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January 19, 2010

Town of Fair Haven
Att: Serena William, Twn. Manager
3 North Park Place
Fair Haven, VT 05743

Dear Serena:

I have electronically forwarded the final financial statements for Town of Fair Haven as of and for the year ended June 30, 2009. In addition I will be mailing you 15 bound copies.

If you are thinking of putting our audit report into your Town Report, auditing standards provides you with three options:

- You may include the entire audit report from page one through the last page;
- You may include pages 1 through Schedule 1;
- You can put a statement in that you were audited and that the audit is available at _____ and omit our audit report completely.

If you have any questions or need assistance, please do not hesitate to call us.

Sincerely,

Angolano & Company

Angolano & Company

Enclosures

Town of Fair Haven
Financial Statements
For The Year Ended June 30, 2009

Town of Fair Haven, Vermont
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For The Year Ended June 30, 2009

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For The Year Ended June 30, 2009

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Independent Auditors' Report

To The Selectboard
Town of Fair Haven, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Fair Haven, Vermont, Vermont, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Town's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Town of Fair Haven, Vermont's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Fair Haven, Vermont, Vermont, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial

position of each nonmajor governmental and fiduciary fund of Town of Fair Haven, Vermont, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2009 on our consideration of Town of Fair Haven, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 and 35 through 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Town of Fair Haven, Vermont's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Angolano & Company

Angolano & Company
Shelburne, Vermont
Firm Registration Number 92-0000141

November 13, 2009

**Town of Fair Haven
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

Introduction

This discussion and analysis of The Town of Fair Haven financial performance provides a narrative introduction and overview of the Town's financial activities for the fiscal year ending June 30, 2009 (FY 09). This should be used in conjunction with the financial statements contained in the audit.

Financial Highlights

- The assets of the Town of Fair Haven exceeded the liabilities at the close of the fiscal year by \$5,595,060. Of this amount, \$2,500,353 (unrestricted net assets) has been designated to be used by various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.
- As of the close of the current fiscal year, the Town of Fair Haven Governmental funds reported combined ending fund balances of \$4,428,992. Of that total amount, \$113,607 is unreserved fund balance of which \$113,607 is available for spending at the government's discretion. Management has designated \$5,334 of this unreserved fund balance for particular purposes, \$1,037,011 has been designated as reserved funds and \$839,925 is undesignated.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Fair Haven's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; 3) notes to the financial statements.

Government-wide Financial Statements – The government-wide financial statements report information about the Town of Fair Haven as a whole, using accrual accounting methods similar to those used by private sector companies.

The Statement of Net Assets presents information on all of the Town of Fair Haven's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Fair Haven is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and inter-governmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the Town include public safety, public works, health, cemetery, solid waste, recreation, and parks. The business-type activities of the Town of Fair Haven include the water and wastewater operations.

The government-wide financial statements are designed to include not only the Town of Fair Haven itself (known as the primary government), but also any legally separate entities for which the Town of Fair Haven is financially accountable (known as the Recreation Department).

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Fair Haven can be divided into one category: governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Fair Haven maintains nine (9) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and changes in Fund Balances for the General, Capital Project, and Special Revenue Funds. Individual fund data for the Proprietary and Fiduciary Funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 10-11.

Proprietary Funds – The Town of Fair Haven maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its Water and Sewer operations. The basic proprietary fund financial statements can be found on pages 13-14 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-34.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information including Budget to Actual Reports for the General Fund, Capital Project Funds, Proprietary and Fiduciary Fund statements, and a Report on Compliance and Internal Control.

Fund Financial Analysis

- **Governmental Fund Types:**

Fund balances in the Governmental Fund types decreased from \$1,182,042 to \$1,145,284, a decrease of \$36,758. This decrease was reflected in the General Fund by a \$(452,701) decrease, in the Special Revenue Funds by a \$198,204 increase and the Capital Project Fund by a \$217,739 increase.

General Fund revenues were projected to be \$3,945,730 and expenditures were projected to be \$3,936,734. However, revenues were just slightly above budget by \$45,617. Expenses were \$65,586 less than budgeted and was largely attributable to savings in the following areas: salaries, tax listing, planning & zoning, winter work, and miscellaneous other areas.

Capital Project Fund ending fund balance of \$559,319 is reflective of funds available from, Public Works Equipment \$33,648, Fire Equipment \$210,042, Police Equipment \$17,385, Streets & Sidewalks \$92,572, Transfer Station \$24,976, Recreation \$12,732, Tennis courts \$235, Impact & Hydro Study fees \$8,000, Lister's equipment \$8,177, Park Fence \$6,413, 4th Street sidewalk \$65,920, and Highway paving/repairs \$79,219.

- **Proprietary Fund Type:**

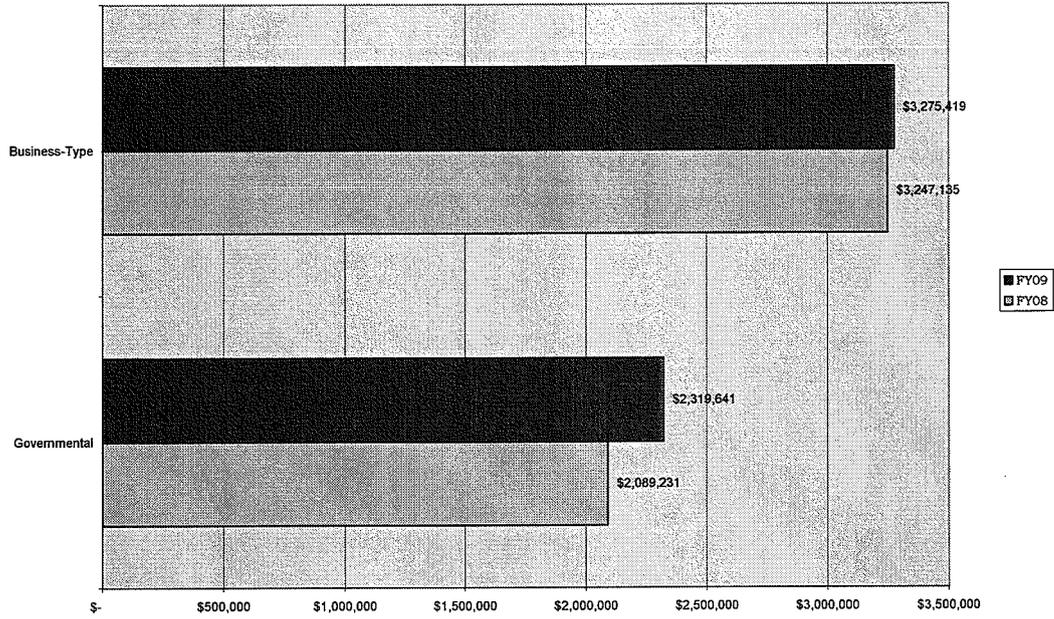
Water & Sewer Department is solely funded by what is billed out quarterly: base charge and usage rate to the water & sewer users. This fund increased from \$3,277,751 to \$3,283,708 an increase of \$5,957 as of June 30, 2009.

Government-Wide Financial Analysis

This reporting provides a statement of net assets – the Town's assets minus its liabilities. The statement of net assets is an indicator of the Town's financial position detailing what the Town owns and what it owes, and a summary of the Town's net assets for its governmental type activities (administration, public works, public safety, etc.), and its business type activities (users fees from water and sewer services).

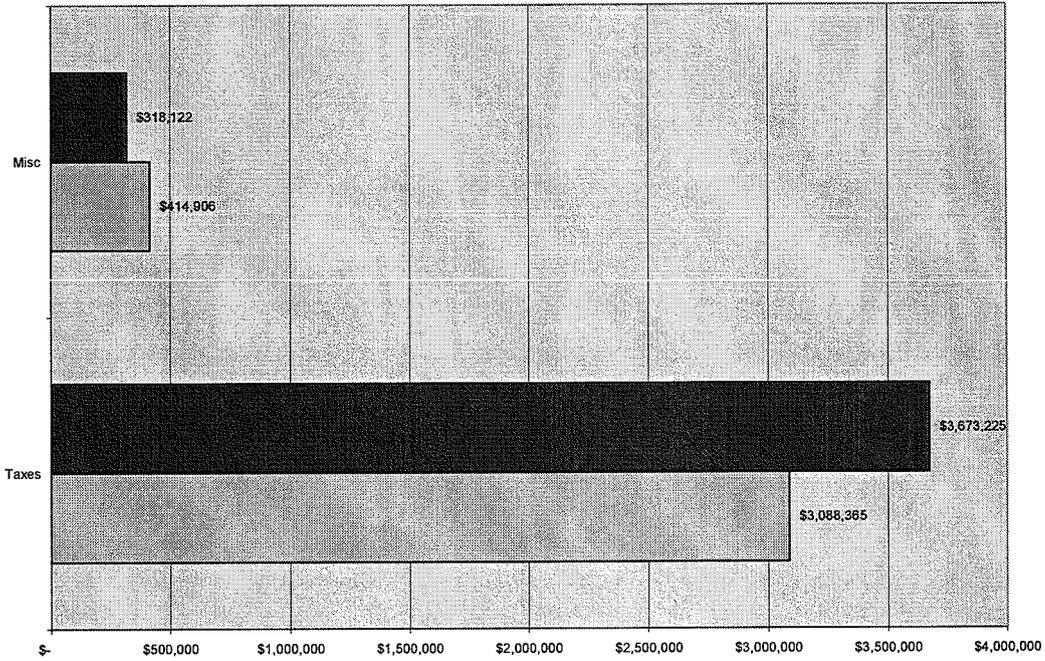
Government-Wide Net Assets consist of as of, June 30, 2009, \$5,595,060 of which Governmental Activities is \$2,319,641 and Business-Type is \$3,275,419.

Government-Wide Net Assets



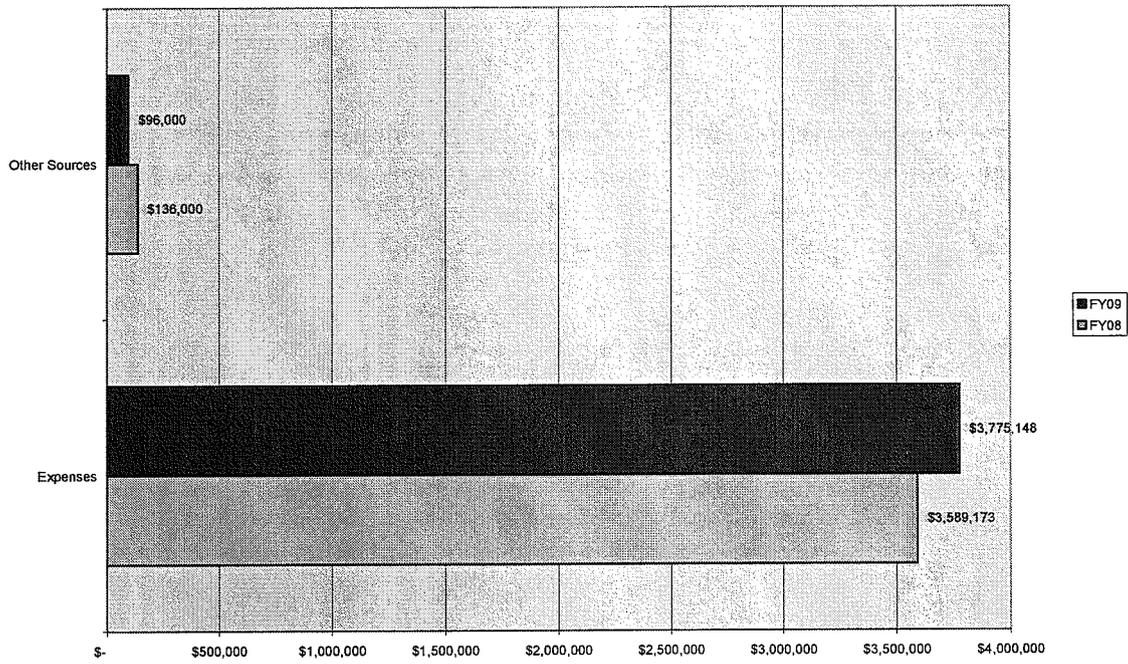
Government-wide revenues consisted of \$3,673,225 taxes and \$318,122 in miscellaneous revenues from state, local fees and permits, interest and reimbursements.

Government-Wide Revenue



Government-wide budget expenses totaled \$3,775,148 plus other financing sources of \$96,000, for a total of \$3,871,148.

