

**TOWN OF FAYSTON, VERMONT**  
**COMPILATION REPORT AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**TABLE OF CONTENTS**

	<u>Page Number</u>
<b>INDEPENDENT ACCOUNTANT'S COMPILATION REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Balance Sheet – Governmental Funds	Exhibit A 3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	Exhibit B 4
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	Exhibit C 5 - 8
Notes to Financial Statements	9 - 18
<b>SUPPLEMENTAL SCHEDULES</b>	
Schedule of Taxes Raised	Schedule 1 19
Summary of Cash Receipts and Cash Expenditures - Governmental Funds	Schedule 2 20
Combining Balance Sheet – Nonmajor Governmental Funds	Schedule 3 21
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	Schedule 4 22

# FOTHERGILL SEGALE & VALLEY

*Certified Public Accountants*



**John E. (Jeff) Fothergill, CPA**  
**Michael L. Segale, CPA**  
**Sheila R. Valley, CPA**  
**Teresa H. Kajenski, CPA**  
**Donald J. Murray, CPA**

## INDEPENDENT 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 as of and for the year ended December 31, 2014. 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.

Management 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

Montpelier, Vermont

Vermont Public Accountancy License #110

January 28, 2015

TOWN OF FAYSTON, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

EXHIBIT A

	Major Funds		Total
	General	Nonmajor Funds	Governmental Funds
<b>ASSETS</b>			
Cash - checking and savings	\$ 1,557,594	\$ 17,110	\$ 1,574,704
Investments	0	150,689	150,689
Delinquent taxes receivable	173,532	0	173,532
Other receivables	205	0	205
Prepaid expenses	7,214	0	7,214
Due from other funds	0	626,820	626,820
	<u>\$ 1,738,545</u>	<u>\$ 794,619</u>	<u>\$ 2,533,164</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accrued payables	\$ 33,379	\$ 0	\$ 33,379
Due to State Education Fund	850,696	0	850,696
Property tax overpayments	8,259	0	8,259
Due to other funds	618,532	8,288	626,820
	<u>1,510,866</u>	<u>8,288</u>	<u>1,519,154</u>
<b>Deferred Inflows Of Resources</b>			
Unavailable revenue - taxes	140,000	0	140,000
<b>Fund Balance</b>			
Nonspendable - prepaid expenses	7,214	0	7,214
Restricted - Special Revenue Funds	0	246,346	246,346
Restricted - Permanent Funds	0	23,409	23,409
Assigned - Capital Project Funds	0	516,576	516,576
Assigned - 2015 expenditures	80,465	0	80,465
	<u>87,679</u>	<u>786,331</u>	<u>874,010</u>
Total liabilities and fund balances	<u>\$ 1,738,545</u>	<u>\$ 794,619</u>	<u>\$ 2,533,164</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, 2014

EXHIBIT B

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>		<u>Nonmajor Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 822,240	\$ 0	\$ 822,240
Fees, licenses and permits	29,095	0	29,095
State of Vermont - highway funds	67,494	0	67,494
State of Vermont - grants	0	11,077	11,077
Investment income	4,101	5,859	9,960
Other	99,543	9,434	108,977
Total revenues	<u>1,022,473</u>	<u>26,370</u>	<u>1,048,843</u>
<b>EXPENDITURES</b>			
Salaries - road crew	141,312	0	141,312
Employee benefits	111,781	0	111,781
Highway equipment	96,060	0	96,060
Highway supplies	51,982	0	51,982
Town garage	8,463	0	8,463
Officers' salaries	100,120	0	100,120
Officers' supplies	22,968	0	22,968
Taxes and assessments	93,372	0	93,372
Fire protection	27,230	0	27,230
Insurance	33,583	0	33,583
Town meeting and election	6,705	0	6,705
Municipal building	13,998	0	13,998
Planning / Board of Adjustment	49,085	0	49,085
Administrative	21,797	0	21,797
Cemetery	0	7,213	7,213
Road construction	0	15,091	15,091
Furnishings	0	23,776	23,776
Total expenditures	<u>778,456</u>	<u>46,080</u>	<u>824,536</u>
EXCESS REVENUES (EXPENDITURES) BEFORE OTHER FINANCING SOURCES (USES)	244,017	(19,710)	224,307
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	<u>(248,000)</u>	<u>248,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(3,983)	228,290	224,307
FUND BALANCES - JANUARY 1, 2014	<u>91,662</u>	<u>558,041</u>	<u>649,703</u>
FUND BALANCES - DECEMBER 31, 2014	<u>\$ 87,679</u>	<u>\$ 786,331</u>	<u>\$ 874,010</u>

