

Audited Financial Statements and  
Other Financial Information

Town of Fair Haven, Vermont

June 30, 2011



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TOWN OF FAIR HAVEN, VERMONT

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JUNE 30, 2011

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## INDEPENDENT AUDITORS' REPORT

September 30, 2011

Selectboard  
Town of Fair Haven  
Fair Haven, Vermont

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fair Haven, Vermont, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Fair Haven's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fair Haven, Vermont as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10, 41 and 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

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United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fair Haven, Vermont's financial statements as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RHR Smith & Company*

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Fair Haven, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Fair Haven's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund and highway fund budgetary comparison schedules, and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government - Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short – term as well as long–term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government–wide financial statements include the following two statements:

The Statement of Net Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

The Statement of Activities – this statement presents information that shows how the government's net assets changed during the period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Fair Haven are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, cemetery, air park, health and welfare, solid waste management, education, recreation, and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and / or services. These activities for the Town of Fair Haven include the water and sewer fund and the water and sewer reserve fund.

### **Fund Financial Statements**

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

*Governmental funds:* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government – wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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

reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Fair Haven presents only three columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the highway fund. All other funds are shown as nonmajor and are combined in the "All Nonmajor Funds" column on these statements.

The general fund and the highway fund are the only funds for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund and Highway Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

*Proprietary Funds:* The Town of Fair Haven maintains two proprietary funds, the water and sewer fund and the water and sewer reserve fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows – Proprietary Funds.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a schedule of Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund and Highway Fund.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

## Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets for governmental activities increased by \$128,704 from \$3.87 million to \$4.00 million. For the business-type activities the Town's total net assets increased by \$21,790 from \$2.90 million to \$2.92 million.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for the governmental activities by \$70,595 to a balance of \$982,545 at the end of the fiscal year. For the business-type activities, the unrestricted net assets increased by \$40,718 to a balance of \$123,195.

**Table 1**  
**Town of Fair Haven, Vermont**  
**Net Assets**  
**June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Assets:</b>				
Current and Other Assets	\$ 1,434,761	\$ 1,546,423	\$ 150,023	\$ 124,338
Capital Assets	2,856,886	2,501,828	5,342,648	5,411,613
<b>Total Assets</b>	<b><u>\$ 4,291,647</u></b>	<b><u>\$ 4,048,251</u></b>	<b><u>\$ 5,492,671</u></b>	<b><u>\$ 5,535,951</u></b>
<b>Liabilities:</b>				
Current Liabilities	\$ 103,317	\$ 115,944	\$ 186,159	\$ 199,897
Long-term Debt Outstanding	188,046	60,727	2,385,638	2,436,970
<b>Total Liabilities</b>	<b><u>\$ 291,363</u></b>	<b><u>\$ 176,671</u></b>	<b><u>\$ 2,571,797</u></b>	<b><u>\$ 2,636,867</u></b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	\$ 2,649,017	\$ 2,414,425	\$ 2,797,679	\$ 2,816,607
Restricted: Special Revenue Funds	201,388	259,184	-	-
Permanent Funds	167,334	144,831	-	-
Other Net Assets	982,545	1,053,140	123,195	82,477
<b>Total Net Assets</b>	<b><u>\$ 4,000,284</u></b>	<b><u>\$ 3,871,580</u></b>	<b><u>\$ 2,920,874</u></b>	<b><u>\$ 2,899,084</u></b>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by 4.46%, while total expenses decreased by .24%. For the business-type activities revenues increased by 19.15%, while total expenses increased by 13.83%.

**Table 2**  
**Town of Fair Haven, Vermont**  
**Change in Net Assets**  
**For the Years Ended June 30,**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>				
Taxes	\$ 3,489,435	\$ 3,359,091	\$ -	\$ -
Intergovernmental	349,045	229,588	-	-
Charges for services	267,289	230,487	799,303	722,792
Miscellaneous	107,636	214,164	78,461	13,880
Total Revenues	<u>4,213,405</u>	<u>4,033,330</u>	<u>877,764</u>	<u>736,672</u>
<b>Expenses</b>				
General government	282,337	259,786	-	-
Public safety	515,967	425,214	-	-
Public works	612,885	616,294	-	-
Cemetery	25,220	29,140	-	-
Air park	1,291	1,188	-	-
Health and welfare	2,813	4,280	-	-
Solid waste management	235,675	230,705	-	-
Education	1,812,995	1,806,071	-	-
Recreation	51,769	88,137	-	-
Intergovernmental	11,306	12,198	-	-
Judgements and damages	20,353	62	-	-
Benefits	312,504	294,580	-	-
Voter appropriations	154,706	137,406	-	-
Other	21,143	111,987	-	-
Water and sewer	-	-	855,974	751,957
Capital outlay	23,737	77,683	-	-
Total Expenses	<u>4,084,701</u>	<u>4,094,731</u>	<u>855,974</u>	<u>751,957</u>
Change in Net Assets	128,704	(61,401)	21,790	(15,285)
Net Assets - July 1	<u>3,871,580</u>	<u>3,932,981</u>	<u>2,899,084</u>	<u>2,914,369</u>
Net Assets - June 30	<u>\$ 4,000,284</u>	<u>\$ 3,871,580</u>	<u>\$ 2,920,874</u>	<u>\$ 2,899,084</u>

### Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

**Table 3**  
**Town of Fair Haven, Vermont**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2011</u>	<u>2010</u>
General Fund:		
Committed	\$ 144,468	\$ 113,607
Unassigned	127,342	144,468
Total General Fund	<u>\$ 271,810</u>	<u>\$ 258,075</u>
Highway Fund:		
Committed	\$ 60,237	\$ 21,208
Total Highway Fund	<u>\$ 60,237</u>	<u>\$ 21,208</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 201,388	\$ 199,081
Committed	74,119	59,100
Assigned	925	1,003
Unassigned	-	(28,221)
Capital Project Funds		
Committed	425,940	653,552
Permanent Funds		
Restricted	167,334	144,831
Total Nonmajor Funds	<u>\$ 869,706</u>	<u>\$ 1,029,346</u>

The general fund total fund balance increased by \$13,735 over the prior fiscal year. The highway fund total fund balance increased by \$39,029. The non-major fund balances decreased by \$159,640 over the prior fiscal year. Most of the increase in the highway fund came as a result of under-spent appropriations in total. The decrease in the non-major fund balances came as a result of expenditures from capital project funds.

*Proprietary funds:* The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The water and sewer fund had a deficit for the year of \$10,140. The water and sewer reserve fund had an excess of \$31,930 for the year.

## Budgetary Highlights

There was no significant difference between the original and final budget for the general fund or the highway fund.

The general fund actual revenues were more than budget by \$68,091. This was a result of property taxes and charges for services both being significantly over budget. The highway fund actual revenues were more than budget by \$3,248.

The general fund actual expenditures were under the budget by \$59,251. The highway fund actual expenditures were under the budget by \$35,781. All but one of the expenditure accounts in both the general fund and highway fund was under-spent.

### Capital Asset and Debt Administration

#### Capital Assets

As of June 30, 2011, the net book value of capital assets recorded by the Town increased by \$286,093 over the prior year. The increase is the result of capital additions of \$576,512 less current year depreciation of \$290,419.

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

	<u>2011</u>	<u>2010</u>
Land	\$ 35,837	\$ 35,837
Buildings	1,911,507	1,977,628
Building improvements	138,957	144,504
Equipment	359,208	393,770
Vehicles	578,883	263,064
Infrastructure	<u>5,175,142</u>	<u>5,098,638</u>
Total	<u>\$ 8,199,534</u>	<u>\$ 7,913,441</u>

## **Debt**

At June 30, 2011, the Town had \$2,752,838 in notes and bonds outstanding versus \$2,677,409 last year, an increase of 2.82%. Two bonds were issued in the amount of \$265,500 for the purchase of a fire truck and water line work. Refer to Note 5 of the Notes to Financial Statements for detailed information.

### **Currently Known Facts, Decisions, or Conditions**

#### **Economic Factors and Next Year's Budgets and Rates**

The Town has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately two months while also maintaining significant reserves for future operations, capital and program needs.

#### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 3 North Park Place, Fair Haven, Vermont 05743.

## STATEMENT A

## TOWN OF FAIR HAVEN, VERMONT

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 672,271	\$ 98,927	\$ 771,198
Investments	492,240	-	492,240
Accounts receivable (net of allowance for uncollectibles):			
Delinquent taxes receivable	195,684	-	195,684
Interest receivable	14,439	-	14,439
Penalties receivable	8,537	-	8,537
Other	32,456	70,230	102,686
Internal balances	19,134	(19,134)	-
Total current assets	<u>1,434,761</u>	<u>150,023</u>	<u>1,584,784</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	35,085	752	35,837
Buildings and vehicles net of accumulated depreciation	2,821,801	5,341,896	8,163,697
Total noncurrent assets	<u>2,856,886</u>	<u>5,342,648</u>	<u>8,199,534</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,291,647</u></u>	<u><u>\$ 5,492,671</u></u>	<u><u>\$ 9,784,318</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 25,909	\$ 21,999	\$ 47,908
Accrued payroll	23,402	-	23,402
Other accrued payables	6,221	4,829	11,050
Current portion of long-term obligations	47,785	159,331	207,116
Total current liabilities	<u>103,317</u>	<u>186,159</u>	<u>289,476</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Notes payable	18,334	-	18,334
Bonds payable	141,750	2,385,638	2,527,388
Accrued compensated absences	27,962	-	27,962
Total noncurrent liabilities	<u>188,046</u>	<u>2,385,638</u>	<u>2,573,684</u>
<b>TOTAL LIABILITIES</b>	<u>291,363</u>	<u>2,571,797</u>	<u>2,863,160</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,649,017	2,797,679	5,446,696
Restricted	368,722	-	368,722
Unrestricted	982,545	123,195	1,105,740
<b>TOTAL NET ASSETS</b>	<u>4,000,284</u>	<u>2,920,874</u>	<u>6,921,158</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 4,291,647</u></u>	<u><u>\$ 5,492,671</u></u>	<u><u>\$ 9,784,318</u></u>

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
Current:							
General government	\$ 282,337	\$ 21,809	\$ -	\$ -	\$ (260,528)	\$ -	\$ (260,528)
Public safety	515,967	64,076	146,378	-	(305,513)	-	(305,513)
Public works	612,885	164,189	175,109	-	(273,587)	-	(273,587)
Cemetery	25,220	15,493	-	-	(9,727)	-	(9,727)
Air park	1,291	190	-	-	(1,101)	-	(1,101)
Health and welfare	2,813	1,532	-	-	(1,281)	-	(1,281)
Solid waste management	235,675	-	-	-	(235,675)	-	(235,675)
Education	1,812,995	-	-	-	(1,812,995)	-	(1,812,995)
Recreation	51,769	-	4,640	-	(47,129)	-	(47,129)
Intergovernmental	11,306	-	-	-	(11,306)	-	(11,306)
Judgements and damages	20,353	-	-	-	(20,353)	-	(20,353)
Benefits	312,504	-	-	-	(312,504)	-	(312,504)
Voter appropriations	154,706	-	-	-	(154,706)	-	(154,706)
Other	21,143	-	22,918	-	1,775	-	1,775
Capital outlay	23,737	-	-	-	(23,737)	-	(23,737)
Total governmental activities	<u>4,084,701</u>	<u>267,289</u>	<u>349,045</u>	<u>-</u>	<u>(3,468,367)</u>	<u>-</u>	<u>(3,468,367)</u>
Business-type activities:							
Water and sewer funds	843,519	799,303	-	-	-	(44,216)	(44,216)
Water and sewer reserve funds	12,455	-	-	-	-	(12,455)	(12,455)
Total business-type activities	<u>855,974</u>	<u>799,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,671)</u>	<u>(56,671)</u>
Total government	<u>4,940,675</u>	<u>1,066,592</u>	<u>349,045</u>	<u>-</u>	<u>(3,468,367)</u>	<u>(56,671)</u>	<u>(3,525,038)</u>

STATEMENT B (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net assets:			
Net (expense) revenue	<u>(3,468,367)</u>	<u>(56,671)</u>	<u>(3,525,038)</u>
General revenue:			
Taxes			
Property taxes, levied for general purposes	3,489,435	-	3,489,435
Miscellaneous	<u>107,636</u>	<u>78,461</u>	<u>186,097</u>
Total general revenue and transfers	<u>3,597,071</u>	<u>78,461</u>	<u>3,675,532</u>
Change in net assets	128,704	21,790	150,494
NET ASSETS - JULY 1	<u>3,871,580</u>	<u>2,899,084</u>	<u>6,770,664</u>
NET ASSETS - JUNE 30	<u>\$ 4,000,284</u>	<u>\$ 2,920,874</u>	<u>\$ 6,921,158</u>

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

## TOWN OF FAIR HAVEN, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Highway Fund	All Nonmajor Funds	Total
<b>ASSETS</b>				
Cash	\$ 215,545	\$ -	\$ 456,726	\$ 672,271
Investments	-	-	492,240	492,240
Receivables (net of allowance for uncollectibles):				
Delinquent taxes receivable	195,684	-	-	195,684
Interest receivable	14,439	-	-	14,439
Penalties receivable	8,537	-	-	8,537
Other	871	-	31,585	32,456
Due from other funds	800,164	70,671	682,172	1,553,007
<b>TOTAL ASSETS</b>	<b>\$ 1,235,240</b>	<b>\$ 70,671</b>	<b>\$ 1,662,723</b>	<b>\$ 2,968,634</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 8,198	\$ 4,759	\$ 12,952	\$ 25,909
Accrued payroll	17,727	5,675	-	23,402
Other accrued payables	6,221	-	-	6,221
Due to other funds	753,808	-	780,065	1,533,873
Deferred tax revenues	177,476	-	-	177,476
<b>TOTAL LIABILITIES</b>	<b>963,430</b>	<b>10,434</b>	<b>793,017</b>	<b>1,766,881</b>
<b>Fund Equity</b>				
Restricted	-	-	368,722	368,722
Committed	144,468	60,237	500,059	704,764
Assigned	-	-	925	925
Unassigned	127,342	-	-	127,342
<b>TOTAL FUND EQUITY</b>	<b>271,810</b>	<b>60,237</b>	<b>869,706</b>	<b>1,201,753</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,235,240</b>	<b>\$ 70,671</b>	<b>\$ 1,662,723</b>	<b>\$ 2,968,634</b>

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

## TOWN OF FAIR HAVEN, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 1,201,753
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	2,856,886
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	177,476
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(157,500)
Notes payable	(50,369)
Accrued compensated absences	<u>(27,962)</u>
 Net assets of governmental activities	 <u><u>\$ 4,000,284</u></u>

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Highway Fund	All Nonmajor Funds	Totals Governmental Funds
REVENUES				
Taxes	\$ 3,075,352	\$ 395,491	\$ -	\$ 3,470,843
Intergovernmental	-	84,497	264,548	349,045
Charges for services	267,289	-	-	267,289
Miscellaneous revenues	10,522	3,351	93,763	107,636
TOTAL REVENUES	<u>3,353,163</u>	<u>483,339</u>	<u>358,311</u>	<u>4,194,813</u>
EXPENDITURES				
Current:				
General government	262,601	-	2,287	264,888
Public safety	364,772	-	133,448	498,220
Public works	-	444,310	83,437	527,747
Cemetery	16,582	-	8,048	24,630
Air park	1,291	-	-	1,291
Health and welfare	2,813	-	-	2,813
Solid waste management	232,365	-	-	232,365
Education	1,812,995	-	-	1,812,995
Recreation	45,305	-	4,640	49,945
Intergovernmental	11,306	-	-	11,306
Judgements and damages	20,353	-	-	20,353
Benefits	312,504	-	-	312,504
Voter appropriations	154,706	-	-	154,706
Other	-	-	21,143	21,143
Capital outlay	-	-	524,283	524,283
TOTAL EXPENDITURES	<u>3,237,593</u>	<u>444,310</u>	<u>777,286</u>	<u>4,459,189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>115,570</u>	<u>39,029</u>	<u>(418,975)</u>	<u>(264,376)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from loan issuance	-	-	157,500	157,500
Transfers in	-	-	102,731	102,731
Transfers (out)	(101,835)	-	(896)	(102,731)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(101,835)</u>	<u>-</u>	<u>259,335</u>	<u>157,500</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	13,735	39,029	(159,640)	(106,876)
FUND BALANCES - JULY 1	<u>258,075</u>	<u>21,208</u>	<u>1,029,346</u>	<u>1,308,629</u>
FUND BALANCES - JUNE 30	<u>\$ 271,810</u>	<u>\$ 60,237</u>	<u>\$ 869,706</u>	<u>\$ 1,201,753</u>