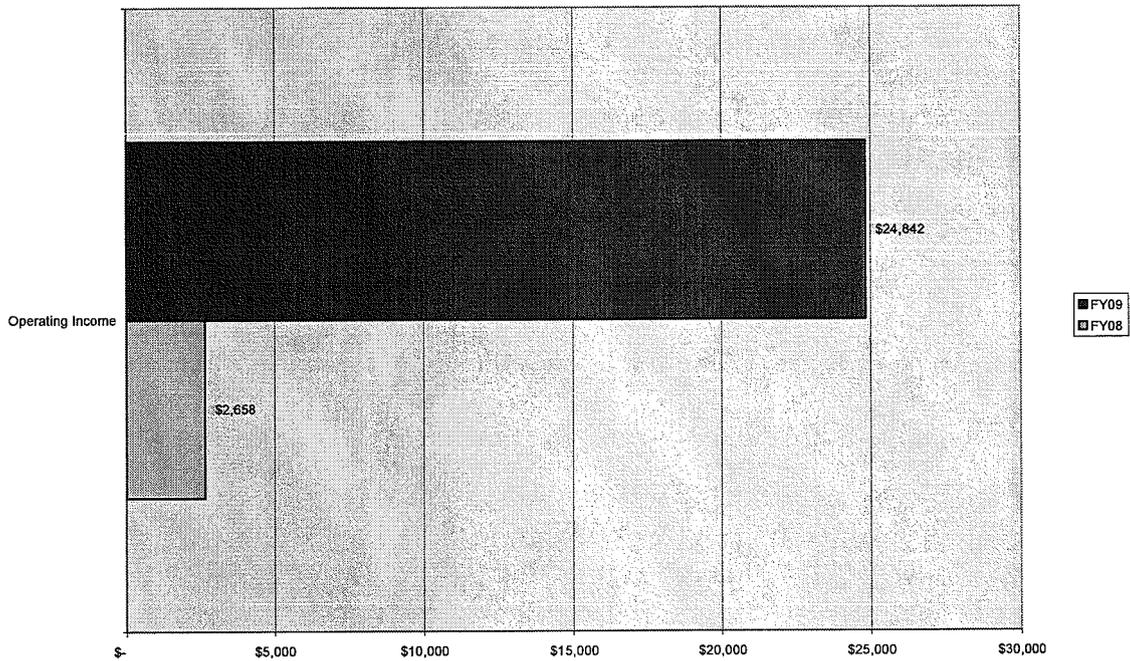
Government-Wide Expenses



Proprietary Fund Type

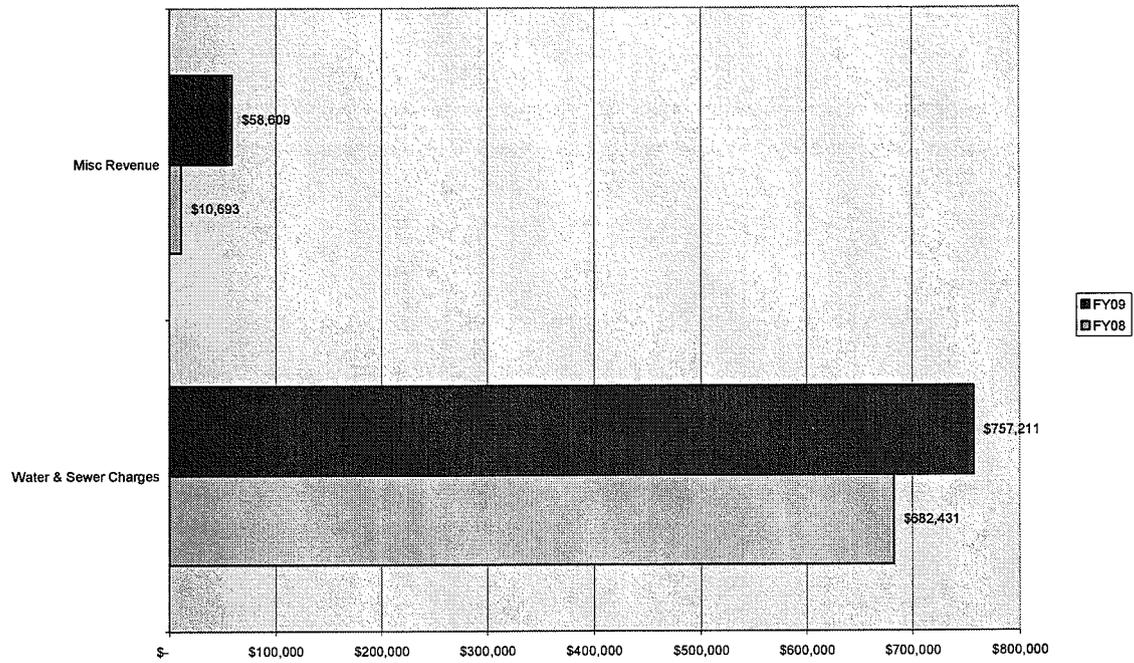
Business-Type Activities (Water & Sewer) recognizes an increase in operating income of \$24,842, primarily attributable to a more efficient billing and collection system and a better rate structure.

Business-Type Operating Income



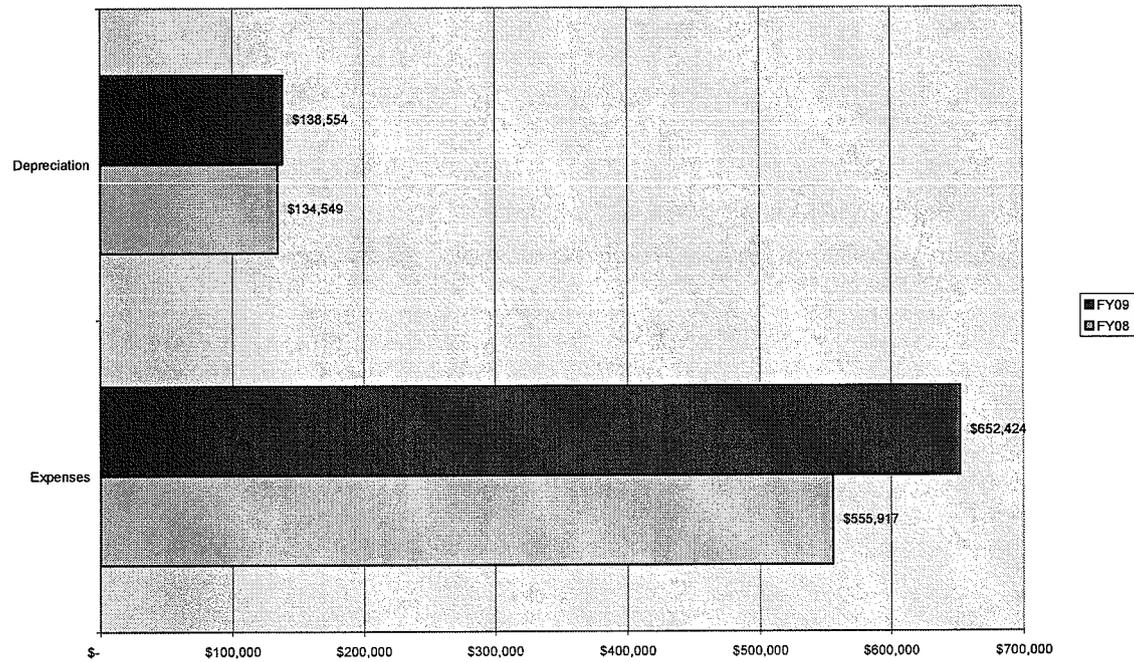
Business-Type Revenues consisted of \$757,211 water & sewer charges and \$58,609 in miscellaneous revenues from interest and fees, for a total of \$815,820.

Business-Type Revenue



Business-Type Expenses totaled \$652,424 plus depreciation of \$138,554, for a total of \$790,978.

Business-Type Expenses



Capital Assets

As required under GASB34 the Town is reporting its capital assets as part of the financial statements. The Town has researched and documented the historical costs of the various assets owned by the Town of Fair Haven and applied appropriate charges against the cost to record depreciation. Capital assets are capitalized and depreciated with a cost of \$2,000 or more.

Table I Summarizes the Town of Fair Haven's capital assets

Town of Fair Haven Capital Assets June 30, 2009			Table I
	Cost	Accumulated Depreciation	Net Value
Governmental Activities:			
Land	\$ 34,986		\$ 34,986
Building and Improvements	88,622	42,858	45,764
Infrastructure	767,287	186,627	580,660
Furniture and Equipment	285,366	85,747	199,619
Vehicles	874,672	498,652	376,020
Total	2,015,947	813,884	1,237,049
 Business Type activities:			
Construction	1,918,163		1,918,163
Vehicles	32,232	6,669	25,563
Buildings Improvements	42,716	5,127	37,589
Furniture and Equipment	6,565,193	2,681,884	3,883,309
Total	8,558,304	2,693,680	5,864,624
 Total	 \$10,574,251	 \$ 3,507,564	 \$ 7,101,673

Long-Term Debt

As of June 30, 2009 the Water & Sewer Department currently has Anticipation Notes of \$2,756,057. Of that amount \$1,918,163 is the negative 3% Drinking Water State revolving loan that the Water Department does not start paying on until 2010. Other long-term debts have decreased.

Capital Leases

As of June 30, 2009 the Town of Fair Haven does not have any leases.

Current Issues

- The AFSCME Local 1201 negotiated a contract with the Town of Fair Haven. This contract covers the period of July 1, 2008 through June 30, 2011.
- Health Insurance Premiums continue to significantly increase annually causing financial burdens to the Town.
- Skyrocketing fuel prices will have a negative effect on the 10-11 Town budget and will impact future budgets as well.
- With the fuel prices skyrocketing it impacts paving prices on the 10-11 Town budget and future budgets as well.
- With the outlook of the economy and the unemployment rate it may create a high delinquent tax liability.
- 09-10 budget was level funded which has made the Town of Fair Haven cut back on serving the needs of the people.

Contact for Further Information

This financial report is designed to provide citizens, taxpayers, and/or creditors with a general overview of the Town of Fair Haven finances and to reflect the Town's accountability for the monies it receives. Questions about this report or additional financial information should be directed to Serena Williams, Town Manager, 3 N Park Place, Fair Haven, Vermont 05743 or at 802-265-3010 X5.

Town of Fair Haven, Vermont
Statement of Net Assets
Government-Wide
June 30, 2009

EXHIBIT I

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,197,052	\$ 74,567	\$ 1,271,619
Delinquent Taxes Receivable	170,264		170,264
Delinquent Penalties and Interest Receivable	27,691		27,691
Accounts Receivable - State	3,655		3,655
Accounts Receivable - Other		57,135	57,135
Due From Other Funds		28,600	28,600
Capital Assets, net (Note 4)	1,237,049	5,864,624	7,101,673
Total Assets	2,635,711	6,024,926	8,660,637
LIABILITIES:			
Accounts Payable	46,866	18,367	65,233
Accrued Expenses	25,497	5,351	30,848
Due To Other Funds	28,598		28,598
Deferred Revenue	161,838		161,838
Unearned Revenue		835	835
Accrued Post Retirement Health	10,000		10,000
Capital Leases Payable	2,167		2,167
Long-Term Liabilities (Note 9):			
Due Within One Year	13,701	100,233	113,934
Due in More Than One Year	27,403	2,624,721	2,652,124
Total Liabilities	316,070	2,749,507	3,065,577
NET ASSETS:			
Investment in Capital Assets, net of related debt	1,193,778	5,864,624	7,058,402
Restricted for Capital Projects	559,319		559,319
Restricted for Other Purposes	477,692		477,692
Unrestricted	88,852	(2,589,205)	(2,500,353)
Total Net Assets	\$ 2,319,641	\$ 3,275,419	\$ 5,595,060

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Activities
Government-Wide
For The Year Ended June 30, 2009

EXHIBIT II

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
General Government	\$ 363,359		\$ 10,761	\$ (352,598)		\$ (352,598)
Public Safety	283,025		(7,564)	(290,589)		(290,589)
Public Works	447,371		81,933	(365,438)		(365,438)
Cemetery	30,294			(30,294)		(30,294)
Health and Welfare	3,987			(3,987)		(3,987)
Solid Waste Management	223,843			(223,843)		(223,843)
Recreation	86,247			(86,247)		(86,247)
Other Services	280,360			(280,360)		(280,360)
Voter Appropriations	155,381			(155,381)		(155,381)
School Appropriations	2,015,083			(2,015,083)		(2,015,083)
Water and Sewer	824,863	\$ 815,820		-	\$ (9,043)	(9,043)
Debt Service	-	-	41,104	41,104	-	41,104
Total	\$ 4,713,813	\$ 815,820	\$ 126,234	(3,762,716)	(9,043)	(3,771,759)

General Revenues:		
Property Taxes		3,673,225
Permits and Licenses		13,176
Fines and Charges		184,514
State Revenues not Restricted to Specific Programs		1,877
Federal Revenues not Restricted to Specific Programs		409
Grants & Contributions not Restricted to Specific Programs		23,061
Private Revenues not Restricted to Specific Programs		6,635
Investment Earnings		59,222
Rentals		6,180
Refunds and Reimbursements		19,395
Miscellaneous		5,432
Transfers		-
		15,000
Total General Revenues		3,993,126
Excess (Deficiency) of Revenues Over Expenses		230,410
Net Assets - Beginning		2,089,231
Prior Period Adjustments		-
Net Assets - Ending		\$ 2,319,641
		15,000
		3,247,135
		22,327
		\$ 3,275,419
		\$ 5,595,060

