

# FOTHERGILL SEGALE & VALLEY

*Certified Public Accountants*



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## ACCOUNTANT'S COMPILATION REPORT

January 27, 2011

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, 2010. 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 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 is not reasonably determinable.

Management has not presented expenditures, in the Statement of Revenues, Expenditures and Changes in Fund Balances, categorized by function 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.

Respectfully submitted,

*Fothergill Segale & Valley CPAs*

FOTHERGILL SEGALE & VALLEY, CPAS  
Vermont Public Accountancy License #1110

TOWN OF FAYSTON, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

EXHIBIT A

	Major Funds			Total
	General	Road Retirement	Nonmajor Funds	
<b>ASSETS</b>				
Cash - checking and savings	\$ 1,781,584	\$ 0	\$ 13,561	\$ 1,795,145
Investments	0	0	131,494	131,494
Delinquent taxes receivable	250,124	0	0	250,124
Other receivables	35,433	0	0	35,433
Prepaid expenses	4,974	0	0	4,974
Due from other funds	0	312,167	392,875	705,042
<b>Total assets</b>	<u>\$ 2,072,115</u>	<u>\$ 312,167</u>	<u>\$ 537,930</u>	<u>\$ 2,922,212</u>

**LIABILITIES AND FUND BALANCE**

<b>Liabilities</b>				
Accrued payables	\$ 9,982	\$ 0	\$ 0	\$ 9,982
Due to State Education Fund	1,019,534	0	0	1,019,534
Deferred revenue - taxes	197,000	0	0	197,000
Property tax overpayments	10,757	0	0	10,757
Due to other funds	696,754	0	8,288	705,042
<b>Total liabilities</b>	<u>1,934,027</u>	<u>0</u>	<u>8,288</u>	<u>1,942,315</u>

<b>Fund Balance</b>				
Unreserved	138,088	0	0	138,088
Unreserved - Capital Project Funds	0	312,167	367,977	680,144
Unreserved - Special Revenue Funds	0	0	135,279	135,279
Unreserved - Permanent Funds	0	0	26,386	26,386
<b>Total fund balances</b>	<u>138,088</u>	<u>312,167</u>	<u>529,642</u>	<u>979,897</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,072,115</u>	<u>\$ 312,167</u>	<u>\$ 537,930</u>	<u>\$ 2,922,212</u>

See Notes to Financial Statements.

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2010

EXHIBIT B

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Road Retirement		
<b>REVENUES</b>				
Property taxes	\$ 671,261	\$ 0	\$ 0	\$ 671,261
Fees, licenses and permits	29,824	0	0	29,824
State of Vermont - highway funds	65,139	0	0	65,139
State of Vermont - grants	0	0	33,014	33,014
Grant income - EECGB	71,472	0	0	71,472
Investment income	10,958	0	13,724	24,682
Other	75,119	0	7,127	82,246
<b>Total revenues</b>	<b>923,773</b>	<b>0</b>	<b>53,865</b>	<b>977,638</b>
<b>EXPENDITURES</b>				
Salaries - road crew	120,855	0	0	120,855
Employee benefits	110,243	0	0	110,243
Highway equipment	58,293	0	0	58,293
Highway supplies	36,197	0	0	36,197
Town garage	2,587	0	0	2,587
Officers' salaries	105,742	0	0	105,742
Officers' supplies	17,149	0	0	17,149
Taxes and assessments	90,911	0	0	90,911
Fire protection	25,942	0	0	25,942
Insurance	30,436	0	0	30,436
Town meeting and election	7,868	0	0	7,868
Municipal building	90,423	0	0	90,423
Planning / Board of Adjustment	39,079	0	0	39,079
Administrative	17,970	0	0	17,970
Cemetery	0	0	6,915	6,915
Road construction	0	0	51,501	51,501
Furnishings	0	0	56,537	56,537
Construction equipment	0	0	32,163	32,163
<b>Total expenditures</b>	<b>753,695</b>	<b>0</b>	<b>147,116</b>	<b>900,811</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>170,078</b>	<b>0</b>	<b>(93,251)</b>	<b>76,827</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from (to) other funds	(216,000)	55,000	161,000	0
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>				
	(45,922)	55,000	67,749	76,827
<b>FUND BALANCES - JANUARY 1, 2010</b>				
Prior period adjustment	162,250	257,167	483,653	903,070
	21,760	0	(21,760)	0
<b>FUND BALANCE - JANUARY 1, 2010 (RESTATED)</b>	<b>184,010</b>	<b>257,167</b>	<b>461,893</b>	<b>903,070</b>
<b>FUND BALANCES - DECEMBER 31, 2010</b>				
	\$ 138,088	\$ 312,167	\$ 529,642	\$ 979,897

See Notes to Financial Statements.