See accompanying independent auditors' report and notes to 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, 2011

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (106,876)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases	468,512
Depreciation expense	<u>(113,454)</u>
	<u>355,058</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>18,592</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
	<u>32,034</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets	
	<u>(157,500)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(17,604)
Accrued post retirement health	5,000
	<u>(12,604)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 128,704</u></u>

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

## STATEMENT G

## TOWN OF FAIR HAVEN, VERMONT

## BALANCE SHEET – PROPRIETARY FUNDS

JUNE 30, 2011

	Enterprise Funds		
	Water & Sewer Fund	Water & Sewer Reserve Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ -	\$ 98,927	\$ 98,927
Accounts receivable (net of allowance)	70,230	-	70,230
Due from other funds	-	965	965
Total current assets	<u>70,230</u>	<u>99,892</u>	<u>170,122</u>
Capital assets:			
Sewer assets	5,430,951	-	5,430,951
Water assets	<u>3,263,871</u>	<u>-</u>	<u>3,263,871</u>
Total capital assets	8,694,822	-	8,694,822
Less: accumulated depreciation	<u>(3,352,174)</u>	<u>-</u>	<u>(3,352,174)</u>
Net capital assets	<u>5,342,648</u>	<u>-</u>	<u>5,342,648</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,412,878</u>	<u>\$ 99,892</u>	<u>\$ 5,512,770</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable	\$ 21,999	\$ -	\$ 21,999
Accrued expenses	4,829	-	4,829
Due to other funds	20,099	-	20,099
Current portion of long-term liabilities	<u>159,331</u>	<u>-</u>	<u>159,331</u>
Total current liabilities	<u>206,258</u>	<u>-</u>	<u>206,258</u>
Long-term liabilities:			
Notes payable, net of current portion	-	-	-
Bonds payable, net of current portion	<u>2,385,638</u>	<u>-</u>	<u>2,385,638</u>
Total long-term liabilities	<u>2,385,638</u>	<u>-</u>	<u>2,385,638</u>
Total liabilities	<u>2,591,896</u>	<u>-</u>	<u>2,591,896</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,797,679	-	2,797,679
Unrestricted	<u>23,303</u>	<u>99,892</u>	<u>123,195</u>
<b>TOTAL NET ASSETS</b>	<u>2,820,982</u>	<u>99,892</u>	<u>2,920,874</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,412,878</u>	<u>\$ 99,892</u>	<u>\$ 5,512,770</u>

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds		Total
	Water & Sewer Fund	Water & Sewer Reserve Fund	
OPERATING REVENUES			
Charges for services	\$ 799,303	\$ -	\$ 799,303
Other	5,853	-	5,853
TOTAL OPERATING REVENUES	<u>805,156</u>	<u>-</u>	<u>805,156</u>
OPERATING EXPENSES			
Payroll	252,367	-	252,367
Supplies	71,428	-	71,428
Equipment	25,718	-	25,718
Purchased services	30,655	-	30,655
Repairs and maintenance	14,013	-	14,013
Utilities	64,356	-	64,356
Bio-solid management	51,859	-	51,859
Benefits	109,900	-	109,900
Miscellaneous	15,078	12,455	27,533
Depreciation	176,965	-	176,965
TOTAL OPERATING EXPENSES	<u>812,339</u>	<u>12,455</u>	<u>824,794</u>
OPERATING (LOSS)	<u>(7,183)</u>	<u>(12,455)</u>	<u>(19,638)</u>
NON-OPERATING INCOME (EXPENSE)			
Interest income	62,223	10,385	72,608
Interest expense	(31,180)	-	(31,180)
Transfers in	-	34,000	34,000
Transfers (out)	(34,000)	-	(34,000)
NET NON-OPERATING INCOME (EXPENSE)	<u>(2,957)</u>	<u>44,385</u>	<u>41,428</u>
CHANGE IN NET ASSETS	(10,140)	31,930	21,790
NET ASSETS - JULY 1	<u>2,831,122</u>	<u>67,962</u>	<u>2,899,084</u>
NET ASSETS - JUNE 30	<u>\$ 2,820,982</u>	<u>\$ 99,892</u>	<u>\$ 2,920,874</u>

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds		
	Water & Sewer Fund	Water & Sewer Reserve Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 791,302	\$ -	\$ 791,302
Internal activity - receipts (payments) from/to other funds	(7,820)	(965)	(8,785)
Payments to suppliers	(370,121)	(12,455)	(382,576)
Payments to employees	(252,367)	-	(252,367)
Net cash provided (used) by operating activities	<u>160,994</u>	<u>(13,420)</u>	<u>147,574</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	<u>62,223</u>	<u>10,385</u>	<u>72,608</u>
Net cash provided by investing activities	<u>62,223</u>	<u>10,385</u>	<u>72,608</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of capital assets	(108,000)	-	(108,000)
Transfer to/from reserve fund	(34,000)	34,000	-
Principal payments on bonds and notes payable	(50,037)	-	(50,037)
Interest payments on bonds and notes payable	<u>(31,180)</u>	<u>-</u>	<u>(31,180)</u>
Net cash provided (used) by capital and related financing activities	<u>(223,217)</u>	<u>34,000</u>	<u>(189,217)</u>
NET CHANGE IN CASH	-	30,965	30,965
CASH - JULY 1	-	<u>67,962</u>	<u>67,962</u>
CASH - JUNE 30	<u>\$ -</u>	<u>\$ 98,927</u>	<u>\$ 98,927</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating (loss)	\$ (7,183)	\$ (12,455)	\$ (19,638)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	176,965	-	176,965
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(13,854)	-	(13,854)
(Increase) decrease in due from other funds	-	(965)	(965)
Increase (decrease) in accounts payable	14,273	-	14,273
Increase (decrease) in accrued expenses	(1,387)	-	(1,387)
Increase (decrease) in due to other funds	<u>(7,820)</u>	<u>-</u>	<u>(7,820)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 160,994</u>	<u>\$ (13,420)</u>	<u>\$ 147,574</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the year for:			
Interest	<u>\$ 31,180</u>	<u>\$ -</u>	<u>\$ 31,180</u>

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

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Fair Haven was incorporated under the laws of the State of Vermont. The Town operates under the selectboard-manager form of government and provides the following services: general government, public safety, public works, cemetery, air park, health and welfare, solid waste management, education, recreation, and other unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

**Government – Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's water and sewer fund and the water and sewer reserve funds are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, protection, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government – wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

The following fund types are used by the Town:

1. Governmental Funds:

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

- a. The General Fund and the Highway Fund are the general operating funds of the Town. They are used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. The Town does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Fair Haven has a formal investment policy which follows the State of Vermont Statutes.

**Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet.

**Interfund Receivables and Payables**

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts for the ambulance receivables is estimated to be \$0 as of June 30, 2011.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

**Long-term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable, compensated absences and retirement benefits.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Compensated Absences**

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

**Reserves**

The Town records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the Town's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Fund Equity**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Nonspendable** – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

**Assigned** – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Selectboard.

**Unassigned** – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

The Town is in the process of adopting a set of financial policies to guide the financial operation of the Town. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

**Operating/Non-operating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses / expenditures during the reporting period. Actual results may differ from these estimates.

