

TOWN OF FAIR HAVEN, VERMONT
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017

TOWN OF FAIR HAVEN, VERMONT
FOR THE YEAR ENDED JUNE 30, 2017

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Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Fair Haven
Fair Haven, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Fair Haven, Vermont ("Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, for the year ended June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bonnie K. Batchelder • Certified Public Accountant

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9, 16 and 40-45, respectively, 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Batchelder Associates, P.C.

Batchelder Associates, PC
License #945
Barre, Vermont
September 29, 2017

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

Our 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, 2017. This report should be read in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$513,384 as a result of this year's operations. Net position of our business-type activities increased by \$136,652 and net position of our governmental activities increased by \$376,732.
- In the Town's business-type activities, revenues and transfers were \$946,546, while expenses and transfers were \$809,894. Net position at June 30, 2017 totaled \$3,261,016.
- The cost of all the Town's programs was \$2,066,604 this year, with no new programs added.
- The General Fund reported a surplus this year of \$6,741.

The unassigned fund balance for the General Fund was \$64,699 as of June 30, 2017. This amount represents the amount of funds available for future budgets.

- The Highway Fund reported a surplus this year of \$138,596, which resulted in a fund balance of \$233,184 as of June 30, 2017.
- The Other Governmental Funds reported deficits of \$67,605 which decreased the cumulative surplus to \$1,504,426.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Statements A and B) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on Statement C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Town as a Whole

The government-wide financial statements are on Statements A and B. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. You can think of the Town's net position – the difference between assets, liabilities and deferred inflows/outflows – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- *Governmental activities* – Most of the Town's basic services are reported here, including the police, public safety, highway and streets, sanitation, health and welfare, culture and recreation, equipment and building maintenance, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sewer and water activities are reported here.

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017
(Continued)

Reporting the Town's Most Significant Funds

The fund financial statements begin on page 12 and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and E that are included in the financial statements.
- Proprietary funds – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017
(Continued)

The Town as a Whole

The Town's combined net position increased by \$513,384 from 2016, increasing from a balance of \$7,449,523 to \$7,962,907. Our analysis below focuses on the net position (Table I below) and changes in net position (Shown on page 5) of the Town's governmental and business-type activities.

Table I – Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Cash and investments	\$ 1,775,565	\$ 1,948,955	\$ 482,084	\$ 342,084	\$ 2,257,649	\$ 2,291,039
Receivables, net of allowance for uncollectibles	194,869	411,247	56,067	62,961	250,936	474,208
Capital assets, non-depreciable	35,085	35,085	752	752	35,837	35,837
Capital assets, depreciable - net	2,586,647	2,333,534	5,340,545	4,641,709	7,927,192	6,975,243
Noncurrent assets	713,088	(67,556)	(463,369)	98,612	249,719	31,056
Total Assets	5,305,254	4,661,265	5,416,079	5,146,118	10,721,333	9,807,383
Deferred outflows of resources	208,859	119,357	62,798	-	271,657	119,357
Long-term liabilities outstanding	420,432	102,193	2,204,393	2,006,289	2,624,825	2,108,482
Other liabilities	390,360	353,270	14,578	15,465	404,938	368,735
Deferred inflows of resources	1,400	-	(1,109)	-	291	-
Total Liabilities	812,192	455,463	2,217,862	2,021,754	3,030,054	2,477,217
Net Position						
Invested in capital assets, net of related debt	2,558,732	2,289,869	3,239,888	2,636,172	5,798,620	4,926,041
Restricted and Non-spendable	257,842	236,376	482,084	-	739,926	236,376
Unrestricted, committed and assigned	1,885,317	1,798,914	(460,956)	488,192	1,424,361	2,287,106
Total Net Position	\$ 4,701,891	\$ 4,325,159	\$ 3,261,016	\$ 3,124,364	\$ 7,962,907	\$ 7,449,523

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017
(Continued)

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from a \$1,798,914 surplus at June 30, 2016, to a \$1,885,317 surplus at June 30, 2017 for the governmental activities.