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2014

EXHIBIT C

	Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes	\$ 837,656	\$ 822,240	\$ (15,416)
State of Vermont - highway funds	67,000	67,494	494
GM Valley School	4,000	4,000	0
Fees, licenses and permits	37,400	29,095	(8,305)
Interest on taxes	15,000	18,574	3,574
Delinquent tax penalties	0	10,158	10,158
Interest on investments	5,500	4,101	(1,399)
Miscellaneous	54,725	66,811	12,086
Total revenues	<u>1,021,281</u>	<u>1,022,473</u>	<u>1,192</u>
<b>EXPENDITURES</b>			
Salaries			
Road crew	<u>153,000</u>	<u>141,312</u>	<u>11,688</u>
Employee Benefits			
Hospitalization	86,000	70,963	15,037
Retirement	12,800	12,339	461
Social Security	22,700	19,561	3,139
Uniforms	1,800	1,781	19
Dental	<u>10,000</u>	<u>7,137</u>	<u>2,863</u>
Total employee benefits	<u>133,300</u>	<u>111,781</u>	<u>21,519</u>
Highway Equipment			
Blades	5,000	4,001	999
Diesel	50,000	45,230	4,770
Repairs	25,000	28,683	(3,683)
Gasoline	700	435	265
Oil	2,000	2,332	(332)
Other parts	5,000	3,619	1,381
Rentals	9,000	5,477	3,523
Tires	<u>9,000</u>	<u>6,283</u>	<u>2,717</u>
Total highway equipment	<u>105,700</u>	<u>96,060</u>	<u>9,640</u>
Highway Supplies			
Calcium	14,000	8,637	5,363
Sand	11,000	11,204	(204)
Other supplies	1,500	1,695	(195)
Salt	<u>30,000</u>	<u>30,446</u>	<u>(446)</u>
Total highway supplies	<u>56,500</u>	<u>51,982</u>	<u>4,518</u>

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2014

EXHIBIT C

	Budget	Actual	Favorable (Unfavorable) Variance
Town Garage			
Electricity	1,500	1,844	(344)
Maintenance and repairs	4,500	5,001	(501)
Telephone	1,500	1,618	(118)
Total town garage	<u>7,500</u>	<u>8,463</u>	<u>(963)</u>
Officers' Salaries			
Town Clerk, Treasurer and Tax Collector	51,408	51,513	(105)
Assistant Clerk/Treasurer	22,000	21,509	491
Selectboard assistant	10,930	10,925	5
Listers	18,400	16,173	2,227
Total officers' salaries	<u>102,738</u>	<u>100,120</u>	<u>2,618</u>
Officers' Supplies			
Computer expenses	4,500	7,654	(3,154)
Equipment purchase	1,500	1,603	(103)
Listers	1,000	971	29
Selectmen	2,250	2,250	0
Postage	2,000	2,013	(13)
Equipment rental	2,300	2,435	(135)
Supplies	3,000	2,273	727
911 wages	1,200	1,417	(217)
Tax mapping	2,500	1,198	1,302
Bank charges	0	4	(4)
Seminars/Dues	2,500	1,150	1,350
Total officers' supplies	<u>22,750</u>	<u>22,968</u>	<u>(218)</u>
Taxes and Assessments			
Joslin Memorial Library	20,211	16,099	4,112
FES usage	20,000	20,000	0
Washington County	27,000	26,035	965
Recreation district	12,500	12,500	0
Donations	18,738	18,738	0
Total taxes and assessments	<u>98,449</u>	<u>93,372</u>	<u>5,077</u>
Fire Protection			
Waitsfield contract	35,700	27,230	8,470