TOWN OF FAIR HAVEN, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011

NOTE 2 - CASH AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2011, the Town's cash balance of \$771,198 was comprised of deposits amounting to \$858,669. Of these deposits, \$858,669 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$0 that was in excess of federal depository insurance, and therefore, not insured or collateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 649,650
Money market accounts	8,977
Certificates of deposit	200,042
	<u>\$ 858,669</u>

At June 30, 2011, the Town's investments of \$492,240 were comprised of certificates of deposit that were insured by federal depository insurance or collateralized with securities held by the financial institution but not in the Town's name. The government securities were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>	<u>Current</u>	<u>1 Year</u>	<u>2 - 5 Years</u>
Certificates of deposit	\$ 410,218	<u>\$ -</u>	<u>\$ 98,249</u>	<u>\$ 311,969</u>
Government securities	82,022			
	<u>\$ 492,240</u>			

The Town has determined that it has complied with state and federal laws governing the investment of public funds.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2011 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 800,164	\$ 753,808
Highway Fund	70,671	-
Special Revenue Funds	270,261	26,105
Capital Project Funds	391,308	733,357
Permanent Funds	20,603	20,603
Enterprise Funds	965	20,099
	<u>\$ 1,553,972</u>	<u>\$ 1,553,972</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2011:

	<u>Balance, 7/1/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/11</u>
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 35,085	\$ -	\$ -	\$ 35,085
	<u>35,085</u>	<u>-</u>	<u>-</u>	<u>35,085</u>
Depreciated assets:				
Buildings	36,939	-	-	36,939
Building improvements	85,218	-	-	85,218
Equipment	472,857	-	-	472,857
Vehicles	1,103,895	382,500	-	1,486,395
Infrastructure	1,914,848	86,012	-	2,000,860
	<u>3,613,757</u>	<u>468,512</u>	<u>-</u>	<u>4,082,269</u>
Less: accumulated depreciation	(1,147,014)	(113,454)	-	(1,260,468)
	<u>2,466,743</u>	<u>355,058</u>	<u>-</u>	<u>2,821,801</u>
Net governmental capital assets	<u>\$ 2,501,828</u>	<u>\$ 355,058</u>	<u>\$ -</u>	<u>\$ 2,856,886</u>

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/10	Additions	Disposals	Balance, 6/30/11
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 752	\$ -	\$ -	\$ 752
Construction in progress	-	-	-	-
	<u>752</u>	<u>-</u>	<u>-</u>	<u>752</u>
Depreciated assets:				
Buildings	3,539,391	-	-	3,539,391
Building improvements	81,209	-	-	81,209
Equipment	158,811	-	-	158,811
Vehicles	97,174	-	-	97,174
Infrastructure	4,709,485	108,000	-	4,817,485
	8,586,070	108,000	-	8,694,070
Less: accumulated depreciation	<u>(3,175,209)</u>	<u>(176,965)</u>	<u>-</u>	<u>(3,352,174)</u>
	5,410,861	(68,965)	-	5,341,896
Net business-type capital assets	<u>\$ 5,411,613</u>	<u>\$ (68,965)</u>	<u>\$ -</u>	<u>\$ 5,342,648</u>
General government				\$ 4,845
Public safety				17,747
Public works				85,138
Solid waste management				3,310
Cemetery				590
Recreation				1,824
				<u>113,454</u>
Water and Sewer Fund				176,965
Total depreciation expense				<u>\$ 290,419</u>

NOTE 5 – LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2011:

	Balance, 7/1/10	Additions	Deletions	Balance, 6/30/11	Current Portion
Bonds payable	\$ 2,588,339	\$ 265,500	\$ (154,704)	\$ 2,699,135	\$ 171,747
Notes payable	89,070	-	(35,367)	53,703	35,369
Accrued compensated absences	10,358	17,604	-	27,962	-
Accrued post retirement health	5,000	-	(5,000)	-	-
Totals	<u>\$ 2,692,767</u>	<u>\$ 283,104</u>	<u>\$ (195,071)</u>	<u>\$ 2,780,800</u>	<u>\$ 207,116</u>

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding notes and bonds payable:

Bonds payable:

<p>\$157,500, 2011 General Obligation Bonds payable to the United States Department of Agriculture, due in annual payments of \$15,750, through April of 2021. Interest is charged at a rate of 4.125% per annum.</p>	<p><u>\$ 157,500</u></p>
<p>Total governmental activities - bonds</p>	<p><u>157,500</u></p>
<p>\$33,910, 1992 General Obligation Bonds payable to Vermont Municipal Bond Bank, due in annual payments varying from \$1,841 to \$3,029, through December of 2011. Interest is charged at a rate varying from 5.80% to 7.654% per annum.</p>	<p>2,813</p>
<p>\$731,213, 1992 General Obligation Bonds payable to Vermont Municipal Bond Bank, due in annual payments varying from \$34,014 to \$61,646, through December of 2018. Interest is charged at a rate varying from 5.80% to 7.654% per annum.</p>	<p>354,381</p>
<p>\$536,383, 2001 General Obligation Bonds payable to Vermont Municipal Bond Bank, Environmental Protection Agency Pollution Control Revolving Fund, due in annual principal payments of \$26,819, through October of 2022. No interest is charged.</p>	<p>321,830</p>
<p>\$1,946,681, 2009 General Obligation Bonds payable to Vermont Municipal Bond Bank, Vermont Drinking Water State Revolving Fund, due in annual payments of \$39,097, through July of 2039. Interest is charged at a rate of 3.0% per annum.</p>	<p>1,754,611</p>
<p>\$108,000, 2011 General Obligation Bonds payable to the United States Department of Agriculture, due in semi-annual payments of \$2,328, through December of 2050. Interest is charged at a rate of 3.00% per annum.</p>	<p><u>108,000</u></p>
<p>Total business-type activities - bonds payable</p>	<p><u>2,541,635</u></p>
<p>Total bonds payable</p>	<p><u>2,699,135</u></p>

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 5 – LONG TERM DEBT (CONTINUED)

Notes payable:

\$41,104, capital improvement note payable to Chittenden Bank, due in annual principal payments of \$13,701 through October of 2011. Interest is charged at a rate of 3.0% per annum. 13,702

\$55,000, capital improvement note payable to Merchants Bank, due in annual principal payments of \$18,333 through December of 2012. Interest is charged at a rate of 2.75% per annum. 36,667

Total governmental activities - notes 50,369

\$10,000, capital equipment note payable to Chittenden Bank, due in annual principal payments of \$3,333 through October of 2012. Interest is charged at a rate of 3.5% per annum. 3,334

Total business-activities - notes payable 3,334

Total notes payable 53,703

Total Long-Term Debt \$ 2,752,838

The following is a summary of outstanding note and bond principal and interest requirements for the next five fiscal years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 207,116	\$ (15,400)	\$ 191,716
2013	187,243	(17,139)	170,104
2014	169,190	(18,526)	150,664
2015	169,789	(19,720)	150,069
2016	170,720	(21,246)	149,474
2017-2021	751,826	(132,317)	619,509
2022-2026	382,393	(109,986)	272,407
2027-2031	285,391	(66,624)	218,767
2032-2036	248,651	(29,884)	218,767
2037-2041	140,651	(80)	140,571
2042-2046	18,515	4,765	23,280
2047-2051	21,353	1,792	23,145
	<u>\$ 2,752,838</u>	<u>\$ (424,365)</u>	<u>\$ 2,328,473</u>

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 5 – LONG TERM DEBT (CONTINUED)

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 6 – RESTRICTED NET ASSETS

The following net assets have been restricted at June 30, 2011 for the following purposes:

Restricted for highway fund	\$ -
Restricted for special revenue funds	201,388
Restricted for permanent funds	167,334
	\$ 368,722

NOTE 7 – RESTRICTED FUND EQUITY

At June 30, 2011, the restricted fund equity was made up of the following account balances:

Restricted:	
Local Law Enforcement Grant	\$ 5,246
Jaws of Life	687
Grants - Planning	22,673
Community Assistance	1,175
Fire Emergency Reserve	148,511
Grant Match Reserve	19,419
Airport Park	3,677
Cedar Grove Cemetery	147,800
West Street Cemetery	16,703
Fair Haven Free Library	2,831
	\$ 368,722

TOWN OF FAIR HAVEN, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011

NOTE 8 – COMMITTED FUND EQUITY

At June 30, 2011, the committed fund equity was made up of the following account balances carried forward into the subsequent year's budget:

Committed:	
General Fund - amount used in 2011/2012 budget	\$ 144,468
Highway Fund	60,237
Reappraisal	74,119
Municipal Building	19,396
Public Works Equipment Replacement	41,088
Fire Equipment Replacement	49,179
Police Cruiser Replacement	14,397
Streets/Sidewalks	111,267
Transfer Station	32,652
Recreation Department	15,236
Bridge Repair	11,684
Impact Fees	7,639
Listers Equipment/Education	11,875
Park Fence	1,477
4th Street Sidewalk	66,868
Highway Paving/Repair	21,936
Records Restoration	6,394
COPS Match Reserve	14,851
Cemetery Reserve	<u>1</u>
	<u><u>\$ 704,764</u></u>

NOTE 9 – ASSIGNED FUND EQUITY

At June 30, 2011, the assigned fund equity was made up of the following account balance carried forward into the subsequent year's budget:

Assigned:	
Community Garden	<u><u>\$ 925</u></u>

TOWN OF FAIR HAVEN, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

There were no appropriations that were exceeded by actual expenditures.