The net position of our business-type activities increased to \$3,261,016 compared to \$3,124,364 in fiscal year 2016. The Town generally can only use these net positions to finance the continuing operations of the sewer and water operations.

Table II – Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Taxes	\$ 1,677,014	\$ 1,683,542	\$ -	\$ -	\$ 1,677,014	\$ 1,683,542
Intergovernmental	138,015	130,573	946,546	824,291	1,084,561	954,864
Charges for services	297,276	268,955	-	-	297,276	268,955
Grant Income	258,263	-	-	-	258,263	-
Investment income	1,874	-	-	-	1,874	-
Miscellaneous revenues	70,894	21,758	-	53,662	70,894	75,420
Total Revenues	2,443,336	2,104,828	946,546	877,953	3,389,882	2,982,781
Expenditures						
General government	667,675	734,670	-	-	667,675	734,670
Public safety	478,599	451,769	-	-	478,599	451,769
Highway and streets	435,433	425,814	-	-	435,433	425,814
Public Works	210,128	206,253	809,894	785,090	1,020,022	991,343
Culture, recreation and community development	229,007	219,493	-	-	229,007	219,493
Cemeteries	38,867	34,558	-	-	38,867	34,558
Health and welfare	3,647	3,913	-	-	3,647	3,913
Interest	3,248	3,898	-	-	3,248	3,898
Total Expenditures	2,066,604	2,080,368	809,894	785,090	2,876,498	2,865,458
Change in Fund Balances	376,732	24,460	136,652	92,863	513,384	117,323
Net Position - July 1, 2016	4,325,159	4,300,699	3,124,364	3,031,501	7,449,523	7,332,200
Net Position - June 30, 2017	\$ 4,701,891	\$ 4,325,159	\$ 3,261,016	\$ 3,124,364	\$ 7,962,907	\$ 7,449,523

Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The increase in net position for governmental activities was \$376,732 in 2017. Revenues increased by \$338,508 or 16%, and expenses decreased by \$13,764 or .7%, compared to 2016. Most of this increase in revenue is from grants and contributions received during the year.

The cost of all governmental activities this year was \$2,066,604, however, as shown in the Statement of Activities on Statement B, the amount that our taxpayers ultimately financed for these activities through Town taxes was \$1,373,050. Some of the cost was paid by those who directly benefited from the programs \$297,276 or by other governments and organizations that subsidized certain programs with grants and contributions \$396,278.

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017
(Continued)

Business-type Activities

The business-type activities net position increased by \$136,652 in 2017. Revenues increased by \$68,593 or 7.8%, and expenses increased by \$24,804 or 3.2%, compared to 2016. Expected revenue and expenses have impacted this year's results in this comparison for Business-Type Activities.

Table 3 presents the cost of each of the Town's five largest programs – general government, public safety, highways and street, health and welfare, and culture and recreation – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table III
Governmental Activities

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 667,675	\$ 512,940	\$ 734,670	\$ 691,571
Public safety	478,599	313,920	451,769	348,289
Highways and streets	435,433	154,611	425,814	188,577
Public Works	210,128	128,862	206,253	206,253
Culture, recreation and community development	229,007	229,007	219,493	219,493
Cemeteries	38,867	26,815	34,558	21,165
Health and welfare	3,647	3,647	3,913	1,594
Interest on long-term debt	3,248	3,248	3,898	3,898
	<u>\$ 2,066,604</u>	<u>\$ 1,373,050</u>	<u>\$ 2,080,368</u>	<u>\$ 1,680,840</u>

The Town's Funds

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Statement C) reported a combined fund balance of \$1,923,365 which represents an increase of \$77,732 from last year's total of \$1,845,633. Included in this year's total change in fund balance is an increase of \$6,741 in the Town's General Fund.