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
 Combined Balance Sheet
 All Fund Types - Fund Base
 June 30, 2009

EXHIBIT III

	Governmental Fund Types				Proprietary Fund Type	Totals (Memorandum Only)
	General Fund	Highway Fund	Special Revenue Funds	Capital Project Funds	Water and Sewer Funds	
ASSETS:						
Current Assets:						
Cash	\$ 311,623		\$ 5,528	\$ 879,901	\$ 74,567	\$ 1,271,619
Delinquent Taxes Receivable	170,264					170,264
Interest Receivable	18,212					18,212
Penalties Receivable	9,479					9,479
Accounts Receivable - State			3,655			3,655
Accounts Receivable - Other					65,442	65,442
Due From Other Funds	-	\$ 29,688	320,925	467,368	28,600	846,581
Total Current Assets	<u>509,578</u>	<u>29,688</u>	<u>330,108</u>	<u>1,347,269</u>	<u>168,609</u>	<u>2,385,252</u>
Other Assets:						
Fixed Assets					8,558,304	8,558,304
Less: Accumulated Depreciation	-	-	-	-	(2,693,698)	(2,693,698)
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,864,606</u>	<u>5,864,606</u>
TOTAL ASSETS	<u>\$ 509,578</u>	<u>\$ 29,688</u>	<u>\$ 330,108</u>	<u>\$ 1,347,269</u>	<u>\$ 6,033,215</u>	<u>\$ 8,249,858</u>
LIABILITIES AND FUND EQUITY:						
Liabilities:						
Accounts Payable - Town Clerk	\$ 7,068					\$ 7,068
Accounts Payable - Other	21,607	\$ 18,191			\$ 18,367	58,165
Accrued Expenses	11,171	4,905			5,351	21,427
Due To Other Funds	50,383		\$ 8,246	\$ 787,950		846,579
Deferred Revenue	151,907					151,907
Unearned Revenue	9,931				835	10,766
Loan Payable					2,293,632	2,293,632
Note Payable					10,000	10,000
Bond Payable	-	-	-	-	421,322	421,322
Total Liabilities	<u>252,067</u>	<u>23,096</u>	<u>8,246</u>	<u>787,950</u>	<u>2,749,507</u>	<u>3,820,866</u>
Fund Equity:						
Contributed Capital					2,443,783	2,443,783
Fund Balances:						
Unreserved	113,607		(5,334)			108,273
Reserved	143,904	6,592	327,196	559,319		1,037,011
Retained Earnings:						
Undesignated	-	-	-	-	839,925	839,925
Total Fund Equity	<u>257,511</u>	<u>6,592</u>	<u>321,862</u>	<u>559,319</u>	<u>3,283,708</u>	<u>4,428,992</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 509,578</u>	<u>\$ 29,688</u>	<u>\$ 330,108</u>	<u>\$ 1,347,269</u>	<u>\$ 6,033,215</u>	<u>\$ 8,249,858</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
 Reconciliation of the Balance Sheet to the Statement of Net Assets
 Governmental Funds
 June 30, 2009

Fund Balances – total governmental funds \$1,145,284

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	2,046,803
Less accumulated depreciation	(802,754)

Bonds payable and contractual obligations have not been included in the governmental fund financial statements.

Notes Payable	(41,104)
Capital Lease Obligations	(2,167)

Accrued liabilities have not been reflected in the governmental fund financial statements:

Vested Vacation Payable	(9,421)
Post Retirement Health Insurance Payable	<u>(10,000)</u>

Net Assets of Governmental Activities \$2,319,641

Town of Fair Haven, Vermont
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types - Fund Base
 For The Year Ended June 30, 2009

EXHIBIT IV

	Governmental Fund Types				Totals (Memorandum Only)
	General Fund	Highway Fund	Special Revenue Funds	Capital Project Funds	
REVENUES:					
Taxes	\$ 3,279,553	\$ 393,672			\$ 3,673,225
Permits and Licenses	13,176				13,176
Fees and Charges	145,645			\$ 15,463	161,108
Cemetary	19,395				19,395
Police Revenue	23,406				23,406
Investment Income	19,803		\$ 12,009	27,410	59,222
Rentals	4,980			1,200	6,180
Donations			20,000	3,061	23,061
Miscellaneous	19,401		5,848	3,097	28,346
Private/Local			6,635		6,635
State		81,933	14,518	1,682	98,133
Federal	-	-	18,041	-	18,041
TOTAL REVENUES	<u>3,525,359</u>	<u>475,605</u>	<u>77,051</u>	<u>51,913</u>	<u>4,129,928</u>
EXPENDITURES:					
General Government	250,387		79,497	19,305	349,189
Public Safety	261,691		21,334		283,025
Public Works	41,622			73,957	115,579
Cemetary	29,816				29,816
Airport	5,161				5,161
Health and Welfare	3,987				3,987
Solid Waste Management	222,298				222,298
Education	2,015,083				2,015,083
Recreation	41,087		2,895	34,859	78,841
Intergovernmental	11,874				11,874
Judgements and Damages	348				348
Benefits	262,017				262,017
Voter Appropriations	155,381				155,381
Highway		469,013		185,057	654,070
Other Outlays	-	-	6,121	-	6,121
TOTAL EXPENDITURES	<u>3,300,752</u>	<u>469,013</u>	<u>109,847</u>	<u>313,178</u>	<u>4,192,790</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	224,607	6,592	(32,796)	(261,265)	(62,862)
OTHER FINANCING SOURCES (USES):					
Loan Proceeds				41,104	41,104
Transfers In			231,000	437,900	668,900
Transfers Out	(683,900)	-	-	-	(683,900)

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types - Fund Base
 For The Year Ended June 30, 2009

EXHIBIT IV

	Governmental Fund Types				Totals (Memorandum Only)
	General Fund	Highway Fund	Special Revenue Funds	Capital Project Funds	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (459,293)	\$ 6,592	\$ 198,204	\$ 217,739	\$ (36,758)
FUND BALANCES, JULY 1, 2008	<u>716,804</u>	<u>-</u>	<u>123,658</u>	<u>341,580</u>	<u>1,182,042</u>
FUND BALANCES, JUNE 30, 2009	<u>\$ 257,511</u>	<u>\$ 6,592</u>	<u>\$ 321,862</u>	<u>\$ 559,319</u>	<u>\$ 1,145,284</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For The Year Ended June 30, 2009

Net Changes in fund Balances – total governmental funds \$ (36,758)

Amount reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures. However,
 in the Statement of Activities, the cost of those assets is
 depreciated over their estimated useful lives:

Expenditures for capital assets	416,599
Less current year depreciation	(112,490)

Bond proceeds provide current financial resources to governmental
 funds, but issuing debt increases long-term liabilities in the
 statement of Net Assets. Repayment of bond principal is an
 expenditure in the governmental funds, but the repayment
 reduces long-term liabilities in the Statement of Net Assets.

Note proceeds	(41,104)
Repayment of capital lease obligations	31,498

Expense reported in the Statement of Activities does not require
 the use of current financial resources and is therefore not
 reported as expenditures in governmental funds:

Vested Vacation Payable Change	(9,421)
--------------------------------	---------

When recognizing the sale of capital assets, the governmental funds
 report the total proceeds of the sale. Only the gain or loss on
 the sale is reported on the Statement of Net Assets.

(22,914)

Current year payments on liabilities for the voluntary exit program
 (early retirement, etc.) are reported as expenditures in
 Governmental fund financial statements and as a reduction
 in debt in the government -wide financial statements.

0

Current year granting of voluntary exit programs (early retirements, etc.)
 are not reported as expenditures in governmental fund
 financial statements and are reported as an expense and debt
 in the government -wide financial statements .

(10,000)

Change in Net Assets of Governmental Funds \$ 215,410

Town of Fair Haven, Vermont
Statement of Revenues, Expenses
and Changes in Retained Earnings
Proprietary Fund Type - Water and Sewer Fund
For The Year Ended June 30, 2009

EXHIBIT V

Operating Revenue:		
Water Charges	\$ 347,027	
Sewer Charges	410,184	
Interest on Delinquent Accounts	6,554	
Fees	2,621	
Miscellaneous	<u>49,434</u>	
Total Operating Revenue		\$ 815,820
Operating Expenses:		
Water and Sewer Lines	31,438	
Water Meters	11,831	
Administration	64,705	
Water Treatment	162,957	
Wastewater Treatment	188,026	
Bio-Solid Management	52,158	
Benefits	104,756	
Water Shed	1,005	
Capital Improvement - Sinking	24,000	
Miscellaneous	11,548	
Depreciation	<u>138,554</u>	
Total Operating Expenses		<u>790,978</u>
Operating Income (Loss)		24,842
Nonoperating Income (Expenses):		
Interest Expense	<u>(33,885)</u>	
Total Nonoperating Income (Expenses)		<u>(33,885)</u>
Income (Loss) Before Transfers		(9,043)
Operating Transfers In (Out)		<u>15,000</u>
Net Income (Loss)		5,957
Retained Earnings, July 1, 2008		<u>3,277,751</u>
Retained Earnings, June 30, 2009		<u>\$ 3,283,708</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Cash Flows
Proprietary Fund Type - Water and Sewer Fund
For The Year Ended June 30, 2009

EXHIBIT VI

Cash Flows From Operating Activities:		
Received From Customers	\$ 812,573	
Payments To Employees and Fringe Benefits	(342,980)	
Payments To Vendors and Supplies	<u>(332,510)</u>	
Net Cash Used By Operating Activities		\$ 137,083
Cash Flows From Noncapital Financing Activities:		
Support (To) From Other Funds		12,026
Cash Flows From Capital and Related Financing Activities:		
Work in Progress	(534,552)	
Proceeds from Capital Debt	526,678	
Principal Paid on Capital Debt	(70,352)	
Interest Paid on Capital Debt	<u>(33,885)</u>	
Net Cash Used By Capital and Related Financing Activities		(112,111)
Cash Flows From Investing Activities:		
None		<u>-</u>
Net Increase (Decrease) in Cash		36,998
Cash, July 1, 2008		<u>37,569</u>
Cash, June 30, 2009		<u>\$ 74,567</u>
Reconciliation of Operating Income (Loss) to Net Cash Used By Operating Activities:		
Cash Provided From Operating Activities:		
Operating Income (Loss)		\$ 24,842
Adjustments to Reconcile Net Income to Cash Provided (Used) By Operating Activities:		
Depreciation	\$ 138,554	
(Increase) Decrease in Accounts Receivable - Other	(2,758)	
Increase (Decrease) in Accounts Payable	(23,038)	
Increase (Decrease) in Accrued Expenses	(28)	
Increase (Decrease) in Unearned Revenue	<u>(489)</u>	
Total Adjustments		<u>112,241</u>
Net Cash Provided (Used) By Operating Activities		<u>\$ 137,083</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Notes to Financial Statements
For The Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Fair Haven, Vermont ("Town") is organized as a Town under the applicable laws and regulations of the State of Vermont. It is governed by a Selectboard elected by registered voters of the Town to provide public health and safety, highways and streets, public improvements, water, sanitation, planning and zoning, recreation, and general administration. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The Town prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants.

Reporting Entity:

The Selectboard is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, Town is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within the reporting entity. A component unit is another operation in the Town that has a separately elected Board such as the Town School District.

Government -Wide and Fund Financial Statements :

The statement of net assets and the statement of activities are government -wide financial statements. They report information on all of the Town of Fair Haven, Vermont's nonfiduciary activities with most of the Interfund activities removed. *Governmental Activities* include programs supported primarily by Taxes, State funds, grants and other intergovernmental revenues.

The statement of activities demonstrates how other people or entities that participate in programs the Town operates have shared in the payment of the direct costs. The "charges for Services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the Town. The "grants and contributions" column includes amounts paid by organizations outside the Town to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the Town's functions. Taxes are always general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund balance sheet and proprietary fund statement of net assets and as other resources and other uses on the governmental fund statement of revenues, expenditures and

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

changes in fund balance and on the proprietary fund statement of revenues, expenses and changes in fund net assets. All Interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide statement of activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for Town operations, they are not included in the government-wide statements. The Town considers some governmental funds major and reports their financial condition and results of operations in a separate column. The major funds are:

Governmental Fund Types:

- General Fund – The general fund is the Town’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – The Town accounts for resources restricted to, or designated for, specific purposes by the Town or a grantor in a special revenue fund. Most federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
- Capital Project Fund – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.
- Debt Service Fund – The Town accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Fund Types:

Proprietary Fund – The Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund’s principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds (Agency Funds):

Agency Funds – The Agency Funds are used to account for assets held by the Town as an agent for individuals, private organizations, other funds and/or governmental units.