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2014

EXHIBIT C

	Budget	Actual	Favorable (Unfavorable) Variance
<b>Insurance</b>			
Liability, etc.	23,200	23,425	(225)
Workers' compensation	9,741	9,741	0
Unemployment	805	417	388
Total insurance	33,746	33,583	163
<b>Town Meeting and Election</b>			
Election clerks	750	275	475
Supplies	1,250	2,873	(1,623)
Town Report	4,000	3,557	443
Total town meeting and election	6,000	6,705	(705)
<b>Municipal Building</b>			
Cleaning	1,900	1,540	360
Electricity	2,500	2,471	29
Heat	1,500	3,389	(1,889)
Other	700	821	(121)
Maintenance	6,000	2,921	3,079
Telephone	3,000	2,856	144
Total municipal building	15,600	13,998	1,602
<b>Planning/Board of Adjustment</b>			
Advertising	2,000	1,297	703
CVRPC	1,488	1,488	0
FNRC	1,000	1,000	0
MRVPD	30,000	30,778	(778)
ZA expense	1,000	40	960
Planning/DRB resources	500	450	50
Supplies and postage	500	0	500
Zoning administrator and asst.	19,200	14,032	5,168
Total planning/board of adjustment	55,688	49,085	6,603

TOWN OF FAYSTON, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2014

EXHIBIT C

	Budget	Actual	Favorable (Unfavorable) Variance
Administration			
Pound	2,000	2,000	0
Legal	20,000	2,796	17,204
Consulting	1,500	130	1,370
Audit	6,500	6,500	0
Loan interest	600	0	600
Fire warden	300	300	0
Public safety	300	0	300
MRV solid waste alliance	3,721	3,721	0
Other	1,000	0	1,000
Bad debt	0	4,000	(4,000)
League of Cities and Towns	2,350	2,350	0
Total administration	38,271	21,797	16,474
Total expenditures	864,942	778,456	86,486
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	80,000	80,000	0
Fire equipment reserve	23,000	23,000	0
Road retreatment reserve	80,000	80,000	0
Record restoration reserve	8,000	8,000	0
Reappraisal reserve	5,000	5,000	0
FNRC Conservation Fund	10,000	10,000	0
Total transfers to other funds	248,000	248,000	0
Total expenditures and transfers to other funds	1,112,942	1,026,456	86,486
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND TRANSFERS	<u>\$ (91,661)</u>	<u>(3,983)</u>	<u>\$ 87,678</u>
FUND BALANCE - JANUARY 1, 2014		91,662	
FUND BALANCE - DECEMBER 31, 2014		<u>\$ 87,679</u>	

TOWN OF FAYSTON, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014

**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.

*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.

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

*Investments*

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

*Unavailable Revenue*

Unavailable revenue consists of the following:

General Fund – Delinquent taxes not collected within sixty (60) days after year end.

*Deferred Inflows of Resources*

In January of 2014, the Town implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which reports a separate section for deferred inflows of resources in the Town's governmental funds. This separate financial statement element reflects an increase in net position that applies to a future period. The Town will recognize the related revenues when a future event occurs. The Town has one item which occurs because governmental fund revenues are not recognized until available (collected not later than sixty days after the end of the Town's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable property tax revenue (formerly deferred property taxes) are reported in the governmental funds balance sheet.

*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.

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

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.

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.