TOWN OF FAYSTON, VERMONT  
EXHIBIT C  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes	\$ 668,757	\$ 671,261	\$ 2,504
State of Vermont - highway funds	62,000	65,139	3,139
GM Valley School	4,000	4,000	0
Fees, licenses and permits	28,900	29,824	924
Interest on taxes	14,000	21,209	7,209
Interest on investments	14,500	10,958	(3,542)
Grant income	0	71,472	71,472
Miscellaneous	44,500	49,910	5,410
Total revenues	836,657	923,773	87,116
<b>EXPENDITURES</b>			
Salaries			
Road crew	135,000	120,855	14,145
Employee Benefits	71,870	69,699	2,171
Hospitalization	13,100	12,559	541
Retirement	22,300	19,263	3,037
Social Security	1,800	1,647	153
Uniforms	8,000	7,075	925
Dental			
Total employee benefits	117,070	110,243	6,827
<b>Highway Equipment</b>			
Blades	5,000	4,592	408
Diesel	35,000	25,489	9,511
Repairs	15,000	10,813	4,187
Gasoline	2,000	349	1,651
Oil	1,500	1,728	(228)
Other parts	5,000	4,368	632
Rentals	7,000	6,568	432
Tires	6,000	4,386	1,614
Total highway equipment	76,500	58,293	18,207
<b>Highway Supplies</b>			
Calcium	6,000	6,052	(52)
Sand	10,000	6,560	3,440
Other supplies	1,000	605	395
Salt	30,000	22,980	7,020
Total highway supplies	47,000	36,197	10,803

See Notes to Financial Statements.

TOWN OF FAYSTON, VERMONT  
EXHIBIT C  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Favorable (Unfavorable) Variance
Town Garage			
Electricity	500	230	270
Maintenance and repairs	3,000	1,244	1,756
Telephone	1,200	1,113	87
Total town garage	4,700	2,587	2,113
Officers' Salaries			
Town Clerk/Tax Collector	41,100	41,096	4
Assistant Clerk/Treasurer	41,100	41,096	4
Selectboard assistant	10,400	10,400	0
Listers	18,000	13,150	4,850
Delinquent tax collector	0	21,334	(21,334)
Penalties collected	0	(21,334)	21,334
Total officers' salaries	110,600	105,742	4,858
Officers' Supplies			
Computer expenses	4,000	3,055	945
Equipment purchase	3,000	0	3,000
Listers	1,500	482	1,018
Selectmen	2,250	2,250	0
Postage	2,000	1,559	441
Equipment rental	3,100	3,036	64
Supplies	5,000	3,325	1,675
911 wages	1,000	700	300
Tax mapping	2,050	1,817	233
Seminars/Dues	2,800	925	1,875
Total officers' supplies	26,700	17,149	9,551
Taxes and Assessments			
Joslin Memorial Library	10,000	10,000	0
FES usage	20,000	20,000	0
Washington County	31,223	31,223	0
Recreation district	12,500	12,500	0
Donations	17,188	17,188	0
Total taxes and assessments	90,911	90,911	0
Fire Protection			
Waitsfield contract	29,000	25,942	3,058

See Notes to Financial Statements.

TOWN OF FAYSTON, VERMONT EXHIBIT C  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Favorable (Unfavorable) Variance
Insurance			
Liability, etc.	20,183	20,437	(254)
Workers' compensation	9,117	9,117	0
Unemployment	882	882	0
Total insurance	30,182	30,436	(254)
Town Meeting and Election			
Election clerks	3,500	1,772	1,728
Supplies	3,500	2,525	975
Town Report	4,000	3,571	429
Total town meeting and election	11,000	7,868	3,132
Municipal Building			
Cleaning	1,900	1,911	(11)
Electricity	2,500	2,507	(7)
Heat	5,600	3,967	1,633
Other	500	0	500
Maintenance	7,500	7,809	(309)
Telephone	3,000	2,757	243
Grant expenses	0	71,472	(71,472)
Total municipal building	21,000	90,423	(69,423)
Planning/Board of Adjustment			
Advertising	700	863	(163)
CVRPC	1,350	1,315	35
FNRC	1,000	105	895
MRVPPD	21,010	21,010	0
ZA expense	600	111	489
Town plan	100	0	100
Planning/DRB resources	1,000	0	1,000
Supplies and postage	700	603	97
Computer equipment	1,500	0	1,500
Zoning administrator and asst.	21,300	15,072	6,228
Total planning/board of adjustment	49,260	39,079	10,181

See Notes to Financial Statements.