- Agency funds are custodial in nature and do not involve measurements of results of operations.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues received from the State are recognized under the susceptible -to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

by the end of the project period, grantors sometimes require the Town to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Other Accounting Policies:

Cash and Cash Equivalents:

For purposes of the statement of cash flows for proprietary and similar fund-types, the Town considers highly liquid investments to be cash equivalents if they have a maturity of six months or less when purchased.

Interfund Receivables and Payables:

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". All other outstanding balances between funds are also reported as "due to/from other funds".

Accounts Receivable:

The accounts receivable balances at year end are from governmental entities, except in the proprietary funds which may have some receivables from individuals, and no allowance for doubtful accounts is considered necessary.

Capital Assets:

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities column in the governmental wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land Improvements, buildings, furniture and equipments of the Town are depreciated using the straight line method over the estimated useful lives with a full year of depreciation taken in the year acquired and none taken in the year of disposal.

Long-term Debt:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. The face amount of debt issued is reported as other financing sources.

Budgets:

The Town is required by state law to adopt a budget for the General and Highway Funds. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). The operating budget is prepared by the Select Board and the Town Manager and approved by the Select Board at a properly warned meeting for presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by Town Voters at a properly warned annual Town meeting. The voters vote on the total expense amount and not on the individual line items presented in these financial statements.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Fund. Encumbrances are not liabilities and, therefore, should not be recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town has elected to treat its encumbrances as liabilities for budgetary control purposes.

Net Assets and Fund Balance:

Government -Wide Financial Statements:

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

Investment in Capital Assets, net of Related Debt – The component of net assets reports the difference between capital assets less both the accumulated depreciation and the outstanding

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Other Purposes – The component of net assets that reports the amount of revenue from a federal, state, or other program in excess of expenditures. These funds are restricted for use of the related federal, state or other program.

Restricted for Capital Projects – The component of net assets that reports the amount of revenue from bond proceeds, grants, and special assessments in excess of expenditures. These funds are restricted for the construction or acquisition of capital assets.

Unrestricted – The difference between the assets and liabilities that is not reported in net Assets Invested in Capital Assets, net of Related Debt, Net Assets Restricted for Other Purposes, or Net Assets Restricted for Capital Projects.

Fund Based Financial Statements:

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

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

Unreserved Fund Balance – Composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods.

Function and Object Codes:

Function and object codes refer to the account code structure prescribed by the Vermont Department of Education. The Vermont Department of Education requires Town to use these codes in order to insure accuracy in building and maintaining a statewide database for policy development and funding plans.

Memorandum Only Columns:

The total columns are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to make financial analysis easier. Data in these columns do not present financial position, results of operations, or cash flows in accordance with GAAP. Interfund eliminations have not been made in the aggregation of this data.

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 2 - CASH AND REPURCHASE AGREEMENTS

Cash deposits with financial institutions at June 30th amounted to \$1,271,619. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

The cash deposits held at financial institutions and cash on hand can be categorized according to four levels of risk.

These for levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by the Town or by its agent in the Town's name. (repurchase agreements)
- Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- Category 3 Private commercial insurance protection or letters of credit for funds in excess of FDIC limits.
- Category 4 Deposits which are not collateralized or insured. (includes cash on hand)

The Town uses collateralization agreements to protect deposits not otherwise insured by the FDIC and/or SIPC.

Balances held in each area are as follows:

	Carrying Amount	Bank Balance
- Insured (FDIC) and/or (SIPC)	\$ 705,836	\$ 705,836
- Category 1	0	0
- Category 2	565,333	643,079
- Category 3	0	0
- Category 4	<u>450</u>	<u>0</u>
Total deposits	<u>\$1,271,619</u>	<u>\$1,348,915</u>

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured, and not collateralized cash could have been much higher than at year end.

Collateralization agreements of \$643,079 are securities held by the bank's trust department or agent in the Town's name. Securities consist of municipal bonds, U.S. Government obligations and U.S. Government Agency Bonds.

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 3 - INTERFUND RECEIVABLES

In compliance with GASP 1300.109 Town does not maintain separate bank accounts for each fund, unless it is required by law, or grant agreement. The composition of amounts due to and from other funds as of June 30, 2009, is as follows:

Fund Financial Statements:		Amount
Receivable Fund	Payable Fund	
Special Revenue Funds:		
Community Assistance	General Fund	\$ 279
ROSI	General Fund	62
	Capital Project Funds:	
Reappraisal	Municipal Building	56,341
Jaws of Life	Municipal Building	683
Planning	Municipal Building	20,017
Recreation	Municipal Building	33,164
Emergency Reserve	Municipal Building	155,433
Grant Match Reserve	Municipal Building	51,587
Airport Park	Municipal Building	3,359
Capital Project Funds:		
Municipal Building	Highway Paving/Repair	312,516
Public Works Equipment	Municipal Building	33,648
Fire Equipment	Municipal Building	210,042
Police Equipment	Municipal Building	17,385
Streets & Sidewalks	Municipal Building	92,572
Transfer Station	Municipal Building	24,976
Tennis Court	Municipal Building	235
Impact Fees	Municipal Building	8,000
Lister's Equipment	Municipal Building	8,177
Park Fence	Municipal Building	6,413
4 th Street Sidewalk	Municipal Building	65,920
	Special Revenue Funds:	
General Fund	Highway Safety	334
General Fund	DUI Grant	2,912
General Fund	Generator	5,000
Other Governmental Fund:		
Highway	General Fund	29,688
Enterprise Funds:		
Water and Sewer	General Fund	<u>28,600</u>
Total		<u>\$1,167,343</u>

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 3 - INTERFUND RECEIVABLES (CONTINUED)

Government -Wide Financial Statements:		
Receivable Fund	Payable Fund	Amount
Business Type	Governmental Type	<u>\$ 28,600</u>

NOTE 4 – CAPITAL ASSETS

Capital activity for the Town for the year ended June 30, 2009 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depr.				
Land	\$ 34,986	\$ 0	\$ 0	\$ 34,986
Total capital assets not being depreciated	34,986	0	0	34,986
Other Capital Assets:				
Buildings	32,000	0	0	32,000
Building Improvements	56,622	0	0	56,622
Infrastructure	489,825	277,462	0	767,287
Furniture and Equipment	251,233	34,133	0	285,366
Vehicles	820,588	105,004	50,920	874,672
Total other capital assets at historical costs	1,650,268	416,599	50,920	2,015,947
Less accumulated depreciation:				
Buildings	32,000	0	0	32,000
Building Improvements	6,728	4,130	0	10,858
Infrastructure	135,043	51,584	0	186,627
Furniture and Equipment	73,505	12,242	0	85,747
Vehicles	482,124	44,534	28,006	498,652
Total accum. depr.	729,400	112,490	28,006	813,884
Other Capital Assets, Net	920,868	304,109	22,914	1,202,063
Governmental activities Capital Assets, Net	<u>\$ 955,854</u>	<u>\$304,109</u>	<u>\$22,914</u>	<u>\$1,237,049</u>

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	<u>Primary Government</u>			
	Beginning Balance	Increases	Decreases	Ending Balance
Business -type activities:				
Capital assets not being depr.				
Construction in process	<u>\$1,401,485</u>	<u>\$516,678</u>	<u>\$ 0</u>	<u>\$1,918,163</u>
Total capital assets not being depreciated	<u>1,401,485</u>	<u>516,678</u>	<u>0</u>	<u>1,918,163</u>
Other Capital Assets:				
Furniture and Equipment	6,540,010	25,183	0	6,565,193
Vehicles	17,232	15,000	0	32,232
Building Improvements	<u>42,716</u>	<u>0</u>	<u>0</u>	<u>42,716</u>
Total other capital assets at historical costs	<u>6,599,958</u>	<u>40,183</u>	<u>0</u>	<u>6,640,141</u>
Less accumulated depreciation:				
Building Improvements	3,418	1,709	0	5,127
Furniture and Equipment	2,548,280	133,604	0	2,681,884
Vehicles	<u>3,446</u>	<u>3,223</u>	<u>0</u>	<u>6,669</u>
Total accum. depr.	<u>2,555,144</u>	<u>138,536</u>	<u>0</u>	<u>2,693,680</u>
Other Capital Assets, Net	<u>4,044,814</u>	<u>(98,353)</u>	<u>0</u>	<u>3,946,461</u>
Business Type activities				
Capital Assets, Net	<u>\$5,446,299</u>	<u>\$418,325</u>	<u>\$ 0</u>	<u>\$5,864,624</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General Government	\$ 4,749
Public Safety	28,758
Public Works	74,715
Cemetery	478
Health & Welfare	0
Solid Waste Management	1,545
Recreation	2,245
Other Services	<u>0</u>
Total governmental activities depreciation expense	<u>\$112,490</u>

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 5 - ACCRUED VACATION & LEAVE TIME

Accrued vacation and leave time represent vested time earned by employees but not used. If the employee were to leave, this accrued time must be paid. Therefore, it is a liability to the Town at June 30, 2009. Administrative and maintenance personnel are granted vacation leave in varying amounts. The Town has a liability for unused vacation that was allowed to be carried forward, the liability is shown in the fund based financial statement. The liability is reported in the Statement of Financial Position as an accrued liability. The amount accrued at year end was \$9,421. Vacation pay is charged to this liability when taken by the employee of the Town.

NOTE 6 - DEFERRED REVENUE

The deferred revenues reported at year end are summarized as following:

Property Taxes, interest & penalties	<u>\$151,907</u>
--------------------------------------	------------------

NOTE 7 - SICK LEAVE

It is the Town's policy to permit employees to accumulate earned but unused sick pay benefits. Such leave benefits do not vest under the Town's policy, accordingly benefits must be used during employment. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

NOTE 8 - POST EMPLOYMENT (RETIREMENT) HEALTH INSURANCE

Per the Union agreement, the Town agrees to contribute towards a retiree's health insurance in an amount not to exceed \$5,000 per year for a maximum of three years. Employees must have worked for the Town for a minimum of 10 years to qualify. At June 30, 2009 eight employees qualify for this agreement. If they were all to retire, the contingent liability to the Town would be \$120,000.

As of June 30, 2009 one employee retired under this agreement resulting in the following liability:

For the year ended June 30, 2010	\$5,000
2011	5,000

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 9 - LONG-TERM DEBT

The Town issues general obligation bonds and notes to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 5 to 20-year serial bonds with equal amounts of principal maturing each year.

The following is a summary of general obligation bonds & notes:

	Balance July 1, 2008	Borrowings	Retirements	Balance June 30, 2009
Vermont Municipal Bond Bank, sewer bond payable, interest at 7.507% interest paid semi-annually, principal of \$1,414 to \$2,813 due on December 1 st of each year until 2011, originally borrowed \$33,910 on May 5, 1988	\$ 10,051	\$ 0	\$ 2,229	\$ 7,823
Vermont Municipal Bond Bank, sewer bond payable, interest at 7.265% interest paid semi-annually, principal of \$15,000 due on December 1 st of each year until 2008, originally borrowed \$330,000 on July 13, 1998	14,999	0	14,999	0
Vermont Municipal Bond Bank, bond payable, interest at 7.617% interest paid semi-annually, principal of \$16,684 to \$57,263 due on December 1 st of each year until 2018, originally borrowed \$731,213 on May 5, 1988.	439,803	0	26,304	413,499
Vermont Municipal Bond Bank, EPA bond payable, interest at 0%, principal of \$26,819 due December 1 st each year until 2022, originally borrowed \$536,383 in September 2001.	402,288	0	26,819	375,468

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 9 - LONG-TERM DEBT (CONTINUED)

	Balance July 1, 2008	Borrowings	Retirements	Balance June 30, 2009
Vermont Municipal Bond Bank, VT Drinking Water State revolving fund, negative interest at 3%, principal of \$39,264 due each year until 2040, approved to borrow up to \$1,955,000 (less negative interest) in August 2007	\$1,401,485	\$516,678	\$ 0	\$1,918,163
Chittenden Bank, capital equipment note, interest at 3.5%, principal of \$3,333 paid annually on October 30 th for three years until 2012, originally borrowed \$10,000 on October 30, 2008 towards the purchase of a pickup truck for the sewer department.	0	10,000	0	10,000
Citizens Bank, capital improvement note, interest at 3.0%, principal of \$13,701 plus interest paid annually on October 1 st of each year until 2011, originally borrowed \$41,104 on October 1, 2008.	<u>0</u>	<u>41,104</u>	<u>0</u>	<u>41,104</u>
Total	<u>\$2,268,626</u>	<u>\$567,782</u>	<u>\$70,351</u>	<u>\$2,766,057</u>

The annual debt service requirement to maturity for general obligation bonds and notes including interest are as follows:

	Principal	Interest	Total
During the year ended June 30, 2009	\$ 113,934	\$ 32,652	\$ 146,586
2010	116,430	29,670	146,100
2011	119,129	26,489	145,618
2012	101,969	23,210	125,179
2013	104,876	20,352	125,228
Thereafter	<u>2,209,719</u>	<u>(712,205)</u>	<u>1,497,514</u>
Totals	<u>\$2,766,057</u>	<u>\$(579,832)</u>	<u>\$2,186,225</u>

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 10 - CAPITAL LEASES

On September 27, 2006, the Town of Fair Haven, Vermont entered into a noncancellable lease agreement with Ford Motor Credit Company for the lease of a F 350 Pickup truck. This lease agreement qualifies as a capital lease, for accounting purposes and thus, has been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group. The total amount due is \$41,267, to be paid in monthly-quarterly-yearly installments of \$1,146.31 over 3 years with a buyout at the end of \$1.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

During the year ended June 30, 2010	\$2,292
Thereafter	<u>0</u>
Total minimum lease payments	2,292
Less amount representing interest	<u>125</u>
Present value of minimum lease payments	<u>\$2,167</u>

Interest rate on the capitalized lease is approximately 5.80 percent.