NOTE 11 - DEFICIT FUND BALANCES

There were no funds with deficit fund balances as of June 30, 2011.

NOTE 12 – PENSION PLAN

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 five years of service, whichever is later. Normal retirement for Group B members is age 62 and the completion of five years of creditable service. Normal retirement for Group C and D members is age 55 and the completion of five years of creditable service. A member may receive reduced benefits at age 55 if they have five years of service and have made contributions for at least two and a half 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:

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
Employees' contributions (% of gross wages)	2.5%	4.5%	9.0%	11.0%
Town 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 \$41,061 during the year. The Town contributed \$42,825 during the year. The Town's total payroll for all employees during the year was \$953,809, with \$851,106 of such amount related to employees covered by the Vermont Municipal Employees' Retirement System.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 13 – 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, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up three insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life and disability coverage; and the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, VLCTHT and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

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

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

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 13 – RISK MANAGEMENT (CONTINUED)

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 14 – CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - General Fund – Budget and Actual – General Fund
- Budgetary Comparison Schedule - General Fund – Budget and Actual – Highway Fund

## TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 258,075	\$ 258,075	\$ 258,075	\$ -
Resources (Inflows):				
Property taxes	3,043,254	3,043,254	3,075,352	32,098
Permits and licenses	3,150	3,150	1,858	(1,292)
Charges for services	233,090	233,090	265,431	32,341
Investment income	1,500	1,500	498	(1,002)
Miscellaneous revenues	4,078	4,078	10,024	5,946
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	3,543,147	3,543,147	3,611,238	68,091
Charges to Appropriations (Outflows):				
Current:				
General government	273,368	273,368	262,601	10,767
Public safety	369,255	369,255	364,772	4,483
Cemetery	27,187	27,187	16,582	10,605
Air Park	3,390	3,390	1,291	2,099
Health and welfare	4,350	4,350	2,813	1,537
Solid waste management	236,129	236,129	232,365	3,764
Education	1,812,995	1,812,995	1,812,995	-
Recreation	48,078	48,078	45,305	2,773
Intergovernmental expense	13,000	13,000	11,306	1,694
Judgements and damages	1,000	1,000	20,353	(19,353)
Benefits	351,498	351,498	312,504	38,994
Voter appropriations	154,706	154,706	154,706	-
Transfers to other funds	103,723	103,723	101,835	1,888
Total Charges to Appropriations	3,398,679	3,398,679	3,339,428	59,251
Budgetary Fund Balance, June 30	\$ 144,468	\$ 144,468	\$ 271,810	\$ 127,342
Utilization of Designated Fund Balance	\$ -	\$ -	\$ -	\$ -
Utilization of Undesignated Fund Balance	113,607	113,607	-	(113,607)
	\$ 113,607	\$ 113,607	\$ -	\$ (113,607)

See accompanying independent auditors' report.

## TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – HIGHWAY FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 21,208	\$ 21,208	\$ 21,208	\$ -
Resources (Inflows):				
Property taxes	395,491	395,491	395,491	-
Intergovernmental	84,600	84,600	84,497	(103)
Miscellaneous revenues	-	-	3,351	3,351
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>501,299</u>	<u>501,299</u>	<u>504,547</u>	<u>3,248</u>
Charges to Appropriations (Outflows):				
Current:				
Public works administration	61,827	61,827	61,581	246
Summer work	217,897	217,897	191,134	26,763
Winter work	105,441	105,441	99,979	5,462
Public works building	18,320	18,320	19,859	(1,539)
Public works equipment	73,201	73,201	69,327	3,874
Hydrant replacement	3,405	3,405	2,430	975
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>480,091</u>	<u>480,091</u>	<u>444,310</u>	<u>35,781</u>
Budgetary Fund Balance, June 30	<u>\$ 21,208</u>	<u>\$ 21,208</u>	<u>\$ 60,237</u>	<u>\$ 39,029</u>
Utilization of Designated Fund Balance	\$ -	\$ -	\$ -	\$ -
Utilization of Undesignated Fund Balance	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes:			
Current real property taxes	\$ 3,005,204	\$ 2,991,539	\$ (13,665)
Delinquent real property taxes	-	-	-
Penalties and interest	15,000	40,163	25,163
HS-122 late fees	-	446	446
Interest	7,000	22,360	15,360
Railroad tax	550	556	6
Payments in lieu of tax	8,000	12,316	4,316
Land use & current use	7,500	7,972	472
Permits and licenses:			
Beverage permits	800	750	(50)
Building permits	750	835	85
Dog licenses	1,500	78	(1,422)
Excess weight permits	100	195	95
Charges for services:			
General government	21,050	20,029	(1,021)
Fire department	4,340	4,340	-
Public works	142,200	164,189	21,989
Cemetery	14,700	15,493	793
Airpark rental	-	190	190
Animal control	800	1,454	654
Police department	50,000	59,736	9,736
Investment income	1,500	498	(1,002)
Other income			
Treasury department salary FHGS 1/2	1,250	1,250	-
Rent income	440	455	15
NSF returned check fee	-	40	40
Insurance reimbursement	-	433	433
Tax sale reimbursement	-	2,165	2,165
Restoration fund	1,888	1,544	(344)
Other income	500	4,137	3,637
Transfers in	-	-	-
Total revenues	<u>\$ 3,285,072</u>	<u>\$ 3,353,163</u>	<u>\$ 68,091</u>

See accompanying independent auditors' report.

## TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>GENERAL GOVERNMENT</b>			
Selectboard	\$ 15,200	\$ 17,876	\$ (2,676)
Town Manager	40,777	50,693	(9,916)
Elections unit	5,850	6,047	(197)
Town Treasurer	3,000	3,134	(134)
Accounting department	46,124	46,376	(252)
Auditing department	7,700	8,270	(570)
Tax listers	26,762	24,533	2,229
Delinquent tax collecting	-	2,110	(2,110)
Town Clerk	46,250	50,453	(4,203)
Municipal planning	2,025	740	1,285
Municipal zoning	19,130	13,108	6,022
Zoning board	300	55	245
Municipal building & grounds	60,250	39,206	21,044
	<u>273,368</u>	<u>262,601</u>	<u>10,767</u>
<b>PUBLIC SAFETY</b>			
Emergency management	1,950	1,330	620
Police department	233,500	240,634	(7,134)
Police training	1,850	1,142	708
Police vehicles & equipment	21,500	21,896	(396)
Constables	9,250	4,428	4,822
Fire fighting department	13,045	9,551	3,494
Fire department training	6,150	6,153	(3)
Fire department communications	10,000	10,951	(951)
Fire department equipment	26,600	22,556	4,044
Fire department warden	250	-	250
Street lights	45,160	46,131	(971)
	<u>369,255</u>	<u>364,772</u>	<u>4,483</u>
<b>CEMETERY</b>	<u>27,187</u>	<u>16,582</u>	<u>10,605</u>
<b>AIR PARK</b>	<u>3,390</u>	<u>1,291</u>	<u>2,099</u>
<b>HEALTH AND WELFARE</b>			
Public health inspector	1,750	1,125	625
Animal control	2,600	1,688	912
	<u>4,350</u>	<u>2,813</u>	<u>1,537</u>
<b>SOLID WASTE MANAGEMENT</b>	<u>236,129</u>	<u>232,365</u>	<u>3,764</u>
<b>EDUCATION</b>	<u>1,812,995</u>	<u>1,812,995</u>	<u>-</u>