TOWN OF FAYSTON, VERMONT  
EXHIBIT C  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Favorable (Unfavorable) Variance
Administration			
Pound	2,200	2,200	0
Legal	15,000	1,026	13,974
Consulting	1,000	382	618
Audit	9,500	9,500	0
Loan interest	600	0	600
Fire warden	300	300	0
Public safety	500	0	500
MRV solid waste alliance	2,500	2,490	10
Other	500	189	311
League of Cities and Towns	1,883	1,883	0
Total administration	33,983	17,970	16,013
Total expenditures	782,906	753,695	29,211
Transfers to Other Funds			
Road construction reserve	20,000	20,000	0
Bridge reserve	3,000	3,000	0
Culvert reserve	50,000	50,000	0
Equipment reserve	60,000	60,000	0
Fire equipment reserve	15,000	15,000	0
Road retirement reserve	55,000	55,000	0
Record restoration reserve	8,000	8,000	0
Reappraisal reserve	5,000	5,000	0
Total transfers to other funds	216,000	216,000	0
Total expenditures and transfers to other funds	998,906	969,695	29,211
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND TRANSFERS	\$ (162,249)	(45,922)	\$ 116,327
FUND BALANCE - JANUARY 1, 2010		162,250	
Prior period adjustment		21,760	
FUND BALANCE - JANUARY 1, 2010 (RESTATED)		184,010	
FUND BALANCE - DECEMBER 31, 2010		\$ 138,088	

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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 (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.

*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 sets 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 and the Road Retirement 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, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following fund types 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 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.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Permanent Funds account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

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, 2010

**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*

Equity is classified in the following categories:

**Reserved** - Indicates the portion of equity that has been legally segregated or encumbered for specific future uses or not appropriated for expenditure.

**Unreserved** - Indicates the portion of fund equity that is available for appropriation and expenditure in future periods.

*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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

**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, 2010, none of the government's bank balance of \$1,839,037 was exposed to custodial credit risk.

**NOTE 3 - INVESTMENTS**

As of December 31, 2010, the Town had the following investments:

Investment	Maturities	Fair Value
Corporate bonds	10/2017-5/2036	\$ 26,085
Mutual funds		<u>105,409</u>
		<u>\$ 131,494</u>

*Interest Rate Risk* – 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 increasing interest rates.

*Credit Risk* – The Town has no 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, 2010

**NOTE 3 – INVESTMENTS (Continued)**

Investment income includes the following:

Fund	Governmental Funds			Total
	General	Perpetual Care	Cemetery Maintenance	
Interest and dividends	\$ 10,958	\$ 1,634	\$ 2,789	\$ 15,381
Realized Loss	0	0	(3,980)	(3,980)
Unrealized Gain	0	971	12,310	13,281
<b>Total</b>	<u>\$ 10,958</u>	<u>\$ 2,605</u>	<u>\$ 11,119</u>	<u>\$ 24,682</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 2010 was:

Town	\$ 0.1895
School - Homestead	1.3570
School - Non residential	1.4543

**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 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

TOWN OF FAYSTON, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 5 - RETIREMENT PLAN (Continued)**

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 2010 payroll for all employees was \$291,788. Total 2010 covered payroll for the Vermont Municipal Employees' Retirement System was \$235,172. The Town's contribution to the plan is 5.0% of compensation for Group B employees and 6.5% for Group C employees. Total employer contributions to the plan were \$12,559 for 2010, \$11,769 for 2009 and \$11,772 for 2008. All 2010 employee and employer retirement contributions were paid as of December 31, 2010.

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, 2010

**NOTE 8 - FUND BALANCES**

Governmental Fund balances are as follows:

General Fund \$ 138,088

**Capital Projects Funds**

Fire Equipment	67,399
Bridge Reserve	164,565
Recreation Reserve	12,000
Road Construction	6,782
Road Retirement	312,167
Other Equipment	44,367
Record Restoration	23,520
Culvert Reserve	49,344

Total Capital Projects Funds 680,144

**Special Revenue Funds**

Cemetery maintenance	107,153
Reappraisal	27,116
Barn Restoration	1,000
Amphibian Project	10

Total Special Revenue Funds 135,279

**Permanent Fund**

Cemetery perpetual care 26,386

Total unreserved - Governmental Funds \$ 979,897

**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, 2010 are as follows:

Transfers to:	General Fund	Transfers from:
Road retirement	\$ 55,000	
Record restoration	8,000	
Bridge reserve	3,000	
Culvert reserve	50,000	
Fire equipment	15,000	
Other equipment/assets	60,000	
Road construction	20,000	
Reappraisal	5,000	
Total	<u>\$ 216,000</u>	