Statement G compares actual to budget for the General Fund. The most significant variances of actual to budget were as follows:

	Budget	Actual	favorable (unfavorable)
Revenues			
General Budget	\$ 1,589,728	\$ 1,630,125	\$ 40,397
Highway Fund	\$ 518,011	\$ 520,719	\$ 2,708
Expenditures			
General Budget	\$ 1,589,728	\$ 1,623,385	\$ (33,657)
Highway Fund	\$ 508,707	\$ 382,123	\$ 126,584

TOWN OF FAIR HAVEN, VERMONT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED JUNE 30, 2017
 (Continued)

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TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017
(Continued)

Capital Assets and Debt Administration

Capital Assets

At June 30, 2017, the Town had \$7,963,029 invested in a broad range of capital assets, including police, fire equipment, buildings and water and sewer lines, net of accumulated depreciation. (See Table 4 below). This amount represents a net increase (including additions, disposals and depreciation) of \$ 951,949 from last year.

Table IV
Capital Assets at Year-End
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 35,085	\$ 35,085	\$ 752	\$ 752	\$ 35,837	\$ 35,837
Capital assets						
Buildings and improvements	86,344	90,650	1,540,032	1,607,628	1,626,376	1,698,278
Vehicles and equipment	351,422	290,959	135,201	145,195	486,623	436,154
Utility systems	-	-	-	-	-	-
Construction in progress	-	-	878,061	-	878,061	-
Infrastructure	2,142,333	1,944,926	2,787,251	2,888,886	4,929,584	4,833,812
Land Improvements	6,548	6,999	-	-	6,548	6,999
Total Assets	\$ 2,621,732	\$ 2,368,619	5,341,297	4,642,461	\$ 7,963,029	\$ 7,011,080

Debt Administration

At June 30, 2017, the Town had \$2,164,409 in bonds and notes outstanding versus \$2,108,482 on June 30, 2016 – an increase of \$55,927, as shown in Table 5.

Table V
Outstanding Debt at Year-End

	Governmental Activities		Total	
	2017	2016	2017	2016
Bond and notes payable	\$ 2,164,409	\$ 2,108,482	\$ 2,164,409	\$ 2,108,482
Net pension liability	433,159	257,151	433,159	257,151
Uncompensated balances	27,257	23,526	27,257	23,526
Totals	\$ 2,624,825	\$ 2,389,159	\$ 2,624,825	\$ 2,389,159

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors when setting the fiscal year 2017 budget, tax rates, and fees.

When adopting the budget for the 2017-2018 year, the Selectboard considered operational and capital needs of the Town, and the impact of spending on the tax rate.

The Town budgeted no change in fund balance for the fiscal year ending June 30, 2017 and 2018.

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017
(Continued)

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 Manager at Town of Fair Haven, Fair Haven, Vermont, 05743.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2017

STATEMENT A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,430,643	\$ 482,084	\$ 1,912,727
Investments	344,922	-	344,922
Accounts receivable (net of allowance for uncollectible):	15,943	56,067	72,010
Delinquent taxes receivable	151,344	-	151,344
Penalties receivable	27,552	-	27,552
Notes receivable	218,664	-	218,664
Land held for sale	31,055	-	31,055
Internal balances	463,369	(463,369)	-
Capital assets:			
Land, infrastructure, and other assets not being depreciated	35,085	752	35,837
Buildings and vehicles net of accumulated depreciation	2,586,647	5,340,545	7,927,192
Total Assets	5,305,224	5,416,079	10,721,303
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	208,859	62,798	271,657
Total Deferred Outflows of Resources	208,859	62,798	271,657
LIABILITIES			
Account payable	67,717	14,578	82,295
Accrued expenses	315,078	-	315,078
Accrued payroll and withholdings	7,565	-	7,565
Noncurrent liabilities:			
Compensated absences payable	24,406	2,851	27,257
Net pension liability	333,026	100,133	433,159
Bonds and notes payable, due within one year	15,750	13,468	29,218
Bonds and notes payable, due in more than one year	47,250	2,087,941	2,135,191
Total current liabilities	810,792	2,218,971	3,029,763
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	8,412	999	9,411
Deferred notes receivable	-	-	-
Deferred amount on pensions	(7,012)	(2,108)	(9,120)
Total Deferred Inflows of Resources	1,400	(1,109)	291
NET POSITION			
Net investment in capital assets	2,558,732	3,239,888	5,798,620
Nonspendable	31,055	-	31,055
Restricted	226,787	482,084	708,871
Committed	1,277,639	-	1,277,639
Assigned	140,000	-	140,000
Unassigned	467,678	(460,956)	6,722
Total Net Position	\$ 4,701,891	\$ 3,261,016	\$ 7,962,907

