0	2,124	0	1,000	11,077	16,593	0	2,639	33,433
EXPENDITURES												
Road construction	0	0	0	0	0	775	0	0	0	0	0	775
Vehicles - trucks	103,200	0	0	0	0	0	0	0	0	0	0	103,200
Equipment, furnishings, office expense	0	0	0	0	3,250	0	0	0	0	10	0	3,260
Conservation donations-Bragg Farm	0	0	0	0	0	0	20,000	0	0	0	0	20,000
Cemetery	0	0	0	0	0	0	0	0	7,680	0	0	7,680
Total expenditures	103,200	0	0	0	3,250	775	20,000	0	7,680	10	0	134,915
EXCESS REVENUES (EXPENDITURES)	(103,200)	0	0	0	(1,126)	(775)	(19,000)	11,077	8,913	(10)	2,639	(101,482)
OTHER FINANCING SOURCES												
Transfers from (to) other funds	23,000	3,000	0	60,000	8,000	9,000	20,000	5,000	3,769	0	(3,769)	128,000
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(80,200)	3,000	0	60,000	6,874	8,225	1,000	16,077	12,682	(10)	(1,130)	26,518
FUND BALANCES - JANUARY 1, 2013	72,475	144,690	12,000	988	30,493	974	11,000	59,213	114,283	10	24,167	470,293
FUND BALANCES - DECEMBER 31, 2013	\$ (7,725)	\$ 147,690	\$ 12,000	\$ 60,988	\$ 37,367	\$ 9,199	\$ 12,000	\$ 75,290	\$ 126,965	\$ 0	\$ 23,037	\$ 496,811