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**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, 2014, none of the government’s bank balance of \$1,603,124 was exposed to custodial credit risk as follows:

FDIC	\$ 250,000
SIPC	2,493
Collateralized	<u>1,350,631</u>
	<u><u>\$1,603,124</u></u>

**NOTE 3 - INVESTMENTS**

As of December 31, 2014, the Town had the following investment:

<u>Investment type</u>	<u>Fair value</u>
Mutual funds	\$119,838
Unit trusts	<u>30,851</u>
Total	<u><u>\$150,689</u></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, 2014

**NOTE 3 – INVESTMENTS (CONTINUED)**

Investment income includes the following:

	Governmental Funds			Total
	General Fund	Cemetery Perpetual Care	Cemetery Maintenance	
Interest and dividends	\$ 4,101	\$ 1,751	\$ 5,020	\$ 10,872
Realized gain	0	0	4,084	4,084
Unrealized loss	0	(287)	(4,709)	(4,996)
Total	\$ 4,101	\$ 1,464	\$ 4,395	\$ 9,960

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 2014 was:

Town, including vet. exemption	0.2304
School - Homestead	1.5312
School - Non residential	1.4314

**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, 2014

**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. All covered employees are Group B Members and are required to contribute 4.75% of compensation. Members in the plan are vested upon completing 5 creditable years of service.

The Town's 2014 payroll for all employees was \$255,707. Total 2014 covered payroll for the Vermont Municipal Employees' Retirement System was \$223,406. The Town's contribution to the plan is 5.375% of compensation. Total employer contributions to the plan were \$12,339 for 2014, \$11,555 for 2013 and \$11,570 for 2012. All 2014 employee and employer retirement contributions were paid as of December 31, 2014.

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 – UNAVAILABLE REVENUE**

Unavailable revenue consists of \$140,000 of delinquents that are not expected to be collected with sixty (60) days after year end as these would not be available to liquidate current liabilities.

**NOTE 7 - 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.

TOWN OF FAYSTON, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**NOTE 8 - 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.

**NOTE 9 - FUND BALANCES**

Governmental Fund balances are as follows:

**General Fund**

Nonspendable - prepaid expenses	\$ 7,214	
Assigned - 2015 expenditures	<u>80,465</u>	
Total General Fund		\$ 87,679

**Capital Projects Funds**

Assigned:		
Fire Equipment	15,275	
Bridge Reserve	150,690	
Recreation Reserve	12,000	
Road Construction	70,700	
Road Retreatment	140,988	
Other Equipment	94,014	
Record Restoration	23,285	
Culvert Reserve	<u>9,624</u>	
Total Capital Projects Funds		516,576

**Special Revenue Funds**

Restricted:		
Conservation Fund	23,000	
Cemetery maintenance	132,009	
Reappraisal	<u>91,337</u>	
Total Special Revenue Funds		246,346

**Permanent Fund**

Restricted:		
Cemetery perpetual care		<u>23,409</u>
Total Fund Balances - Governmental Funds		<u><u>\$ 874,010</u></u>

TOWN OF FAYSTON, VERMONT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**NOTE 10 - 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, 2014 are as follows:

<u>Transfers to:</u>	<u>Transfers from:</u> <u>General Fund</u>
Road retreatment	\$ 80,000
Record restoration	8,000
Bridge reserve	3,000
Culvert reserve	9,000
Fire equipment	23,000
Other equipment/assets	80,000
Road construction	30,000
FNRC Conservation fund	10,000
Reappraisal	5,000
Total	<u>\$ 248,000</u>

In addition, \$1,092 was transferred from the Cemetery Perpetual Care Fund to the Cemetery Maintenance Fund.