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs:	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 667,675	\$ 114,837	\$ 39,898	\$ -	\$ (512,940)	\$ -	\$ (512,940)
Public safety	478,599	89,121	10,445	65,113	(313,920)	-	(313,920)
Highway and streets	435,433	-	87,672	193,150	(154,611)	-	(154,611)
Public Works	210,128	81,266	-	-	(128,862)	-	(128,862)
Culture, recreation and community development	229,007	-	-	-	(229,007)	-	(229,007)
Cemeteries	38,867	12,052	-	-	(26,815)	-	(26,815)
Health and welfare	3,647	-	-	-	(3,647)	-	(3,647)
Interest	3,248	-	-	-	(3,248)	-	(3,248)
Total governmental activities	2,066,604	297,276	138,015	258,263	(1,373,050)	-	(1,373,050)
Business-type activities							
Water fund	401,753	455,261	-	-	-	53,508	53,508
Sewer fund	390,567	491,285	-	-	-	100,718	100,718
Debt services	17,574	-	-	-	-	(17,574)	(17,574)
Total business-type activities	809,894	946,546	-	-	-	136,652	136,652
Total primary government	\$ 2,876,498	\$ 1,243,822	\$ 138,015	\$ 258,263	(1,373,050)	136,652	(1,236,398)
General revenues:							
Taxes					1,677,014	-	1,677,014
Investment income					1,874	-	1,874
Other revenues					70,894	-	70,894
Total general revenues					1,749,782	-	1,749,782
Change in net position					376,732	136,652	513,384
Net Position - July 1, 2016					4,325,159	3,124,364	7,449,523
Net Position - June 30, 2017					\$ 4,701,891	\$ 3,261,016	\$ 7,962,907

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

STATEMENT C

	General Fund	Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 264,421	\$ -	\$ 1,166,222	\$ 1,430,643
Investments	-	-	344,922	344,922
Accounts receivable (net of allowance for uncollectible):	1,060	-	14,883	15,943
Delinquent taxes receivable	151,344	-	-	151,344
Penalties receivable	27,554	-	-	27,554
Other	-	-	-	-
Notes	218,664	-	-	218,664
Tax acquired property	31,055	-	-	31,055
Due from other funds	236,390	246,424	-	482,814
TOTAL ASSETS	\$ 930,488	\$ 246,424	\$ 1,526,027	\$ 2,702,939
LIABILITIES				
Accounts payable	\$ 52,323	\$ 13,240	\$ 2,154	\$ 67,717
Accrued expenses	315,078	-	-	315,078
Payroll withholdings and accruals	7,565	-	-	7,565
Due to other funds	-	-	19,447	19,447
TOTAL LIABILITIES	374,966	13,240	21,601	409,807
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	8,412	-	-	8,412
Deferred tax revenues	142,691	-	-	142,691
Deferred notes receivable	218,664	-	-	218,664
TOTAL DEFERRED INFLOWS OF RESOURCES	369,767	-	-	369,767
FUND BALANCES				
Nonspendable	31,056	-	-	31,056
Restricted	-	-	226,787	226,787
Committed	-	-	1,277,639	1,277,639
Assigned	90,000	50,000	-	140,000
Unassigned	64,699	183,184	-	247,883
TOTAL FUND BALANCES	185,755	233,184	1,504,426	1,923,365
TOTAL LIABILITIES, FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	\$ 930,488	\$ 246,424	\$ 1,526,027	\$ 2,702,939