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 9 - INTERFUND TRANSFERS (Continued)**

In addition, \$130 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, 2010 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 0	\$ 696,754
Capital Projects Funds		
Other Equipment/Assets	44,367	0
Fire Equipment	67,399	0
Bridge Reserve	153,049	0
Recreation Reserve	12,000	0
Road Construction	6,782	0
Road Retirement	512,167	0
Record Restoration	23,520	0
Barn Restoration	1,000	0
Culvert reserve	49,344	0
Amphibian project	10	0
Special Revenue Funds		
Reappraisal	27,116	0
Cemetery Maintenance	8,288	0
Permanent Funds		
Cemetery Perpetual Care	0	8,288
<b>Total</b>	<u>\$ 705,042</u>	<u>\$ 705,042</u>

**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, 2011.

**NOTE 12 - PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$21,760 was made to reclassify expenditures originally recorded in the General Fund to the Reappraisal Fund for services provided by the town appraiser.

**NOTE 13 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 27, 2011, 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, 2010

SCHEDULE 1

	MUNICIPAL	HOMESTEAD	NON-RESIDENTIAL	TOTAL
Total Grand List	\$ 3,686,637.00	\$ 1,507,243.00	\$ 2,144,344.00	
Tax rate	0.1895	1.3570	1.4543	
Taxes Billed	\$ 698,617.71	\$ 2,045,328.75	\$ 3,118,520.14	\$ 5,862,466.60
Various adjustments				(5,184.00)
HS-122 penalties				554.42
Decrease in deferred taxes				(33,000.00)
Payment to Fayston School District				(2,383,138.00)
State adjustments - HS-122				(660,496.00)
Payment to State of Vermont				(2,109,942.00)
Net property taxes				\$ 671,261.02

Reconciliation of Delinquent Taxes

Years	Delinquent Taxes Due Jan. 1, 2010	Current Taxes Gone Delinquent	Collections	Delinquent Taxes Due Dec. 31, 2010
2007	\$ 489.74	\$ 0	\$ 489.74	\$ 0
2008	41,040.92	0	18,578.72	22,462.20
2009	178,521.92	0	136,038.19	42,483.73
2010	0	185,178.43	0	185,178.43
	\$ 220,052.58	\$ 185,178.43	\$ 155,106.65	\$ 250,124.36

TOWN OF FAYSTON, VERMONT  
 SUMMARY OF CASH RECEIPTS AND CASH EXPENDITURES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2010

SCHEDULE 2

CASH BALANCE - January 1, 2010 \$ 1,757,535

CASH RECEIPTS	
Taxes collected	5,017,347
Delinquent taxes	155,107
Penalties and interest	42,543
Interest and dividends	15,380
State of Vermont - highway funds	65,139
Other miscellaneous receipts	<u>181,473</u>

Total cash receipts 5,476,989

CASH EXPENDITURES

Transfer to School District and State Highway	4,510,117
Other General Fund	217,932
Capital expenditures	492,742
Cemetery maintenance	211,673
	<u>6,915</u>

Total cash expenditures 5,439,379

CASH BALANCE - December 31, 2010 \$ 1,795,145

TOWN OF FAYSTON, VERMONT  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2010

	Capital Projects							Special Revenue				Permanent Fund	Totals	
	Fire Equipment	Bridge Reserve	Recreation Reserve	Road Construction	Other Equip/Assats	Structures Program	Record Restoration	Culvert Reserve	Reappraisal	Cemetery Maintenance	Barn Restoration	Amphibian Project		Cemetery Perpetual Care
<b>ASSETS</b>														
Cash	\$ 0	\$ 11,516	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,670	\$ 0	\$ 0	\$ 375	\$ 13,561
Investments	0	0	0	0	0	0	0	0	0	97,195	0	0	34,299	131,494
Due from other funds	67,399	153,049	12,000	6,782	44,367	0	23,520	49,344	27,116	8,288	1,000	10	0	392,875
<b>Total assets</b>	<u>\$ 67,399</u>	<u>\$ 164,565</u>	<u>\$ 12,000</u>	<u>\$ 6,782</u>	<u>\$ 44,367</u>	<u>\$ 0</u>	<u>\$ 23,520</u>	<u>\$ 49,344</u>	<u>\$ 27,116</u>	<u>\$ 107,153</u>	<u>\$ 1,000</u>	<u>\$ 10</u>	<u>\$ 34,674</u>	<u>\$ 537,930</u>
<b>LIABILITIES</b>														
Due to other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,288	\$ 8,288
<b>Total liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,288</u>	<u>8,288</u>
<b>FUND BALANCES</b>														
Unreserved	67,399	164,565	12,000	6,782	44,367	0	23,520	49,344	27,116	107,153	1,000	10	26,386	529,642
<b>Total liabilities and fund balances</b>	<u>\$ 67,399</u>	<u>\$ 164,565</u>	<u>\$ 12,000</u>	<u>\$ 6,782</u>	<u>\$ 44,367</u>	<u>\$ 0</u>	<u>\$ 23,520</u>	<u>\$ 49,344</u>	<u>\$ 27,116</u>	<u>\$ 107,153</u>	<u>\$ 1,000</u>	<u>\$ 10</u>	<u>\$ 34,674</u>	<u>\$ 537,930</u>