NOTE 11 - RESERVED FUND BALANCES (Fund Financial Statements)

Reserved fund balances represent amounts that must be used for specific purposes within that fund and cannot be spent otherwise without prior approval of funding source. Reservations at year end are for the following:

General Fund:	
FY 09-10 Budget	\$127,550
Highway Surplus	<u>16,354</u>
Total	<u>\$143,902</u>
Other Governmental Fund:	
Highway	<u>\$ 6,592</u>
Special Revenue Funds:	
Reappraisal	\$ 56,341
Local Law Enforcement Grant	5,528
Jaws of Life	683
Planning	20,017

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 11 - RESERVED FUND BALANCES (Fund Financial Statements) (CONTINUED)

Special Revenue Funds (continued):

DUI Grant	\$ 743
Airport Park	3,359
ROSI	62
Community Assistance	279
Recreation	33,164
Emergency Reserve	155,433
Grant Match Reserve	<u>51,587</u>
Total	<u>\$327,196</u>

Capital Projects Fund:

Public Works Equipment	\$ 33,648
Fire Equipment	210,042
Police Cruiser Replacement	17,385
Streets and Sidewalks	92,572
Transfer Station Equipment	24,976
Recreation Department	12,732
Tennis Courts	235
Impact Fees	8,000
Lister's Equipment & Education	8,177
Park Fence	6,413
4 th Street Sidewalk	65,920
Highway Paving	<u>79,218</u>
Total	<u>\$559,318</u>

NOTE 12 – NET ASSETS RESTRICTED (Government -Wide Financial Statements)

Restricted net asset balances represent amounts that must be used for specific purposes and cannot be spent otherwise without prior approval of the funding source. Restrictions at year end are for the following:

Net Assets Restricted For Capital Projects:

Public Works Equipment	\$ 33,648
Fire Equipment	210,042
Police Cruiser Replacement	17,385
Streets and Sidewalks	92,572
Transfer Station Equipment	24,976

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 12 – NET ASSETS RESTRICTED (Government -Wide Financial Statements)
(CONTINUED)

Net Assets Restricted For Capital Projects (continued):

Recreation Department	\$ 12,732
Tennis Courts	235
Impact Fees	8,000
Lister’s Equipment & Education	8,177
Park Fence	6,413
4 th Street Sidewalk	65,920
Highway Paving	<u>79,218</u>
Total	<u>\$559,318</u>

Net Assets Restricted For Other Purposes:

FY 09-10 Budget	\$127,550
Highway Surplus	16,354
Highway	6,592
Reappraisal	56,341
Local Law Enforcement Grant	5,528
Jaws of Life	683
Planning	20,017
DUI Grant	743
Airport Park	3,359
ROSI	62
Community Assistance	279
Recreation	33,164
Emergency Reserve	155,433
Grant Match Reserve	<u>51,587</u>
Total	<u>\$477,690</u>

NOTE 13 - CONTRIBUTED CAPITAL

The balance sheet account “Contributed Capital” represents financial contributions from government units. The contributed capital for the year ended June 30, 2009 is as follows:

Contributed Capital – Beginning of Year	\$2,529,091
Additional capital contributed during the year	0
Less depreciation on items purchase with contributed capital	<u>85,308</u>
Contributed Capital – End of Year	<u>\$2,443,783</u>

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 14 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS

The Town occasionally transfers funds to cover expenditures made in one fund for which the revenues are in another fund. The following transfers were made during the year.

Funds were transferred from the General Fund to the following funds to build up reserves for future capital or contracted expenditures:

Reappraisal Fund	\$10,000
Public Works Equipment	25,000
Fire Department Equipment	20,000
Police Cruiser Replacement	10,000
Transfer Station	6,000
Municipal Building	10,000
Streets & Sidewalks	15,000
Recreation	35,000
Emergency Reserve	136,000
Grant Match Reserve	50,000
Park Fence	30,024
4 th Street Sidewalk	64,000
Highway Equipment	50,000
Highway Paving	207,876

Funds were transferred from the General Fund to the Enterprise Fund – Water and Sewer to cover the following expenditures:

Municipal Bond Payment	\$15,000
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NOTE 15 - PENSIONS

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Employees are eligible to participate in the Vermont Municipal Employees' Retirement System ("MERS"). All full-time employees of participating employers are eligible to participate in the plan on the first day of the month following the completion of one year of service. There are four levels of contributions and benefits in the System called Group A, Group B, Group C and Group D. The Town participates in Groups A, B, and C. Normal retirement for Group A members is age 65 or the completion of 5 years of service, whichever is later. Normal retirement for Group B members is age 62 and the completion of 5 years of creditable service. Normal retirement for

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 15 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Group C and D members is age 55 and the completion of 5 years of creditable service. A member may receive reduced benefits at age 55 if they have 5 years of service and have made contributions for at least 2.5 years.

The System is an actuarial reserve, joint-contributory program. Both the members and the Town make contributions to the fund according to the following schedule:

	Group A	Group B	Group C	Group D
Employees' Contributions (% of gross wages)	2.5%	4.5%	9.0%	11.0%
The Town's contributions (% of gross wages)	4.0%	5.0%	6.0%	9.0%

Employee contributions are withheld pre income tax by the Town and are remitted to the State of Vermont. Such withholdings totaled \$33,277 during the year. The Town contributed \$35,602 during the year. The Town's total payroll for all employees during the year was \$908,822, with \$726,713 of such amount related to employees covered by the Vermont Municipal Employees' Retirement System.

NOTE 16 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

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

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 16 - RISK MANAGEMENT (CONTINUED)

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

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

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 17 - LESSOR RENTAL AGREEMENT

On November 20, 2007 the Town of Fair Haven, Vermont renewed a three year lease agreement with Rutland County Vermont for office space, in which Fair Haven is the lessor. The total amount due is \$15,390, to be paid in yearly installments of \$4,980, \$5,130, and \$5,280. The county has the option to terminate by giving the town a 30 day notice.

Town of Fair Haven, Vermont
Notes to Financial Statements (continued)
For The Year Ended June 30, 2009

NOTE 18 - COMMITMENTS

The Town participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectibility of any related receivable at June 30, 2009 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:			
General Fund:			
Taxes:			
Current Real Property Taxes	\$ 3,222,538	\$ 3,099,826	\$ (122,712)
Delinquent Real Property Taxes	-	122,258	122,258
Penalties & Interest	25,000	18,160	(6,840)
HS-122 Late Fees	-	315	315
Interest	5,000	20,923	15,923
Railroad Tax	550	445	(105)
PILOT	8,800	10,088	1,288
Land Use & Current Use	<u>7,500</u>	<u>7,538</u>	<u>38</u>
Subtotal Taxes	<u>3,269,388</u>	<u>3,279,553</u>	<u>10,165</u>
Permits and Licenses:			
Beverage Permits	800	885	85
Building Permits	1,500	990	(510)
Dog Licenses	1,100	1,579	479
Excess Weight Permits	300	105	(195)
Other Clerk Fees	<u>-</u>	<u>9,617</u>	<u>9,617</u>
Subtotal Permits and Licenses	<u>3,700</u>	<u>13,176</u>	<u>9,476</u>
Fees and Charges - General Government:			
Photocopy Fees	450	526	76
Zoning Officer's Research	<u>1,000</u>	<u>737</u>	<u>(263)</u>
Subtotal Fees and Charges - General Government	<u>1,450</u>	<u>1,263</u>	<u>(187)</u>
Fees and Charges - Public Safety:			
Fire Department Service Charge	<u>4,340</u>	<u>4,340</u>	<u>-</u>
Subtotal Fees and Charges - Public Safety	<u>4,340</u>	<u>4,340</u>	<u>-</u>
Fees and Charges - Public Works:			
Users Fees	110,000	108,895	(1,105)
West Haven Service Charge	14,700	14,700	-
Punch Card Sales	5,000	4,746	(254)
Recycling Income	7,000	8,867	1,867
Solid Waste Stickers	<u>3,100</u>	<u>2,754</u>	<u>(346)</u>
Subtotal Fees and Charges - Public Works	<u>139,800</u>	<u>139,962</u>	<u>162</u>
Cemetary Revenue:			
Sale of Lots	4,000	6,100	2,100
Cornerstones	300	300	-
Burials	6,000	4,725	(1,275)

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Trust Fund	\$ 7,500	\$ 8,270	\$ 770
Subtotal Cemetary Revenue	<u>17,800</u>	<u>19,395</u>	<u>1,595</u>
Animal Control:			
Boarding Fees	-	30	30
Subtotal Fees and Charges - Recreation	<u>-</u>	<u>30</u>	<u>30</u>
Air Park Revenue:			
Air Park Rental	100	50	(50)
Subtotal Fees and Charges - Recreation	<u>100</u>	<u>50</u>	<u>(50)</u>
Police Revenue:			
Ticket and Parking Fines	5,000	8,298	3,298
Special Services	3,000	11,796	8,796
Reports, Permits, etc.	2,000	2,709	709
Gas Reimbursement	1,000	603	(397)
Subtotal Police Revenue	<u>11,000</u>	<u>23,406</u>	<u>12,406</u>
Miscellaneous:			
Investment Income	11,000	3,507	(7,493)
Parkhurst Interest	250	16,296	16,046
Treasury Department Sal. FHGS 1/2	1,250	1,250	-
Rents and Concessions	4,980	4,980	-
Miscellaneous	1,000	2,781	1,781
Returned Check Fees	-	40	40
Sale of Town Property	-	1,225	1,225
Tax Sale Reimbursement	-	12,648	12,648
Prior Year Adjustments	-	1,457	1,457
Subtotal Miscellaneous	<u>18,480</u>	<u>44,184</u>	<u>25,704</u>
Subtotal General Fund	<u>3,466,058</u>	<u>3,525,359</u>	<u>59,301</u>
Highway Fund:			
Taxes:			
Current Real Property Taxes	393,672	393,672	-
Subtotal Taxes	<u>393,672</u>	<u>393,672</u>	<u>-</u>
Intergovernmental Revenue:			
State Aid to Highways	86,000	81,933	(4,067)
Subtotal Intergovernmental Revenue	<u>86,000</u>	<u>81,933</u>	<u>(4,067)</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
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For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Subtotal Highway Fund	<u>\$ 479,672</u>	<u>\$ 475,605</u>	<u>\$ (4,067)</u>
 TOTAL REVENUE	 <u>3,945,730</u>	 <u>4,000,964</u>	 <u>55,234</u>
 EXPENDITURES:			
General Fund:			
Selectmen:			
Personnel Services	3,700	3,700	-
Secretarial Services	1,600	2,648	(1,048)
Office Supplies	100	74	26
Advertising	-	259	(259)
Dues/Meetings/Subscriptions	200	199	1
Legal Services	6,000	4,509	1,491
Printing and Binding	<u>3,100</u>	<u>1,533</u>	<u>1,567</u>
Subtotal	<u>14,700</u>	<u>12,922</u>	<u>1,778</u>
Town Manager:			
Personnel Services	37,150	38,272	(1,122)
Operating Supplies	500	138	362
Dues/Meetings/Subscriptions	200	205	(5)
Travel	<u>500</u>	<u>449</u>	<u>51</u>
Subtotal	<u>38,350</u>	<u>39,064</u>	<u>(714)</u>
Elections Unit:			
Personnel Services	250	110	140
Operating Supplies	150	-	150
Programming Voting Machine	6,000	4,188	1,812
Election Workers	<u>1,500</u>	<u>1,146</u>	<u>354</u>
Subtotal	<u>7,900</u>	<u>5,444</u>	<u>2,456</u>
Accounting Department:			
Personnel Services	34,825	40,283	(5,458)
Office Supplies	1,500	1,500	-
Library Phone	-	9	(9)
Dues/Meetings/Subscriptions	380	245	135
Professional Services	2,000	1,754	246
Travel	150	114	36
Machinery and Equipment	<u>1,000</u>	<u>718</u>	<u>282</u>
Subtotal	<u>39,855</u>	<u>44,623</u>	<u>(4,768)</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
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For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Auditing Department:			
Personnel Services	\$ 300	\$ 200	\$ 100
Professional Services	<u>6,000</u>	<u>7,000</u>	<u>(1,000)</u>
Subtotal	<u>6,300</u>	<u>7,200</u>	<u>(900)</u>
Tax Listing Department:			
Personnel Services	23,175	16,057	7,118
Office Supplies	200	197	3
Advertising	100	-	100
Dues/Meetings/Subscriptions	500	45	455
Professional Services	1,500	-	1,500
Tax Mapping	1,600	1,600	-
License	200	192	8
Travel	200	-	200
Machinery and Equipment	<u>500</u>	<u>210</u>	<u>290</u>
Subtotal	<u>27,975</u>	<u>18,301</u>	<u>9,674</u>
Delinquent Tax Collector:			
Recording Fees	-	460	(460)
Advertising	500	1,825	(1,325)
Postage	-	152	(152)
Fees	-	1,404	(1,404)
Professional Services	<u>2,000</u>	<u>8,807</u>	<u>(6,807)</u>
Subtotal	<u>2,500</u>	<u>12,648</u>	<u>(10,148)</u>
Town Clerks/Treasurer:			
Personnel Services	31,000	31,000	-
Clerk Services	-	9,617	(9,617)
Personnel Services - Assistant	2,500	-	2,500
Office Supplies	1,000	992	8
Dues/Meetings/Subscriptions	600	230	370
Printing and Binding	400	-	400
Travel	100	99	1
Machinery and Equipment	<u>500</u>	<u>500</u>	<u>-</u>
Subtotal	<u>36,100</u>	<u>42,438</u>	<u>(6,338)</u>
Municipal Planning:			
Personnel Services	750	750	-
Office Supplies	125	43	82
Advertising	250	152	98
Dues/Meetings/Subscriptions	300	95	205