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT STATEMENT D
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 1,923,365
Amounts reported for governmental activities in the Statement of Net Position 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	2,621,732
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	142,691
Notes receivable	218,664
Deferred outflows and inflows of resources are not financial resources and therefore funds	215,871
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(63,000)
Accrued compensated absences	(24,406)
Net pension liability	<u>(333,026)</u>
Net position of governmental activities	<u>\$ 4,701,891</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

STATEMENT E

	General Fund	Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,259,568	\$ 430,511	\$ -	\$ 1,690,079
Intergovernmental	25,933	87,672	282,673	396,278
Charges for services	114,517	-	320	114,837
Permits, licenses and fees	182,439	-	-	182,439
Investment income	-	-	1,874	1,874
Miscellaneous revenues	47,668	2,536	20,690	70,894
Total Revenues	<u>1,630,125</u>	<u>520,719</u>	<u>305,557</u>	<u>2,456,401</u>
Expenditures:				
General government	700,290	-	4,864	705,154
Public safety	312,496	-	101,592	414,088
Highways and Streets	39,136	319,971	-	359,107
Public Works	209,538	-	-	209,538
Culture, recreation and community development	203,103	-	17,222	220,325
Cemetaries	30,684	-	5,908	36,592
Health and welfare	3,647	-	-	3,647
Capital outlay:				
Public Safety	7,202	-	4,924	12,126
Public Works	-	-	22,600	22,600
Highway and streets	27,953	62,152	286,389	376,494
Debt service:				
Principal	15,750	-	-	15,750
Interest	3,248	-	-	3,248
Total Expenditures	<u>1,553,047</u>	<u>382,123</u>	<u>443,499</u>	<u>2,378,669</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>77,078</u>	<u>138,596</u>	<u>(137,942)</u>	<u>77,732</u>
Other Financing Sources:				
Transfers in	(70,337)	-	70,337	-
Total Other Financing Sources	<u>(70,337)</u>	<u>-</u>	<u>70,337</u>	<u>-</u>
Net Change in Fund Balances	6,741	138,596	(67,605)	77,732
Fund Balances - July 1, 2016	<u>179,014</u>	<u>94,588</u>	<u>1,572,031</u>	<u>1,845,633</u>
Fund Balances - June 30, 2017	<u>\$ 185,755</u>	<u>\$ 233,184</u>	<u>\$ 1,504,426</u>	<u>\$ 1,923,365</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT STATEMENT F
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, 2017