**NOTE 11 – 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, 2014 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 0	\$ 618,532
Capital Projects Funds		
Other Equipment/Assets	94,014	0
Fire Equipment	15,275	0
Bridge Reserve	138,309	0
Recreation Reserve	12,000	0
Road Construction	70,700	0
Road Retreatment	140,988	0
Record Restoration	23,285	0
Culvert reserve	9,624	0
Special Revenue Funds		
Conservation fund	23,000	0
Reappraisal	91,337	0
Cemetery Maintenance	8,288	0
Permanent Funds		
Cemetery Perpetual Care	0	8,288
Total	<u>\$ 626,820</u>	<u>\$ 626,820</u>

TOWN OF FAYSTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**NOTE 12 – 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, 2015.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 28, 2015, 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, 2014

SCHEDULE 1

	MUNICIPAL	HOMESTEAD	NON-RESIDENTIAL	TOTAL
Total Grand List	\$ 3,708,448.00	\$ 1,447,983.00	\$ 2,223,882.00	
Tax rate	0.2304	1.5312	1.4314	
Taxes Billed	\$ 854,426.42	\$ 2,217,151.57	\$ 3,183,265.46	\$ 6,254,843.45
Various adjustments				4,040.00
Increase in deferred taxes				(37,000.00)
Payment to Fayston School District				(3,029,964.00)
State adjustments - HS-122				(594,762.00)
Payment to State of Vermont				(1,774,917.00)
Net property taxes				\$ 822,240.45

Reconciliation of Delinquent Taxes

Years	Delinquent Taxes Due Jan. 1, 2014	Current Taxes Gone Delinquent	Collections	Delinquent Taxes Due Dec. 31, 2014
2010	\$ 5,109.42	\$ 0	\$ 5,109.42	\$ 0
2012	1,191.71	0	1,184.58	7.13
2013	121,117.20	0	109,513.64	11,603.56
2014	0	161,920.88	0	161,920.88
	\$ 127,418.33	\$ 161,920.88	\$ 115,807.64	\$ 173,531.57

TOWN OF FAYSTON, VERMONT  
SUMMARY OF CASH RECEIPTS AND CASH EXPENDITURES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2014

SCHEDULE 2

CASH BALANCE - January 1, 2014 \$ 1,371,145

CASH RECEIPTS

Taxes collected	5,508,601	
Delinquent taxes	115,808	
Penalties and interest	28,732	
Interest and dividends	10,872	
State of Vermont - highway funds	67,494	
State and federal grants	11,077	
Other miscellaneous receipts	134,672	
Proceeds from security sales - cemetery	25,575	
Total cash receipts	5,902,831	5,902,831

CASH EXPENDITURES

Transfer to School District and State	4,863,856	
Highway	297,817	
Other General Fund	466,392	
Capital expenditures	32,361	
Cemetery maintenance	7,213	
Reinvested dividends & securities purchases - cemetery	31,633	
Total cash expenditures	5,699,272	5,699,272

CASH BALANCE - December 31, 2014 \$ 1,574,704

TOWN OF FAYSTON, VERMONT  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2014

	Capital Projects										Conservation Fund	Special Revenue		Permanent Fund Cemetery Perpetual Care	Totals
	Fire Equipment	Bridge Reserve	Recreation Reserve	Road Retreatment	Other Equip./Assets	Road Construction	Record Restoration	Culvert Reserve	Reappraisal	Cemetery Maintenance					
Cash	\$ 0	\$ 12,381	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,780	\$ 1,949	\$ 17,110	
Investments	0	0	0	0	0	0	0	0	0	0	0	120,941	29,748	150,689	
Due from other funds	15,275	138,309	12,000	140,988	94,014	70,700	23,285	9,624	91,337	8,288	23,000	8,288	0	626,820	
Total assets	\$ 15,275	\$ 150,690	\$ 12,000	\$ 140,988	\$ 94,014	\$ 70,700	\$ 23,285	\$ 9,624	\$ 91,337	\$ 132,009	\$ 23,000	\$ 132,009	\$ 31,697	\$ 794,619	
<b>LIABILITIES</b>															
Due to other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,288	\$ 8,288	
Total liabilities	0	0	0	0	0	0	0	0	0	0	0	0	8,288	8,288	
<b>FUND BALANCES</b>															
Restricted	0	0	0	0	0	0	0	0	0	0	23,000	132,009	23,409	269,755	
Assigned	15,275	150,690	12,000	140,988	94,014	70,700	23,285	9,624	91,337	0	0	0	0	516,576	
Total fund balances	15,275	150,690	12,000	140,988	94,014	70,700	23,285	9,624	91,337	132,009	23,000	132,009	23,409	786,331	
Total liabilities and fund balances	\$ 15,275	\$ 150,690	\$ 12,000	\$ 140,988	\$ 94,014	\$ 70,700	\$ 23,285	\$ 9,624	\$ 91,337	\$ 132,009	\$ 23,000	\$ 132,009	\$ 31,697	\$ 794,619	