SCHEDULE B (CONTINUED)  
TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>RECREATION</b>			
Baseball activities	7,000	6,312	688
Recreation department	31,200	30,305	895
Special events	4,650	3,960	690
Memberships	5,228	4,728	500
	<u>48,078</u>	<u>45,305</u>	<u>2,773</u>
<b>INTERGOVERNMENTAL EXPENSE</b>			
County tax payment	13,000	11,306	1,694
	<u>13,000</u>	<u>11,306</u>	<u>1,694</u>
<b>JUDGEMENTS AND DAMAGES</b>			
	<u>1,000</u>	<u>20,353</u>	<u>(19,353)</u>
<b>BENEFITS</b>			
	<u>351,498</u>	<u>312,504</u>	<u>38,994</u>
<b>VOTER APPROPRIATIONS</b>			
Library	64,000	64,000	-
Rescue squad	29,280	29,280	-
Rutland Mental Health	2,739	2,739	-
Fair Haven Concerned Inc.	26,000	26,000	-
BROC Community Action	2,500	2,500	-
Retired and Senior Volunteer	800	800	-
RAVNAH	7,087	7,087	-
Association for Retarded Citizens	3,500	3,500	-
Castleton Community Seniors	1,500	1,500	-
SWVT Council on Aging	1,800	1,800	-
Mentor Connector	500	500	-
PTA/Playground Equipment	15,000	15,000	-
	<u>154,706</u>	<u>154,706</u>	<u>-</u>
<b>TRANSFERS</b>			
HW surplus	-	-	-
Reserve accounts	103,723	101,835	1,888
	<u>103,723</u>	<u>101,835</u>	<u>1,888</u>
	<u>\$ 3,398,679</u>	<u>\$ 3,339,428</u>	<u>\$ 59,251</u>

See accompanying independent auditors' report.

## TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash	\$ 6,171	\$ 442,503	\$ 8,052	\$ 456,726
Investments	-	325,486	166,754	492,240
Accounts receivable	-	-	480	480
Due from other governments	31,105	-	-	31,105
Due from other funds	270,261	391,308	20,603	682,172
Total assets	<u>\$ 307,537</u>	<u>\$ 1,159,297</u>	<u>\$ 195,889</u>	<u>\$ 1,662,723</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,000	\$ -	\$ 7,952	\$ 12,952
Due to other funds	26,105	733,357	20,603	780,065
Total liabilities	<u>31,105</u>	<u>733,357</u>	<u>28,555</u>	<u>793,017</u>
<b>FUND EQUITY</b>				
Nonspendable	-	-	-	-
Restricted	201,388	-	167,334	368,722
Committed	74,119	425,940	-	500,059
Assigned	925	-	-	925
Unassigned	-	-	-	-
Total fund equity	<u>276,432</u>	<u>425,940</u>	<u>167,334</u>	<u>869,706</u>
Total liabilities and fund equity	<u>\$ 307,537</u>	<u>\$ 1,159,297</u>	<u>\$ 195,889</u>	<u>\$ 1,662,723</u>

See accompanying independent auditors' report.

## TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 264,548	\$ -	\$ -	\$ 264,548
Interest/Gains & Losses	7,345	11,272	30,071	48,688
Other	13,531	31,064	480	45,075
<b>TOTAL REVENUES</b>	<u>285,424</u>	<u>42,336</u>	<u>30,551</u>	<u>358,311</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,287	-	-	2,287
Public Safety	133,448	-	-	133,448
Public Works	83,437	-	-	83,437
Recreation	4,640	-	-	4,640
Cemeteries	-	-	8,048	8,048
Other	21,143	-	-	21,143
Capital Outlay	-	524,283	-	524,283
<b>TOTAL EXPENDITURES</b>	<u>244,955</u>	<u>524,283</u>	<u>8,048</u>	<u>777,286</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>40,469</u>	<u>(481,947)</u>	<u>22,503</u>	<u>(418,975)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from loan issuance	-	157,500	-	157,500
Transfers In	5,896	96,835	-	102,731
Transfers (Out)	(896)	-	-	(896)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>5,000</u>	<u>254,335</u>	<u>-</u>	<u>101,835</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	45,469	(227,612)	22,503	(317,140)
<b>FUND BALANCE - JULY 1</b>	<u>230,963</u>	<u>653,552</u>	<u>144,831</u>	<u>1,029,346</u>
<b>FUND BALANCE - JUNE 30</b>	<u>\$ 276,432</u>	<u>\$ 425,940</u>	<u>\$ 167,334</u>	<u>\$ 869,706</u>

See accompanying independent auditors' report.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011

	<u>Reappraisal</u>	<u>Local Law Enforcement Grant</u>	<u>Jaws of Life</u>	<u>Grants - Planning</u>	<u>Community Assistance</u>	<u>DUI Grant</u>	<u>Highway Safety</u>
<b>ASSETS</b>							
Cash	\$ -	\$ 5,246	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	1,995
Due from other funds	74,119	-	687	22,673	1,175	-	-
<b>TOTAL ASSETS</b>	<u>\$ 74,119</u>	<u>\$ 5,246</u>	<u>\$ 687</u>	<u>\$ 22,673</u>	<u>\$ 1,175</u>	<u>\$ -</u>	<u>\$ 1,995</u>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	1,995
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995</u>
<b>FUND EQUITY</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	5,246	687	22,673	1,175	-	-
Committed	74,119	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>74,119</u>	<u>5,246</u>	<u>687</u>	<u>22,673</u>	<u>1,175</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 74,119</u>	<u>\$ 5,246</u>	<u>\$ 687</u>	<u>\$ 22,673</u>	<u>\$ 1,175</u>	<u>\$ -</u>	<u>\$ 1,995</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011

	<u>Click It or Ticket</u>	<u>Task Force</u>	<u>Fire Emergency Reserve</u>	<u>Grant Match Reserve</u>	<u>Start Grant</u>	<u>Airport Park</u>	<u>VLCT PACIF</u>
<b>ASSETS</b>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	242	-	-
Due from other funds	-	-	148,511	19,419	-	3,677	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,511</u>	<u>\$ 19,419</u>	<u>\$ 242</u>	<u>\$ 3,677</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	242	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	148,511	19,419	-	3,677	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>-</u>	<u>-</u>	<u>148,511</u>	<u>19,419</u>	<u>-</u>	<u>3,677</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,511</u>	<u>\$ 19,419</u>	<u>\$ 242</u>	<u>\$ 3,677</u>	<u>\$ -</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

	<u>VITRANS Paving</u>	<u>Highway</u>	<u>COPS</u>	<u>Community Garden</u>	<u>Pedestrian Sidewalk</u>	<u>HS Laptops</u>
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ 925	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	13,359	-	717	1,537
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,359</u>	<u>\$ 925</u>	<u>\$ 717</u>	<u>\$ 1,537</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	13,359	-	717	1,537
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>13,359</u>	<u>-</u>	<u>717</u>	<u>1,537</u>
<b>FUND EQUITY</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	925	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,359</u>	<u>\$ 925</u>	<u>\$ 717</u>	<u>\$ 1,537</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

	USDA Fire Truck	USDA West St. Grant	Recreation Playground	Bulletproof Vests	Totals
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 6,171
Accounts receivable	-	-	-	-	-
Due from other governments	-	7,327	4,640	1,288	31,105
Due from other funds	-	-	-	-	270,261
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 7,327</u>	<u>\$ 4,640</u>	<u>\$ 1,288</u>	<u>\$ 307,537</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000
Due to other funds	-	2,327	4,640	1,288	26,105
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>7,327</u>	<u>4,640</u>	<u>1,288</u>	<u>31,105</u>
<b>FUND EQUITY</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	201,388
Committed	-	-	-	-	74,119
Assigned	-	-	-	-	925
Unassigned	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,432</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ -</u>	<u>\$ 7,327</u>	<u>\$ 4,640</u>	<u>\$ 1,288</u>	<u>\$ 307,537</u>

See accompanying independent auditors' report.