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
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Budgetary Basis - General Fund
For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Other Purchased Services	\$ 850	\$ 100	\$ 750
Professional Services	1,600	-	1,600
Printing and Binding	<u>200</u>	<u>-</u>	<u>200</u>
Subtotal	<u>4,075</u>	<u>1,140</u>	<u>2,935</u>
Municipal Zoning:			
Personnel Services	22,061	13,631	8,430
Recording Violations	24	-	24
Office Supplies	100	25	75
Professional Services	<u>1,500</u>	<u>100</u>	<u>1,400</u>
Subtotal	<u>23,685</u>	<u>13,756</u>	<u>9,929</u>
Zoning Board of Adjustments:			
Office Supplies	25	-	25
Advertising	<u>200</u>	<u>-</u>	<u>200</u>
Subtotal	<u>225</u>	<u>-</u>	<u>225</u>
Municipal Building and Grounds:			
Personnel Services	3,000	1,657	1,343
Overtime Wages	-	123	(123)
Operating Supplies	3,000	1,185	1,815
Fuel	20,400	23,557	(3,157)
Repairs and Maintenance - Supplies	1,200	1,452	(252)
Advertising	2,000	1,983	17
Communications	5,220	4,150	1,070
Postage	3,500	3,475	25
Subscriptions	150	150	-
Other Purchased Services	2,500	3,012	(512)
Photocopier	1,500	625	875
Repairs and Maintenance	3,000	4,342	(1,342)
Utilities - Electric	5,000	4,542	458
Utilities - Water	600	469	131
Machinery and Equipment	<u>2,500</u>	<u>2,129</u>	<u>371</u>
Subtotal	<u>53,570</u>	<u>52,851</u>	<u>719</u>
Police Department:			
Personnel Services - Full Time	125,400	125,276	124
Personnel Services - Part Time	25,000	28,129	(3,129)
Personnel Services - Admin Assistant	12,325	12,354	(29)
Overtime Wages	7,000	5,585	1,415
Office Supplies	1,500	948	552

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
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For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating Supplies	\$ 3,000	\$ 2,483	\$ 517
Repairs and Maintenance	250	370	(120)
Communications	8,250	4,111	4,139
Photocopier	1,000	297	703
Machinery and Equipment	7,200	6,777	423
Subtotal	<u>190,925</u>	<u>186,330</u>	<u>4,595</u>
Police Training:			
Operating Supplies	1,100	947	153
Dues/Meetings/Subscriptions	750	667	83
Subtotal	<u>1,850</u>	<u>1,614</u>	<u>236</u>
Police Vehicles/Equipment:			
Personnel Services	1,800	1,311	489
Operating Supplies	1,500	1,484	16
Unleaded Gas	12,000	10,791	1,209
Repairs and Maintenance - Supplies	1,100	773	327
Repairs and Maintenance	3,000	2,362	638
Licenses and Registrations	100	165	(65)
Machinery and Equipment	2,800	1,374	1,426
Subtotal	<u>22,300</u>	<u>18,260</u>	<u>4,040</u>
Constables:			
Personnel Services	8,200	6,252	1,948
Supplies	100	-	100
Communications	600	403	197
Meetings and Training	-	125	(125)
Travel	500	708	(208)
Equipment	1,000	798	202
Subtotal	<u>10,400</u>	<u>8,286</u>	<u>2,114</u>
Fire Fighting Department:			
Personnel Services	9,300	6,381	2,919
Insurance	1,700	1,677	23
Travel	1,050	453	597
Hepatitis B Vaccinations	1,625	614	1,011
Subtotal	<u>13,675</u>	<u>9,125</u>	<u>4,550</u>
Fire Department Training:			
Operating Supplies	200	844	(644)
Educational Supplies	1,000	184	816
Dues/Meetings/Subscriptions	4,000	4,101	(101)

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Seminars	\$ 500	\$ 580	\$ (80)
Subtotal	<u>5,700</u>	<u>5,709</u>	<u>(9)</u>
Fire Department Communications:			
Repairs and Maintenance - Supplies	300	39	261
Communications	1,750	1,196	554
Dispatching Services	2,550	2,550	-
Repairs and Maintenance	1,000	507	493
Utilities	200	182	18
Machinery and Equipment	4,500	3,479	1,021
Subtotal	<u>10,300</u>	<u>7,953</u>	<u>2,347</u>
Fire Department Equipment:			
Personnel Services	1,500	1,115	385
Operating Supplies	1,200	209	991
Repairs and Maintenance - Supplies	750	638	112
Small Tools and Equipment	1,000	925	75
Grant	200	200	-
Extinguisher Maintenance	250	43	207
Air Paks Maintenance	4,000	4,769	(769)
Repairs and Maintenance	4,000	3,659	341
Registration and Inspection	150	160	(10)
Machinery and Equipment	13,000	12,198	802
Subtotal	<u>26,050</u>	<u>23,916</u>	<u>2,134</u>
Forest Fire Warden:			
Operating Supplies	500	498	2
Subtotal	<u>500</u>	<u>498</u>	<u>2</u>
Street Lights:			
Utilities	46,105	41,622	4,483
Subtotal	<u>46,105</u>	<u>41,622</u>	<u>4,483</u>
Cemetary Expenses:			
Personnel Services	22,448	24,198	(1,750)
Overtime Wages	710	117	593
Operating Supplies	2,600	2,487	113
Repairs and Maintenance	3,000	1,854	1,146
Trustee 40%	500	1,160	(660)
Subtotal	<u>29,258</u>	<u>29,816</u>	<u>(558)</u>
Air Park:			
Personnel Services	612	3,065	(2,453)

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
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Budgetary Basis - General Fund
For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Repairs and Maintenance - Supplies	\$ 3,500	\$ 1,806	\$ 1,694
Insurance	3,100	-	3,100
Professional Services	500	50	450
Utilities	360	240	120
Subtotal	<u>8,072</u>	<u>5,161</u>	<u>2,911</u>
Public Health Inspector:			
Personnel Services	1,500	1,625	(125)
Dues/Meetings/Subscriptions	100	-	100
Travel	150	-	150
Subtotal	<u>1,750</u>	<u>1,625</u>	<u>125</u>
Animal Control:			
Personnel Services	2,000	1,389	611
Operating Supplies	500	371	129
Advertising	100	-	100
Other Purchased Services	1,200	-	1,200
Travel	250	75	175
Utilities	650	230	420
Rabies Clinic	300	297	3
Subtotal	<u>5,000</u>	<u>2,362</u>	<u>2,638</u>
Solid Waste Administration:			
Personnel Services	57,956	60,015	(2,059)
Overtime Wages	2,531	741	1,790
Operating Supplies	1,800	1,176	624
Repairs and Maintenance - Supplies	1,000	198	802
Advertising	400	490	(90)
Communications	50	5	45
Dues/Meetings/Subscriptions	5,600	3,060	2,540
Other Purchased Services	155,800	147,643	8,157
Professional Services	2,000	5,760	(3,760)
Repairs and Maintenance	2,000	1,775	225
License	180	180	-
Utilities	1,000	1,255	(255)
Subtotal	<u>230,317</u>	<u>222,298</u>	<u>8,019</u>
Education:			
Local Share Education Tax	<u>2,015,083</u>	<u>2,015,083</u>	<u>-</u>
Subtotal	<u>2,015,083</u>	<u>2,015,083</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Baseball Activities:			
Equipment Purchased	\$ 2,500	\$ 2,455	\$ 45
Umpire and Entry Fees	3,000	3,000	-
Insurance	<u>1,000</u>	<u>518</u>	<u>482</u>
Subtotal	<u>6,500</u>	<u>5,973</u>	<u>527</u>
Recreation Department:			
Personnel Services	6,000	6,088	(88)
Personnel Services - Summer	12,000	10,018	1,982
Operating Supplies	700	560	140
Recreation Supplies	1,500	1,332	168
Advertising	200	-	200
Other Purchased Services	6,000	6,735	(735)
Travel	1,500	1,456	44
Machinery and Equipment	<u>750</u>	<u>1,250</u>	<u>(500)</u>
Subtotal	<u>28,650</u>	<u>27,439</u>	<u>1,211</u>
Special Events:			
Christmas	2,000	318	1,682
Memorial Day	2,500	2,500	-
VT Green Up Day	<u>150</u>	<u>150</u>	<u>-</u>
Subtotal	<u>4,650</u>	<u>2,968</u>	<u>1,682</u>
Memberships:			
RRC Membership Dues	750	750	-
VLCT Membership Dues	2,957	2,957	-
Humane Society	500	500	-
REDC Membership Dues	<u>500</u>	<u>500</u>	<u>-</u>
Subtotal	<u>4,707</u>	<u>4,707</u>	<u>-</u>
Intergovernmental Expenses:			
County Tax Payment	<u>12,500</u>	<u>11,874</u>	<u>626</u>
Subtotal	<u>12,500</u>	<u>11,874</u>	<u>626</u>
Judgements and Damages:			
Abatements	<u>1,000</u>	<u>348</u>	<u>652</u>
Subtotal	<u>1,000</u>	<u>348</u>	<u>652</u>
Benefits:			
Retirement	24,500	24,908	(408)
Social Security	48,200	45,524	2,676
Health Insurance	114,009	122,411	(8,402)
Life and Disability Insurance	4,100	3,971	129

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
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For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Dental Insurance	\$ 370	\$ 364	\$ 6
Vision Insurance	380	373	7
Unemployment Compensation	6,360	6,597	(237)
Workers Compensation	25,060	19,799	5,261
VLCT PACIF	33,750	34,086	(336)
Public Official Liability	2,975	3,684	(709)
Tank Assessment	150	50	100
Cafeteria 125 Plan	300	250	50
Subtotal	<u>260,154</u>	<u>262,017</u>	<u>(1,863)</u>
Appropriations:			
Rescue Squad	29,280	29,280	-
Rutland Area Visiting Nurse	7,087	7,087	-
Rutland Mental Health	2,739	2,739	-
Fair Haven Concerned, Inc.	26,000	26,000	-
SW VT Council on Aging	1,800	1,800	-
Retired Senior Volunteer Program	725	725	-
Fair Haven Library	72,750	72,750	-
BROC	2,500	2,500	-
Retarded Citizens Association	3,500	3,500	-
Castleton Community Seniors In	1,000	1,000	-
Hydroelectric Site Assessment	3,000	3,000	-
Hydroelectric Feasibility	5,000	5,000	-
Subtotal	<u>155,381</u>	<u>155,381</u>	<u>-</u>
Subtotal General Fund	<u>3,346,062</u>	<u>3,300,752</u>	<u>45,310</u>
Highway Fund:			
Public Works Administration:			
Salaries	50,601	52,179	(1,578)
Office Supplies	300	142	158
Operating Supplies	3,250	3,902	(652)
Advertising	1,000	1,250	(250)
Dues and Meetings	750	120	630
Machinery and Equipment	200	-	200
Subtotal	<u>56,101</u>	<u>57,593</u>	<u>(1,492)</u>
Summer Work:			
Salaries	61,018	51,407	9,611
Overtime Wages	1,193	385	808