Net change in the fund balances - total governmental funds (Statement E)	<u>\$ 77,732</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$411,220) is allocated over their estimated useful lives and reported depreciation expense (\$158,104). This is the amount by which depreciation exceeded outlays in the current period.	253,116
The issuance of long-term debt (\$0)(e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$15,750) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt items.	15,750
Revenues in the statement of activities that do not provide current financial resources are reported as revenues in the fund	(13,065)
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 Position	
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 the governmental funds:	
Accrued compensated absences	880
Pension expense as a result of GASB 68	<u>42,319</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 376,732</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
TOTAL GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	General Budget			Highway Budget			Total General Fund		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Property taxes	\$ 1,203,688	\$ 1,214,154	\$ 10,466	\$ 430,511	\$ 430,511	\$ -	\$ 1,634,199	\$ 1,644,665	\$ 10,466
Property taxes - interest and penalties	43,000	44,993	1,993	-	-	-	43,000	44,993	1,993
Other Taxes	21,550	26,377	4,827	-	-	-	21,550	26,377	4,827
Intergovernmental	-	-	-	87,500	87,672	172	87,500	87,672	172
Charges for services	287,400	270,308	(17,092)	-	-	-	287,400	270,308	(17,092)
Licenses and permits	23,850	28,041	4,191	-	-	-	23,850	28,041	4,191
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous	10,240	46,252	36,012	-	2,536	2,536	10,240	48,788	38,548
TOTAL REVENUES	1,589,728	1,630,125	40,397	518,011	520,719	2,708	2,107,739	2,150,844	43,105
EXPENDITURES:									
General government	284,687	312,576	(27,889)	-	-	-	284,687	312,576	(27,889)
Benefits	347,120	359,710	(12,590)	-	-	-	347,120	359,710	(12,590)
County tax	12,575	12,303	272	-	-	-	12,575	12,303	272
Judgments and Damages	6,000	10,319	(4,319)	-	-	-	6,000	10,319	(4,319)
Memberships	5,882	5,382	500	-	-	-	5,882	5,382	500
Public safety	409,580	390,433	19,147	-	-	-	409,580	390,433	19,147
Public services	280,049	288,989	(8,940)	-	-	-	280,049	288,989	(8,940)
Public Works	-	-	-	508,707	382,123	126,584	508,707	382,123	126,584
Transfer to other funds	70,500	70,338	162	-	-	-	70,500	70,338	162
Voter appropriations	154,336	154,336	-	-	-	-	154,336	154,336	-
Debt service:									
Principal	15,750	15,750	-	-	-	-	15,750	15,750	-
Interest	3,249	3,249	-	-	-	-	3,249	3,249	-
TOTAL EXPENDITURES	1,589,728	1,623,385	(33,657)	508,707	382,123	126,584	2,098,435	2,005,508	92,927
Net Change in Fund Balance	\$ -	6,741	\$ 6,741	\$ 9,304	138,596	\$ 129,292	\$ 9,304	145,336	\$ 136,032
Fund Balance - July 1, 2016		179,014			94,588			273,602	
Fund Balance - June 30, 2017		\$ 185,755			\$ 233,184			\$ 418,938	

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

STATEMENT H

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	
Assets				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 482,084	\$ 482,084
Accounts receivable (net of allowance for uncollectible)	28,299	27,768	-	56,067
Due from other funds	-	268,252	-	268,252
Total Current Assets	<u>28,299</u>	<u>296,020</u>	<u>482,084</u>	<u>806,403</u>
Noncurrent Assets:				
Sewer assets	-	3,703,641	-	3,703,641
Water assets	6,098,353	-	-	6,098,353
Less: accumulated depreciation	(2,349,156)	(2,111,541)	-	(4,460,697)
Total Noncurrent Assets	<u>3,749,197</u>	<u>1,592,100</u>	<u>-</u>	<u>5,341,297</u>
Total Assets	<u>3,777,496</u>	<u>1,888,120</u>	<u>482,084</u>	<u>6,147,700</u>
Deferred Outflows of Resources				
Deferred outflows of resources related to the Town's participation in VMERS	25,119	37,679	-	62,798
	<u>25,119</u>	<u>37,679</u>	<u>-</u>	<u>62,798</u>
Liabilities				
Current liabilities:				
Accounts payable	4,105	10,472	-	14,577
Current portion of long-term debt	131,897	32,387	-	164,284
Due to other Funds	731,621	-	-	731,621
Total Current Liabilities	<u>867,623</u>	<u>42,859</u>	<u>-</u>	<u>910,482</u>
Noncurrent Liabilities:				
Compensated absences payable	1,433	1,418	-	2,851
Net pension liability	40,053	60,080	-	100,133
Bonds payable, net of current portion	1,658,297	278,828	-	1,937,125
Total Noncurrent Liabilities	<u>1,699,783</u>	<u>340,326</u>	<u>-</u>	<u>2,040,109</u>
Total Liabilities	<u>2,567,406</u>	<u>383,185</u>	<u>-</u>	<u>2,950,591</u>
Deferred Inflows of Resources				
Prepaid taxes	500	499	-	999
Deferred inflows of resources related to the Town's participation in VMERS	(843)	(1,265)	-	(2,108)
Total Deferred Inflows of Resources	<u>(343)</u>	<u>(766)</u>	<u>-</u>	<u>(1,109)</u>
Net Position				
Net investment in capital assets	1,959,003	1,280,885	-	3,239,888
Restricted	-	-	482,084	482,084
Unrestricted/(Deficit)	(723,451)	262,495	-	(460,956)
Total Net Position	<u>\$ 1,235,552</u>	<u>\$ 1,543,380</u>	<u>\$ 482,084</u>	<u>\$ 3,261,016</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