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Reappraisal	Local Law Enforcement Grant	Jaws of Life	Grants - Planning	Community Assistance	DUI Grant	Highway Safety
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,065	\$ 2,878
Interest/Gains & Losses	1,858	5	1	829	-	-	-
Other	10,243	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>12,101</b>	<b>5</b>	<b>1</b>	<b>829</b>	<b>-</b>	<b>11,065</b>	<b>2,878</b>
EXPENDITURES							
Current:							
General Government	2,082	-	-	205	-	-	-
Public Safety	-	180	-	-	-	10,956	2,878
Public Works	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,082</b>	<b>180</b>	<b>-</b>	<b>205</b>	<b>-</b>	<b>10,956</b>	<b>2,878</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,019	(175)	1	624	-	109	-
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	5,000	-	-	-	896	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>896</b>	<b>-</b>	<b>-</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	15,019	(175)	1	624	896	109	-
FUND BALANCE - JULY 1	59,100	5,421	686	22,049	279	(109)	-
FUND BALANCE - JUNE 30	\$ 74,119	\$ 5,246	\$ 687	\$ 22,673	\$ 1,175	\$ -	\$ -

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Click It or Ticket	Task Force	Fire Emergency Reserve	Grant Match Reserve	Start Grant	Airport Park	VLCT PACIF
REVENUES							
Intergovernmental	\$ -	\$ 2,289	\$ -	\$ -	\$ 2,973	\$ -	\$ 4,144
Interest/Gains & Losses	-	-	3,779	712	-	159	-
Other	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>2,289</b>	<b>3,779</b>	<b>712</b>	<b>2,973</b>	<b>159</b>	<b>4,144</b>
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	-	701	832	-	-	-	-
Public Works	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Other	-	-	-	1,961	2,973	-	4,144
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>701</b>	<b>832</b>	<b>1,961</b>	<b>2,973</b>	<b>-</b>	<b>4,144</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,588	2,947	(1,249)	-	159	-
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	(896)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(896)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(896)	1,588	2,947	(1,249)	-	159	-
FUND BALANCE - JULY 1	896	(1,588)	145,564	20,668	-	3,518	-
FUND BALANCE - JUNE 30	\$ -	\$ -	\$ 148,511	\$ 19,419	\$ -	\$ 3,677	\$ -

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>VITRANS Paving</u>	<u>Highway</u>	<u>COPS</u>	<u>Community Garden</u>	<u>Pedestrian Sidewalk</u>	<u>HS Laptops</u>
REVENUES						
Intergovernmental	\$ 65,525	\$ -	\$ 61,358	\$ -	\$ 17,760	\$ 15,801
Interest/Gains & Losses	-	-	-	2	-	-
Other	-	3,288	-	-	-	-
<b>TOTAL REVENUES</b>	<u>65,525</u>	<u>3,288</u>	<u>61,358</u>	<u>2</u>	<u>17,760</u>	<u>15,801</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	49,113	-	-	-
Public Works	65,525	2,953	-	-	7,632	-
Recreation	-	-	-	-	-	-
Other	-	-	-	80	-	11,985
<b>TOTAL EXPENDITURES</b>	<u>65,525</u>	<u>2,953</u>	<u>49,113</u>	<u>80</u>	<u>7,632</u>	<u>11,985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>335</u>	<u>12,245</u>	<u>(78)</u>	<u>10,128</u>	<u>3,816</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>-</u>	<u>335</u>	<u>12,245</u>	<u>(78)</u>	<u>10,128</u>	<u>3,816</u>
FUND BALANCE - JULY 1	<u>-</u>	<u>(335)</u>	<u>(12,245)</u>	<u>1,003</u>	<u>(10,128)</u>	<u>(3,816)</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 925</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	USDA Fire Truck	USDA West St. Grant	Recreation Playground	Bulletproof Vests	Totals
REVENUES					
Intergovernmental	\$ 67,500	\$ 7,327	\$ 4,640	\$ 1,288	\$ 264,548
Interest/Gains & Losses	-	-	-	-	7,345
Other	-	-	-	-	13,531
TOTAL REVENUES	<u>67,500</u>	<u>7,327</u>	<u>4,640</u>	<u>1,288</u>	<u>285,424</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	2,287
Public Safety	67,500	-	-	1,288	133,448
Public Works	-	7,327	-	-	83,437
Recreation	-	-	4,640	-	4,640
Other	-	-	-	-	21,143
TOTAL EXPENDITURES	<u>67,500</u>	<u>7,327</u>	<u>4,640</u>	<u>1,288</u>	<u>244,955</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,469</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	5,896
Operating Transfers (Out)	-	-	-	-	(896)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,469</u>
FUND BALANCE - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,963</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,432</u>

See accompanying independent auditors' report.

## Capital Project Funds

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

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2011

	<u>Municipal Building</u>	<u>Public Works Equipment Replacement</u>	<u>Fire Equipment Replacement</u>	<u>Police Cruiser Replacement</u>	<u>Streets/ Sidewalks</u>	<u>Transfer Station</u>
<b>ASSETS</b>						
Cash	\$ 427,267	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	325,486	-	-	-	-	-
Due from other funds	-	41,088	49,179	14,397	111,267	32,652
<b>TOTAL ASSETS</b>	<u>\$ 752,753</u>	<u>\$ 41,088</u>	<u>\$ 49,179</u>	<u>\$ 14,397</u>	<u>\$ 111,267</u>	<u>\$ 32,652</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	733,357	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>733,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	19,396	41,088	49,179	14,397	111,267	32,652
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>19,396</u>	<u>41,088</u>	<u>49,179</u>	<u>14,397</u>	<u>111,267</u>	<u>32,652</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 752,753</u>	<u>\$ 41,088</u>	<u>\$ 49,179</u>	<u>\$ 14,397</u>	<u>\$ 111,267</u>	<u>\$ 32,652</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2011

	Recreation Department	Bridge Repair	Impact Fees	Listers Equipment/ Education	Park Fence	4th Street Sidewalk
<b>ASSETS</b>						
Cash	\$ 15,236	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	-	11,684	7,639	11,875	1,477	66,868
<b>TOTAL ASSETS</b>	<u>\$ 15,236</u>	<u>\$ 11,684</u>	<u>\$ 7,639</u>	<u>\$ 11,875</u>	<u>\$ 1,477</u>	<u>\$ 66,868</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	15,236	11,684	7,639	11,875	1,477	66,868
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>15,236</u>	<u>11,684</u>	<u>7,639</u>	<u>11,875</u>	<u>1,477</u>	<u>66,868</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 15,236</u>	<u>\$ 11,684</u>	<u>\$ 7,639</u>	<u>\$ 11,875</u>	<u>\$ 1,477</u>	<u>\$ 66,868</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2011

	Highway Paving/ Repair	Records Restoration	COPS Match Reserve	Cemetery Reserve	Totals
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 442,503
Investments	-	-	-	-	325,486
Due from other funds	21,936	6,394	14,851	1	391,308
<b>TOTAL ASSETS</b>	<u>\$ 21,936</u>	<u>\$ 6,394</u>	<u>\$ 14,851</u>	<u>\$ 1</u>	<u>\$ 1,159,297</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	733,357
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,357</u>
<b>FUND EQUITY</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	21,936	6,394	14,851	1	425,940
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>21,936</u>	<u>6,394</u>	<u>14,851</u>	<u>1</u>	<u>425,940</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 21,936</u>	<u>\$ 6,394</u>	<u>\$ 14,851</u>	<u>\$ 1</u>	<u>\$ 1,159,297</u>

See accompanying independent auditors' report.