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
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Budgetary Basis - General Fund
For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating Supplies	\$ 5,650	\$ 4,632	\$ 1,018
Repairs and Maintenance - Supplies	20,090	20,520	(430)
Small Tools and Equipment	500	726	(226)
Other Purchased Services	131,650	132,126	(476)
Highway Repairs Projects	1,500	-	1,500
Repairs and Maintenance	2,000	509	1,491
Machinery and Equipment	<u>4,500</u>	<u>15,447</u>	<u>(10,947)</u>
Subtotal	<u>228,101</u>	<u>225,752</u>	<u>2,349</u>
Winter Work:			
Salaries	33,264	24,565	8,699
Overtime Wages	8,496	7,899	597
Operating Supplies	44,100	48,781	(4,681)
Repairs and Maintenance - Supplies	10,190	9,716	474
Other Purchased Services	<u>8,000</u>	<u>5,345</u>	<u>2,655</u>
Subtotal	<u>104,050</u>	<u>96,306</u>	<u>7,744</u>
Public Works Buildings:			
Salaries	3,673	3,456	217
Operating Supplies	6,000	3,536	2,464
Repairs and Maintenance - Supplies	1,500	792	708
Small Tools and Equipment	2,000	2,228	(228)
Communications	1,000	1,094	(94)
Repairs and Maintenance	2,500	2,484	16
Utilities	3,500	1,574	1,926
Water	<u>450</u>	<u>192</u>	<u>258</u>
Subtotal	<u>20,623</u>	<u>15,356</u>	<u>5,267</u>
Public Works Equipment:			
Salaries	15,510	21,673	(6,163)
Overtime Wages	258	15	243
Operating Supplies	25,770	21,978	3,792
Repairs and Maintenance - Supplies	14,000	19,198	(5,198)
Repairs and Maintenance	10,000	9,707	293
Registrations	150	260	(110)
Machinery and Equipment	<u>2,000</u>	<u>774</u>	<u>1,226</u>
Subtotal	<u>67,688</u>	<u>73,605</u>	<u>(5,917)</u>
Hydrant Replacement:			
Salaries	1,633	339	1,294
Overtime Wages	226	62	164

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended June 30, 2009

Schedule 1

	Budget	Actual	Variance - Favorable (Unfavorable)
Repairs and Maintenance - Supplies	\$ 250	\$ -	\$ 250
Machinery and Equipment	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Subtotal	<u>3,109</u>	<u>401</u>	<u>2,708</u>
 Subtotal Highway Fund	 <u>479,672</u>	 <u>469,013</u>	 <u>10,659</u>
 TOTAL EXPENDITURES	 <u>3,825,734</u>	 <u>3,769,765</u>	 <u>55,969</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 119,996	 231,199	 111,203
 OTHER FINANCING SOURCES (USES):			
Transfer to Recreation	-	(35,000)	35,000
Transfer to Emergency Reserve	-	(136,000)	136,000
Transfer to Grant Match Reserve	-	(50,000)	50,000
Transfer to Public Works Vehicles/Equipment	(25,000)	(25,000)	-
Transfer to Police Vehicles/Equipment	(10,000)	(10,000)	-
Transfer to Fire Vehicles/Equipment	(20,000)	(20,000)	-
Transfer to Reappraisal	(10,000)	(10,000)	-
Transfer to Street and Sidewalks	(15,000)	(15,000)	-
Transfer to Municipal Building	(10,000)	(10,000)	-
Transfer to Transfer Station	(6,000)	(6,000)	-
Transfer to Park Fence	-	(30,024)	30,024
Transfer to 4th Street Sidewalk	-	(64,000)	64,000
Transfer to Highway Equipment	-	(50,000)	50,000
Transfer to Highway Paving/Repairs	-	(207,876)	207,876
Transfer to Debt Service Fund	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 8,996	 (452,701)	 461,697
 FUND BALANCE, JULY 1, 2008	 <u>-</u>	 <u>716,804</u>	 <u>716,804</u>
 FUND BALANCE, JUNE 30, 2009	 <u>\$ 8,996</u>	 <u>\$ 264,103</u>	 <u>\$ 255,107</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
 Combining Balance Sheet
 Special Revenue Funds
 June 30, 2009

Schedule 2
 (page 1 of 2)

	Reappraisal	Local Law Enforcement Grant	Jaws of Life	Grants - Planning	Community Assistance	DUI Grant	Highway Safety	Subtotals
ASSETS:								
Current Assets:								
Cash		\$ 5,528						\$ 5,528
Accounts Receivable - State						\$ 3,655		3,655
Due From Other Funds	\$ 56,341	-	\$ 683	\$ 20,017	\$ 279	-	-	77,320
Total Current Assets	<u>56,341</u>	<u>5,528</u>	<u>683</u>	<u>20,017</u>	<u>279</u>	<u>3,655</u>	<u>\$ -</u>	<u>86,503</u>
TOTAL ASSETS	<u>\$ 56,341</u>	<u>\$ 5,528</u>	<u>\$ 683</u>	<u>\$ 20,017</u>	<u>\$ 279</u>	<u>\$ 3,655</u>	<u>\$ -</u>	<u>\$ 86,503</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Due To Other Funds	-	-	-	-	-	\$ 2,912	\$ 334	\$ 3,246
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,912</u>	<u>334</u>	<u>3,246</u>
Fund Balances:								
Unreserved							(334)	(334)
Reserved	56,341	5,528	683	20,017	279	743	-	83,591
Total Fund Balances	<u>56,341</u>	<u>5,528</u>	<u>683</u>	<u>20,017</u>	<u>279</u>	<u>743</u>	<u>(334)</u>	<u>83,257</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 56,341</u>	<u>\$ 5,528</u>	<u>\$ 683</u>	<u>\$ 20,017</u>	<u>\$ 279</u>	<u>\$ 3,655</u>	<u>\$ -</u>	<u>\$ 86,503</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Combining Balance Sheet
Special Revenue Funds
June 30, 2009

Schedule 2
(page 2 of 2)

	ROSI	Recreation	Emergency Reserve	Grant Match Reserve	Generator	Airport Park	Subtotals	Totals
ASSETS:								
Current Assets:								
Cash							\$ -	\$ 5,528
Accounts Receivable - State							-	3,655
Due From Other Funds	\$ 62	\$ 33,164	\$ 155,433	\$ 51,587	-	\$ 3,359	243,605	320,925
Total Current Assets	<u>62</u>	<u>33,164</u>	<u>155,433</u>	<u>51,587</u>	<u>\$ -</u>	<u>3,359</u>	<u>243,605</u>	<u>330,108</u>
TOTAL ASSETS	<u>\$ 62</u>	<u>\$ 33,164</u>	<u>\$ 155,433</u>	<u>\$ 51,587</u>	<u>\$ -</u>	<u>\$ 3,359</u>	<u>\$ 243,605</u>	<u>\$ 330,108</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Due To Other Funds	-	-	-	-	\$ 5,000	-	\$ 5,000	\$ 8,246
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,000</u>	<u>\$ -</u>	<u>5,000</u>	<u>8,246</u>
Fund Balances:								
Unreserved					(5,000)		(5,000)	(5,334)
Reserved	62	33,164	155,433	51,587	-	3,359	243,605	327,196
Total Fund Balances	<u>62</u>	<u>33,164</u>	<u>155,433</u>	<u>51,587</u>	<u>(5,000)</u>	<u>3,359</u>	<u>238,605</u>	<u>321,862</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 62</u>	<u>\$ 33,164</u>	<u>\$ 155,433</u>	<u>\$ 51,587</u>	<u>\$ -</u>	<u>\$ 3,359</u>	<u>\$ 243,605</u>	<u>\$ 330,108</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Funds
For The Year Ended June 30, 2009

Schedule 3
(page 1 of 2)

	Reappraisal	Local Law Enforcement Grant	Jaws of Life	Grants - Planning	Community Assistance	DUI Grant	Highway Safety	Click It Or Ticket	ROSI	Subtotals
REVENUES:										
Investment Income	\$ 4,050	\$ 10	\$ 16	\$ 854						\$ 4,930
Donations										-
Miscellaneous						\$ 1,321	\$ 608	\$ 2,270		4,199
Private/Local										-
State	10,761					3,562			\$ 195	14,518
Federal	-	-	-	-	-	11,446	4,130	2,465	-	18,041
TOTAL REVENUES	14,811	10	16	854	\$ -	16,329	4,738	4,735	195	41,688
EXPENDITURES:										
General Government	68,460			142	895					69,497
Public Safety		140				14,265	4,464	2,465		21,334
Recreation										-
Other Outlays	-	-	-	-	-	-	-	-	1,196	1,196
TOTAL EXPENDITURES	68,460	140	-	142	895	14,265	4,464	2,465	1,196	92,027
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(53,649)	(130)	16	712	(895)	2,064	274	2,270	(1,001)	(50,339)
OTHER FINANCING SOURCES (USES):										
Transfers In	10,000	-	-	-	-	-	-	-	-	10,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(43,649)	(130)	16	712	(895)	2,064	274	2,270	(1,001)	(40,339)
FUND BALANCES, JULY 1, 2008	99,990	5,658	667	19,305	1,174	(1,321)	(608)	(2,270)	1,063	123,658
FUND BALANCES, JUNE 30, 2009	\$ 56,341	\$ 5,528	\$ 683	\$ 20,017	\$ 279	\$ 743	\$ (334)	\$ -	\$ 62	\$ 83,319

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Special Revenue Funds
 For The Year Ended June 30, 2009

Schedule 3
 (page 2 of 2)

	Task Force	Recreation	Emergency Reserve	Grant Match Reserve	Generator	Start Grant	Airport Park	Subtotals	Totals
REVENUES:									
Investment Income		\$ 1,059	\$ 4,433	\$ 1,587				\$ 7,079	\$ 12,009
Donations			20,000					20,000	20,000
Miscellaneous	\$ 1,649							1,649	5,848
Private/Local						\$ 3,276	\$ 3,359	6,635	6,635
State								-	14,518
Federal	-	-	-	-	-	-	-	-	18,041
TOTAL REVENUES	<u>1,649</u>	<u>1,059</u>	<u>24,433</u>	<u>1,587</u>	<u>\$ -</u>	<u>3,276</u>	<u>3,359</u>	<u>35,363</u>	<u>77,051</u>
EXPENDITURES:									
General Government			5,000		5,000			10,000	79,497
Public Safety								-	21,334
Recreation		2,895						2,895	2,895
Other Outlays	1,649	-	-	-	-	3,276	-	4,925	6,121
TOTAL EXPENDITURES	<u>1,649</u>	<u>2,895</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>3,276</u>	<u>-</u>	<u>17,820</u>	<u>109,847</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,836)	19,433	1,587	(5,000)	-	3,359	17,543	(32,796)
OTHER FINANCING SOURCES (USES):									
Transfers In	-	35,000	136,000	50,000	-	-	-	221,000	231,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	33,164	155,433	51,587	(5,000)	-	3,359	238,543	198,204
FUND BALANCES, JULY 1, 2008	-	-	-	-	-	-	-	-	123,658
FUND BALANCES, JUNE 30, 2009	<u>\$ -</u>	<u>\$ 33,164</u>	<u>\$ 155,433</u>	<u>\$ 51,587</u>	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ 3,359</u>	<u>\$ 238,543</u>	<u>\$ 321,862</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
 Combining Balance Sheet
 Capital Project Funds
 June 30, 2009

Schedule 4
 (page 1 of 2)

	Municipal Building	Public Works Equipment Relacement	Fire Equipment Replacement	Police Cruiser Replacement	Streets/ Sidewalks	Transfer Station	Recreation Department	Subtotals
ASSETS:								
Current Assets:								
Cash	\$ 475,434						\$ 12,732	\$ 488,166
Due From Other Funds	<u>-</u>	<u>\$ 33,648</u>	<u>\$ 210,042</u>	<u>\$ 17,385</u>	<u>\$ 92,572</u>	<u>\$ 24,976</u>	<u>-</u>	<u>378,623</u>
Total Current Assets	<u>475,434</u>	<u>33,648</u>	<u>210,042</u>	<u>17,385</u>	<u>92,572</u>	<u>24,976</u>	<u>12,732</u>	<u>866,789</u>
TOTAL ASSETS	<u>\$ 475,434</u>	<u>\$ 33,648</u>	<u>\$ 210,042</u>	<u>\$ 17,385</u>	<u>\$ 92,572</u>	<u>\$ 24,976</u>	<u>\$ 12,732</u>	<u>\$ 866,789</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Due To Other Funds	<u>\$ 475,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 475,434</u>
Total Liabilities	<u>475,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>475,434</u>
Fund Balances:								
Reserved	<u>-</u>	<u>33,648</u>	<u>210,042</u>	<u>17,385</u>	<u>92,572</u>	<u>24,976</u>	<u>12,732</u>	<u>391,355</u>
Total Fund Balances	<u>-</u>	<u>33,648</u>	<u>210,042</u>	<u>17,385</u>	<u>92,572</u>	<u>24,976</u>	<u>12,732</u>	<u>391,355</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 475,434</u>	<u>\$ 33,648</u>	<u>\$ 210,042</u>	<u>\$ 17,385</u>	<u>\$ 92,572</u>	<u>\$ 24,976</u>	<u>\$ 12,732</u>	<u>\$ 866,789</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
 Combining Balance Sheet
 Capital Project Funds
 June 30, 2009