STATEMENT I

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	
Operating Revenues:				
Charges for services	\$ 449,795	\$ 443,702	\$ -	\$ 893,497
Interest and penalties	2,749	2,750	-	5,499
Other	2,717	44,833	-	47,550
Total Operating Revenues	<u>455,261</u>	<u>491,285</u>	<u>-</u>	<u>946,546</u>
Operating Expenses:				
Payroll	93,627	141,138	-	234,765
Benefits	49,165	56,211	-	105,376
Supplies	18,444	9,831	-	28,275
Equipment	7,316	18,627	-	25,943
Purchased services	13,278	70,218	-	83,496
Repairs and maintenance	3,168	3,968	-	7,136
Utilities	19,700	58,499	-	78,199
Miscellaneous	11,851	6,696	-	18,547
Depreciation	176,750	16,925	-	193,675
Insurance	8,454	8,454	-	16,908
Total Operating Expenses	<u>401,753</u>	<u>390,567</u>	<u>-</u>	<u>792,320</u>
Operating Income /(Loss)	<u>53,508</u>	<u>100,718</u>	<u>-</u>	<u>154,226</u>
Non-Operating Revenues/(Expenses):				
Interest expense	(13,288)	(4,286)	-	(17,574)
Total Non-Operating Revenues/(Expenses)	<u>(13,288)</u>	<u>(4,286)</u>	<u>-</u>	<u>(17,574)</u>
Net Income Before Capital Contributions and Transfers	40,220	96,432	-	136,652
Capital Contributions and Transfers:				
Capital Contributions	-	-	-	-
Transfers In	-	-	140,000	140,000
Transfers Out	(100,000)	(40,000)	-	(140,000)
Total Capital Contributions and Transfers	<u>(100,000)</u>	<u>(40,000)</u>	<u>140,000</u>	<u>-</u>
Change in Net Position	(59,780)	56,432	140,000	136,652
Net Position/(Deficit) - July 1, 2016	<u>1,295,332</u>	<u>1,486,948</u>	<u>342,084</u>	<u>3,124,364</u>
Net Position/(Deficit) - June 30, 2017	<u>\$ 1,235,552</u>	<u>\$ 1,543,380</u>	<u>\$ 482,084</u>	<u>\$ 3,261,016</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

STATEMENT J

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 471,966	\$ 517,700	\$ -	\$ 989,666
Other operating cash receipts	-	-	-	-
Cash payments to employees for services	(142,709)	(196,978)	-	(339,687)
Cash payments to suppliers for goods and services	(84,871)	(172,124)	-	(256,995)
Net cash provided (used) by operating activities	<u>244,386</u>	<u>148,598</u>	<u>-</u>	<u>392,984</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	(100,000)	(40,000)	140,000	-
(Increase) decrease in due from other funds	-	-	-	-
Increase (decrease) in due to other funds	775,323	(213,342)	-	561,981
Net cash provided (used) by noncapital financing activities	<u>675,323</u>	<u>(253,342)</u>	<u>140,000</u>	<u>561,981</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(878,061)	(14,450)	-	(892,511)
Principal paid on bonds, notes & leases	(131,897)	(32,386)	-	(164,283)
Proceeds from bond issues(net of prior year restatement)	103,537	155,866	-	259,403
Interest paid on bonds, notes & leases	(13,288)	(4,286)	-	(17,574)
Net cash provided (used) by capital and related financing activities	<u>(919,709)</u>	<u>104,744</u>	<u>-</u>	<u>(814,965)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash	-	-	140,000	140,000
Cash - July 1, 2016	-	-	342,084	-
Cash - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,084</u>	<u>\$ 140,000</u>
ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Income (loss) from operations	\$ 53,508	\$ 100,718	\$ -	\$ 154,226
Depreciation	176,750	16,925	-	193,675
(Increase) decrease in accounts receivable	2,115	4,779	-	6,894
(Increase) decrease in other receivables	-	-	-	-
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in deferred outflows of resources related to the Town's participation in VMERS	(25,119)	(37,679)	-	(62,798)
Increase (decrease) in accounts payable	(2,660)	4,169	-	1,509
Increase (decrease) in accrued wages	-	-	-	-
Increase (decrease) in compensated absences payable	82	372	-	454
Increase (decrease) in net pension liability	40,053	60,080	-	100,133
Increase (decrease) in deferred inflows of resources related to the Town's participation in VMERS	(343)	(766)	-	(1,109)
Net cash provided (used) by operating activities	<u>\$ 244,386</u>	<u>\$ 148,598</u>	<u>\$ -</u>	<u>\$ 392,984</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The Town of Fair Haven, Vermont (the Town), is organized according to Vermont State Law and Town Charter, under the governance of a five-member Selectboard to provide the following services for the Town of Fair Haven: public health and safety, highways and streets, culture and recreation, public improvements, sanitation, planning and zoning, water, wastewater treatment and general administration. Included in public health and safety are police and fire services, which are also provided to certain surrounding towns under contract agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity