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Municipal Building</u>	<u>Public Works Equipment Replacement</u>	<u>Fire Equipment Replacement</u>	<u>Police Cruiser Replacement</u>	<u>Streets/ Sidewalks</u>	<u>Transfer Station</u>
REVENUES						
Interest	\$ 491	\$ 1,247	\$ 6,385	\$ 295	\$ -	\$ -
Other	-	-	2,575	1,300	4,360	1,141
TOTAL REVENUES	<u>491</u>	<u>1,247</u>	<u>8,960</u>	<u>1,595</u>	<u>4,360</u>	<u>1,141</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital Outlay	1,130	33,587	383,983	1,071	3,484	874
TOTAL EXPENDITURES	<u>1,130</u>	<u>33,587</u>	<u>383,983</u>	<u>1,071</u>	<u>3,484</u>	<u>874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(639)</u>	<u>(32,340)</u>	<u>(375,023)</u>	<u>524</u>	<u>876</u>	<u>267</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from loan issuance	-	-	157,500	-	-	-
Operating Transfers In	10,000	25,000	20,000	10,000	5,000	6,000
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>25,000</u>	<u>177,500</u>	<u>10,000</u>	<u>5,000</u>	<u>6,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>9,361</u>	<u>(7,340)</u>	<u>(197,523)</u>	<u>10,524</u>	<u>5,876</u>	<u>6,267</u>
FUND BALANCE - JULY 1	<u>10,035</u>	<u>48,428</u>	<u>246,702</u>	<u>3,873</u>	<u>105,391</u>	<u>26,385</u>
FUND BALANCE - JUNE 30	<u>\$ 19,396</u>	<u>\$ 41,088</u>	<u>\$ 49,179</u>	<u>\$ 14,397</u>	<u>\$ 111,267</u>	<u>\$ 32,652</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Recreation Department</u>	<u>Bridge Repair</u>	<u>Impact Fees</u>	<u>Listers Equipment/ Education</u>	<u>Park Fence</u>	<u>4th Street Sidewalk</u>
REVENUES						
Interest	\$ 12	\$ -	\$ 9	\$ 625	\$ 2	\$ 993
Other	<u>20,299</u>	<u>113</u>	<u>-</u>	<u>1,205</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>20,311</u>	<u>113</u>	<u>9</u>	<u>1,830</u>	<u>2</u>	<u>993</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital Outlay	<u>13,465</u>	<u>450</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>226</u>
TOTAL EXPENDITURES	<u>13,465</u>	<u>450</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,846</u>	<u>(337)</u>	<u>8</u>	<u>1,830</u>	<u>2</u>	<u>767</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from loan issuance	-	-	-	-	-	-
Operating Transfers In	-	6,000	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	6,846	5,663	8	1,830	2	767
FUND BALANCE - JULY 1	<u>8,390</u>	<u>6,021</u>	<u>7,631</u>	<u>10,045</u>	<u>1,475</u>	<u>66,101</u>
FUND BALANCE - JUNE 30	<u>\$ 15,236</u>	<u>\$ 11,684</u>	<u>\$ 7,639</u>	<u>\$ 11,875</u>	<u>\$ 1,477</u>	<u>\$ 66,868</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Highway Paving/ Repair	Records Restoration	COPS Match Reserve	Cemetery Reserve	Totals
REVENUES					
Interest	\$ 1,205	\$ 8	\$ -	\$ -	\$ 11,272
Other	-	54	16	1	31,064
TOTAL REVENUES	<u>1,205</u>	<u>62</u>	<u>16</u>	<u>1</u>	<u>42,336</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Recreation	-	-	-	-	-
Other	-	-	-	-	-
Capital Outlay	86,012	-	-	-	524,283
TOTAL EXPENDITURES	<u>86,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>524,283</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(84,807)</u>	<u>62</u>	<u>16</u>	<u>1</u>	<u>(481,947)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from loan issuance	-	-	-	-	157,500
Operating Transfers In	-	-	14,835	-	96,835
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>14,835</u>	<u>-</u>	<u>254,335</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(84,807)</u>	<u>62</u>	<u>14,851</u>	<u>1</u>	<u>(227,612)</u>
FUND BALANCE - JULY 1	<u>106,743</u>	<u>6,332</u>	<u>-</u>	<u>-</u>	<u>653,552</u>
FUND BALANCE - JUNE 30	<u>\$ 21,936</u>	<u>\$ 6,394</u>	<u>\$ 14,851</u>	<u>\$ 1</u>	<u>\$ 425,940</u>

See accompanying independent auditors' report.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Fair Haven, Vermont in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.

## TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2011

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Totals
<b>ASSETS</b>				
Cash	\$ 8,052	\$ -	\$ -	\$ 8,052
Investments	166,754	-	-	166,754
Accounts receivable	480	-	-	480
Due from other funds	-	17,617	2,986	20,603
Total assets	<u>\$ 175,286</u>	<u>\$ 17,617</u>	<u>\$ 2,986</u>	<u>\$ 195,889</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,883	\$ 914	\$ 155	\$ 7,952
Due to other funds	20,603	-	-	20,603
Total liabilities	<u>27,486</u>	<u>914</u>	<u>155</u>	<u>28,555</u>
<b>FUND EQUITY</b>				
Fund balance:				
Restricted	<u>147,800</u>	<u>16,703</u>	<u>2,831</u>	<u>167,334</u>
Total fund equity	<u>147,800</u>	<u>16,703</u>	<u>2,831</u>	<u>167,334</u>
Total liabilities and fund equity	<u>\$ 175,286</u>	<u>\$ 17,617</u>	<u>\$ 2,986</u>	<u>\$ 195,889</u>

See accompanying independent auditors' report.

## TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Totals
REVENUES				
Interest	\$ 29,002	\$ 914	\$ 155	\$ 30,071
Other	480	-	-	480
TOTAL REVENUES	<u>29,482</u>	<u>914</u>	<u>155</u>	<u>30,551</u>
EXPENDITURES				
Other	6,979	914	155	8,048
TOTAL EXPENDITURES	<u>6,979</u>	<u>914</u>	<u>155</u>	<u>8,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>22,503</u>	<u>-</u>	<u>-</u>	<u>22,503</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	22,503	-	-	22,503
FUND BALANCES - JULY 1	<u>125,297</u>	<u>16,703</u>	<u>2,831</u>	<u>144,831</u>
FUND BALANCES - JUNE 30	<u>\$ 147,800</u>	<u>\$ 16,703</u>	<u>\$ 2,831</u>	<u>\$ 167,334</u>

See accompanying independent auditors' report.

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

## TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2011

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 31,832	\$ 105,122	\$ 16,139	\$ 13,367	\$ 166,460
Public safety	-	8,539	979,460	-	987,999
Public works	-	3,558	897,911	1,928,716	2,830,185
Solid waste management	-	4,938	47,174	-	52,112
Cemetery	3,253	-	8,848	-	12,101
Recreation	-	-	9,720	58,777	68,497
Water and sewer fund	752	3,620,600	255,985	4,817,485	8,694,822
Total General Capital Assets	35,837	3,742,757	2,215,237	6,818,345	12,812,176
Less: Accumulated Depreciation	-	(1,692,293)	(1,277,146)	(1,643,203)	(4,612,642)
Net General Capital Assets	\$ 35,837	\$ 2,050,464	\$ 938,091	\$ 5,175,142	\$ 8,199,534

See accompanying independent auditors' report.

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
 JUNE 30, 2011

	General Capital Assets 7/1/10	Additions	Deletions	General Capital Assets 6/30/11
General government	\$ 166,460	\$ -	\$ -	\$ 166,460
Public safety	605,499	382,500	-	987,999
Public works	2,744,173	86,012	-	2,830,185
Solid waste management	52,112	-	-	52,112
Cemetery	12,101	-	-	12,101
Recreation	68,497	-	-	68,497
Water and sewer fund	8,586,822	108,000	-	8,694,822
<b>Total General Capital Assets</b>	<b>12,235,664</b>	<b>576,512</b>	<b>-</b>	<b>12,812,176</b>
<b>Less: Accumulated Depreciation</b>	<b>(4,322,223)</b>	<b>(290,419)</b>	<b>-</b>	<b>(4,612,642)</b>
<b>Net General Capital Assets</b>	<b>\$ 7,913,441</b>	<b>\$ 286,093</b>	<b>\$ -</b>	<b>\$ 8,199,534</b>

See accompanying independent auditors' report.