TOWN OF PAYSTON, VERMONT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2010

Fund	Capital Projects										Other									
	Perpetual Care	Amphibian Project	Dam Restoration	Special Revenue	Cemetery Maintenance	Cemetery Restoration	Recreation Reserve	Record Restoration	Record Restoration	Shutouts Program	Other Equip/Assets	Construction	Recreation Reserve	Bridge Reserve	Equipment	Investment Income	State Grants	Other		
Perpetual Care	13,724	0	0	0	11,119	0	0	0	0	0	0	0	0	0	13,724	0	0	0		
Amphibian Project	0	250	0	0	2,985	1,000	0	0	0	0	0	0	0	0	0	0	0	0		
Dam Restoration	0	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Special Revenue	0	0	0	14,104	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Cemetery Maintenance	0	0	0	11,039	47,757	0	0	0	0	0	0	0	0	0	0	0	0	0		
Cemetery Restoration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Recreation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Record Restoration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Shutouts Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Equip/Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Recreation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Bridge Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Investment Income	13,724	0	0	0	0	0	0	0	0	0	0	0	0	0	13,724	0	0	0		
State Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total revenues	13,724	250	1,000	14,104	11,039	0	0	0	0	0	0	0	0	0	13,724	0	0	0		
EXPENDITURES	51,501	0	0	0	0	0	0	0	0	0	0	0	0	0	51,501	0	0	0		
Road construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Construction equipment, vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Furnishings, office expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Cemetery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total expenditures	51,501	0	0	0	0	0	0	0	0	0	0	0	0	0	51,501	0	0	0		
EXCESS REVENUES (EXPENDITURES)	(37,777)	0	0	0	0	0	0	0	0	0	0	0	0	0	(37,777)	0	0	0		
OTHER FINANCING SOURCES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Transfers from (to) other funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
OTHER FINANCING SOURCES (EXPENDITURES)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(37,777)	0	0	0	0	0	0	0	0	0	0	0	0	0	(37,777)	0	0	0		
FUND BALANCES - JANUARY 1, 2010	15,000	3,000	0	(8,870)	27,837	0	2,352	49,344	(31,718)	7,319	1,000	0	0	0	23,911	483,653	67,749	0		
Prior period adjustment	0	0	0	0	0	0	0	0	(21,760)	0	0	0	0	0	0	(21,760)	0	0		
FUND BALANCES - JANUARY 1, 2010 - RESTATED	15,000	3,000	0	(8,870)	27,837	0	2,352	49,344	(53,478)	7,319	1,000	0	0	0	23,911	461,893	67,749	0		
FUND BALANCES - DECEMBER 31, 2010	15,000	3,000	0	(8,870)	27,837	0	2,352	49,344	(53,478)	7,319	1,000	0	0	0	23,911	461,893	67,749	0		
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	15,000	3,000	0	(8,870)	27,837	0	2,352	49,344	(53,478)	7,319	1,000	0	0	0	23,911	461,893	67,749	0		
Transfers from (to) other funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
OTHER FINANCING SOURCES (EXPENDITURES)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	15,000	3,000	0	(8,870)	27,837	0	2,352	49,344	(53,478)	7,319	1,000	0	0	0	23,911	461,893	67,749	0		
FUND BALANCES - JANUARY 1, 2010	15,000	3,000	0	(8,870)	27,837	0	2,352	49,344	(53,478)	7,319	1,000	0	0	0	23,911	461,893	67,749	0		
Prior period adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
FUND BALANCES - JANUARY 1, 2010 - RESTATED	15,000	3,000	0	(8,870)	27,837	0	2,352	49,344	(53,478)	7,319	1,000	0	0	0	23,911	461,893	67,749	0		
FUND BALANCES - DECEMBER 31, 2010	15,000	3,000	0	(8,870)	27,837	0	2,352	49,344	(53,478)	7,319	1,000	0	0	0	23,911	461,893	67,749	0		