TOWN OF FAYSTON, VERMONT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2014

	Capital Projects										Special Revenue		Perpetual Care	Totals
	Fire Equipment	Bridge Reserve	Recreation Reserve	Road Retirement	Equip./Assets	Road Construction	Record Restoration	Culvert Reserve	Conservation Fund	Reappraisal	Cemetery Maintenance	Cemetery Perpetual Care		
REVENUES														
Investment income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,395	\$ 1,464	\$ 5,859	
State and federal grants	0	0	0	0	0	0	0	0	0	11,077	0	0	11,077	
Other	0	0	0	0	0	0	1,664	0	1,000	0	6,770	0	9,434	
Total revenues	0	0	0	0	0	0	1,664	0	1,000	11,077	11,165	1,464	26,370	
EXPENDITURES														
Road construction	0	0	0	0	0	6,516	0	8,575	0	0	0	0	15,091	
Equipment, furnishings, office expense	0	0	0	0	0	0	23,746	0	0	30	0	0	23,776	
Cemetery	0	0	0	0	0	0	0	0	0	0	7,213	0	7,213	
Total expenditures	0	0	0	0	0	6,516	23,746	8,575	0	30	7,213	0	46,080	
EXCESS REVENUES (EXPENDITURES)	0	0	0	0	0	(6,516)	(22,082)	(8,575)	1,000	11,047	3,952	1,464	(19,710)	
OTHER FINANCING SOURCES														
Transfers from (to) other funds	23,000	3,000	0	80,000	80,000	30,000	8,000	9,000	10,000	5,000	1,092	(1,092)	248,000	
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	23,000	3,000	0	80,000	0	(6,516)	(14,082)	425	11,000	16,047	5,044	372	228,290	
FUND BALANCES - JANUARY 1, 2014	(7,725)	147,690	12,000	60,988	14,014	47,216	37,367	9,199	12,000	75,290	126,965	23,037	558,041	
FUND BALANCES - DECEMBER 31, 2014	\$ 15,275	\$ 150,690	\$ 12,000	\$ 140,988	\$ 94,014	\$ 70,700	\$ 23,285	\$ 9,624	\$ 23,000	\$ 91,337	\$ 132,009	\$ 23,409	\$ 786,331	

# FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



John E. (Jeff) Fothergill, CPA  
Michael L. Segale, CPA  
Sheila R. Valley, CPA  
Teresa H. Kajenski, CPA  
Donald J. Murray, CPA

Selectboard Members  
Town of Fayston  
866 No. Fayston Road  
Moretown, VT 05660

Dear Selectboard Members:

We have recently completed the compilation of the Town's financial statements as of and for the year ended December 31, 2014. The following are our observations and recommendations.

## FINANCIAL PERFORMANCE

At December 31, 2014 your General Fund had a fund balance of \$87,679.

Exhibit C of the financial statements on pages 5 - 8 compares General Fund actual revenues and expenditures to budget. Expenditures were greater than revenues by \$3,983, which was \$87,678 better than what was budgeted. The largest variances were as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Property taxes	\$ 837,656	\$ 822,240	\$ (15,416)
Fees, licenses and permits	37,400	29,095	(8,305)
Delinquent tax penalties	0	10,158	10,158
Miscellaneous income	54,725	66,811	12,086
Expenditures:			
Road crew	153,000	141,312	11,688
Hospitalization	86,000	70,963	15,037
Waitsfield fire contract	35,700	27,230	8,470
Legal	20,000	2,796	17,204