Schedule 4
 (page 2 of 2)

	Tennis Courts	Impact Fees	Listers Equipment	Park Fence	4th Street Sidewalk	Highway Paving/Repair	Subtotals	Totals
ASSETS:								
Current Assets:								
Cash						\$ 391,735	\$ 391,735	\$ 879,901
Due From Other Funds	\$ 235	\$ 8,000	\$ 8,177	\$ 6,413	\$ 65,920	-	88,745	467,368
Total Current Assets	<u>235</u>	<u>8,000</u>	<u>8,177</u>	<u>6,413</u>	<u>65,920</u>	<u>391,735</u>	<u>480,480</u>	<u>1,347,269</u>
TOTAL ASSETS	<u>\$ 235</u>	<u>\$ 8,000</u>	<u>\$ 8,177</u>	<u>\$ 6,413</u>	<u>\$ 65,920</u>	<u>\$ 391,735</u>	<u>\$ 480,480</u>	<u>\$ 1,347,269</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Due To Other Funds	-	-	-	-	-	\$ 312,516	\$ 312,516	\$ 787,950
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>312,516</u>	<u>312,516</u>	<u>787,950</u>
Fund Balances:								
Reserved	235	8,000	8,177	6,413	65,920	79,219	167,964	559,319
Total Fund Balances	<u>235</u>	<u>8,000</u>	<u>8,177</u>	<u>6,413</u>	<u>65,920</u>	<u>79,219</u>	<u>167,964</u>	<u>559,319</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 235</u>	<u>\$ 8,000</u>	<u>\$ 8,177</u>	<u>\$ 6,413</u>	<u>\$ 65,920</u>	<u>\$ 391,735</u>	<u>\$ 480,480</u>	<u>\$ 1,347,269</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Funds
For The Year Ended June 30, 2009

Schedule 5
(page 1 of 2)

	Municipal Building	Public Works Equipment Replacement	Fire Equipment Replacement	Police Cruiser Replacement	Streets/ Sidewalks	Transfer Station	Recreation Department	Tennis Courts	Subtotals
REVENUES:									
Investment Income	\$ 256	\$ 1,662	\$ 10,184	\$ 545	\$ 4,216	\$ 934	\$ 117	\$ 19	\$ 17,933
Fees							7,463		7,463
Rent Income							1,200		1,200
Donations							3,061		3,061
Miscellaneous							3,097		3,097
State	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>256</u>	<u>1,662</u>	<u>10,184</u>	<u>545</u>	<u>4,216</u>	<u>934</u>	<u>14,938</u>	<u>19</u>	<u>32,754</u>
EXPENDITURES:									
General Government	17,974								17,974
Public Works		73,424			423				73,847
Recreation							10,229	190	10,419
Highway	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>17,974</u>	<u>73,424</u>	<u>-</u>	<u>-</u>	<u>423</u>	<u>-</u>	<u>10,229</u>	<u>190</u>	<u>102,240</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,718)</u>	<u>(71,762)</u>	<u>10,184</u>	<u>545</u>	<u>3,793</u>	<u>934</u>	<u>4,709</u>	<u>(171)</u>	<u>(69,486)</u>
OTHER FINANCING SOURCES (USES):									
Loan Proceeds		41,104							41,104
Transfers In	10,000	25,000	20,000	10,000	15,000	6,000	-	-	86,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(7,718)</u>	<u>(5,658)</u>	<u>30,184</u>	<u>10,545</u>	<u>18,793</u>	<u>6,934</u>	<u>4,709</u>	<u>(171)</u>	<u>57,618</u>
FUND BALANCES, JULY 1, 2008	<u>7,718</u>	<u>39,306</u>	<u>179,858</u>	<u>6,840</u>	<u>73,779</u>	<u>18,042</u>	<u>8,023</u>	<u>406</u>	<u>333,972</u>
FUND BALANCES, JUNE 30, 2009	<u>\$ -</u>	<u>\$ 33,648</u>	<u>\$ 210,042</u>	<u>\$ 17,385</u>	<u>\$ 92,572</u>	<u>\$ 24,976</u>	<u>\$ 12,732</u>	<u>\$ 235</u>	<u>\$ 391,590</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Funds
For The Year Ended June 30, 2009

Schedule 5
(page 2 of 2)

	Impact Fees	Listers Equipment	Park Fence	4th Street Sidewalk	Highway Equipment	Highway Paving/Repair	Subtotals	Totals
REVENUES:								
Investment Income	\$ 16	\$ 202	\$ 829	\$ 2,030	\$ 1,205	\$ 5,195	\$ 9,477	\$ 27,410
Fees	8,000						8,000	15,463
Rent Income							-	1,200
Donations							-	3,061
Miscellaneous							-	3,097
State	<u>-</u>	<u>1,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,682</u>	<u>1,682</u>
TOTAL REVENUES	<u>8,016</u>	<u>1,884</u>	<u>829</u>	<u>2,030</u>	<u>1,205</u>	<u>5,195</u>	<u>19,159</u>	<u>51,913</u>
EXPENDITURES:								
General Government	1,331						1,331	19,305
Public Works				110			110	73,957
Recreation			24,440				24,440	34,859
Highway	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,205</u>	<u>133,852</u>	<u>185,057</u>	<u>185,057</u>
TOTAL EXPENDITURES	<u>1,331</u>	<u>-</u>	<u>24,440</u>	<u>110</u>	<u>51,205</u>	<u>133,852</u>	<u>210,938</u>	<u>313,178</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,685	1,884	(23,611)	1,920	(50,000)	(128,657)	(191,779)	(261,265)
OTHER FINANCING SOURCES (USES):								
Loan Proceeds							-	41,104
Transfers In	<u>-</u>	<u>-</u>	<u>30,024</u>	<u>64,000</u>	<u>50,000</u>	<u>207,876</u>	<u>351,900</u>	<u>437,900</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6,685	1,884	6,413	65,920	-	79,219	160,121	217,739
FUND BALANCES, JULY 1, 2008	<u>1,315</u>	<u>6,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,608</u>	<u>341,580</u>
FUND BALANCES, JUNE 30, 2009	<u>\$ 8,000</u>	<u>\$ 8,177</u>	<u>\$ 6,413</u>	<u>\$ 65,920</u>	<u>\$ -</u>	<u>\$ 79,219</u>	<u>\$ 167,729</u>	<u>\$ 559,319</u>

The accompanying notes are an integral part of these financial statements

Town of Fair Haven, Vermont
Statement of Changes in Assets and Liabilities
Fiduciary Fund Type - Agency Fund
VDCP Airport Fund
For The Year Ended June 30, 2009

Schedule 6

	Balance July 1, 2008	Receipts	Disbursements	Balance June 30, 2009
Assets:				
Due From Other Funds	<u>\$ 3,229</u>	<u>\$ 129</u>	<u>\$ 3,358</u>	<u>\$ -</u>
Total Assets	<u>\$ 3,229</u>	<u>\$ 129</u>	<u>\$ 3,358</u>	<u>\$ -</u>
Liabilities:				
Amount Held for Agency Funds	<u>\$ 3,229</u>	<u>\$ 129</u>	<u>\$ 3,358</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 3,229</u>	<u>\$ 129</u>	<u>\$ 3,358</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Selectboard
Town of Fair Haven, Vermont

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Fair Haven, Vermont, Vermont as of and for the year ended June 30, 2009, which collectively comprise the entity's basic financial statements and have issued our report thereon dated November 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Fair Haven, Vermont's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fair Haven, Vermont's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Fair Haven, Vermont's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting

principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2009-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Fair Haven, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Fair Haven, Vermont's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Fair Haven, Vermont's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Selectboard, management, others within the entity, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Angolano & Company

Angolano & Company
Shelburne, Vermont
Firm Registration Number 92-0000141

November 13, 2009



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Selectboard
Town of Fair Haven, Vermont

Compliance

We have audited the compliance of Town of Fair Haven, Vermont with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Town of Fair Haven, Vermont's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Town of Fair Haven, Vermont's management. Our responsibility is to express an opinion on Town of Fair Haven, Vermont's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Fair Haven, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Town of Fair Haven, Vermont's compliance with those requirements.

In our opinion, Town of Fair Haven, Vermont complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Town of Fair Haven, Vermont is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws,

regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Town of Fair Haven, Vermont's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Fair Haven, Vermont's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Selectboard, management, others within the entity, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Angolano & Company

Angolano & Company
Shelburne, Vermont
Firm Registration Number 92-0000141

November 13, 2009

Town of Fair Haven, Vermont
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

A. SUMMARY OF AUDIT FINDINGS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Town of Fair Haven, Vermont.
2. A "going concern" explanatory paragraph is not included in the audit report.
3. Reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
4. No instances of noncompliance material to the financial statements of Town of Fair Haven, Vermont were disclosed during the audit.
5. The auditors' report does not include a statement that Town of Fair Haven, Vermont's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit.
6. The threshold for distinguishing Types A and B programs was \$300,000.
7. Town of Fair Haven, Vermont was determined to be a low-risk auditee.
8. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
9. Questioned Costs relative to the major federal award programs for Town of Fair Haven, Vermont are reported in Part C of this schedule.
10. Audit findings relative to the major federal award programs for Town of Fair Haven, Vermont are reported in Part C of this schedule.
11. The programs tested as major programs include: Water Improvement, CFDA No. 66.468.

Town of Fair Haven, Vermont
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2009

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

See 2009-1.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2008-1 has been rectified.

Town of Fair Haven, Vermont
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2009

Reference Number: 2009-1

Program: General Fund

Criteria:

Condition Found:

As part of the compensation agreement with the Town the clerk is allowed to keep whatever fees are charged for things like certifying birth certificates, and issuing marriage licenses. Currently these fees are going into a bank account in the identification number of the Town, as they should, since they are in reality Town revenues. This bank account is kept by the Clerk and is not being accounted for on the books of the Town, nor is it audited as part of the Town.

The correct way to account for the fees is to record them on the books of the Town as revenues. Then treat the fees as gross wages to the Clerk, processing the payment of them to the Clerk through payroll. On the books of the Town it is a wash, meaning that it has no impact on the net operations, or the fund balance.

Under the Internal Revenue Code, elected officials are employees of the government to which they are elected, and payment to them for services are to be treated as wages, with proper withholdings. Under the current payment method with the Clerk, the Town is out of compliance with the payroll reporting requirements of the Internal Revenue Service.

Maintaining a separate bank account in the identification number of the Town, that is not subject to review or audit by the Town, increase the opportunity for errors and irregularities.

Questioned Costs:

None.

Cause and Effect:

Recommendation:

Town of Fair Haven, Vermont
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2009

Reference Number: 2009-1 (continued)

Auditee Views:

Corrective Action Plan:

The Town Clerk will be setting up an excel spreadsheet for the checking account that she is using. In the spreadsheet it will divide up all monies that is deposited in the account, such as DMV, Fish & Wild Life and all fees that she receives for recording documents and what she collects extra for doing licenses, certified documents, etc. It will also show when and where she expensed the monies to (with check numbers). Then every month before payroll is done she will give a check to the Town on what she has collected with a copy of her spreadsheet. When we receive the check it will be put in the account called Due from Town Clerk. Then payroll will be done to cover what has been collected from the Town Clerk, those amounts will also show on her W-2 at the end of the calendar year.

Town of Fair Haven, Vermont
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2009

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA No.	Agency Pass Through Number	Federal Expenditures	
U.S. Department of Transportation: Passed Through the State of Vermont				
State and Community Highway Safety	20.600	02140-0808-2912	\$ 1,241	
State and Community Highway Safety	20.600	02140-0909-2158	1,000	
State and Community Highway Safety	20.600	02140-0808-2161	1,224	
State and Community Highway Safety	20.600	02140-0808-2110	2,854	
State and Community Highway Safety	20.600	02140-0909-2112	1,172	
State and Community Highway Safety	20.999	02140-0808-9260	841	
Penalty Funds	20.608	02140-0909-9210	<u>11,446</u>	
Subtotal			<u>19,778</u>	
Environmental Protection Agency: Passed Through the State of Vermont				
Water Improvement	66.468	06140-RFS-155	<u>516,678</u>	(major)
U.S. Department of Homeland Security: Passed Through the State of Vermont				
Homeland Security	97.042	02140-31018-016	<u>5,000</u>	
Totals			<u>\$541,456</u>	

Town of Fair Haven, Vermont
Footnotes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2009

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Town of Fair Haven, Vermont and is presented on the modified accrual basis, which recognizes revenue when it becomes measurable and available as net current assets and expenditures when the related liability is incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.