This report includes all of the activity of the Town of Fair Haven, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

Basic Financial Statements

Government-Wide 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 activities are classified as business-type. All other funds are governmental-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on the 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 position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities (water and sewer). The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating and capital grants. Program revenues must be directly associated with the governmental function (public safety, highways and streets, etc.) 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.

The net costs (by governmental function or business-type activity) are normally covered by general revenues (property taxes, intergovernmental revenue, interest income, etc.).

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (continued)

Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds in either the governmental category or enterprise type. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenses/expenditures of either fund category/type or the governmental and enterprise funds combined) for the determination of major funds. The General Fund, and Highway Fund, are shown as major funds. All other funds are non-major and are combined in a single column in each of the respective fund financial statements.

Proprietary Funds

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the major enterprise funds of the Town:

Sewer Fund is used to account for the operations of the sewer department.

Water Fund is used to account for the operations of the water department.

Water & Sewer Reserve Fund is used to account for the reserved fund of both the water & sewer funds.

Measurement Focus

The accounting and financial reporting applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets, liabilities and deferred inflows and outflows associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e. net total position) is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, current liabilities and deferred inflows and outflows are generally reported on their balance sheets. Their reported fund balances (net current assets – are considered a measure of available spendable resources and, are segregated into nonspendable, restricted, committed, assigned and unassigned. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Basis of Accounting

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

Accrual Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving)

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (continued)

Accrual Basis of Accounting (continued)

equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual Basis of Accounting

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents.

Budgetary Accounting

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

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 value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset 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 following estimated useful lives:

Buildings and Building Improvements	10 - 50 years
Equipment, Vehicles and Machinery	5 - 20 years
Utility Plant and Capacity Rights	40 - 50 years
Infrastructure	8 - 20 years

GASB No. 34 requires the Town to report and depreciate new general infrastructure assets starting July 1, 2003. The Town has elected not to record infrastructure prior to this date. General infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

Government-Wide Financial Statements

All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Fund Balances

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Selectboard or by an official or body to which the Selectboard delegates the authority.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Nonspendable and Restricted funds are so-designated by external funds sources, such as in the case of the nonspendable Cemetery Trust Fund corpus, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so-designated by action of the voters or the Selectboard, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Excess of Expenditures Over Appropriations

For the year ended June 30, 2017, the Town expended \$33,657 more than appropriated in the General Fund. These over-expenditures were funded by \$40,398 excess revenues.

Investments

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

Interfund Balances

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred outflows of resources from one source; deferred outflows related to the Town's participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town's participation in the Vermont Employees Retirement System. The governmental funds balance sheet reports deferred inflows of resources from three sources; prepaid property taxes, unavailable property taxes, penalties and interest and unavailable receivables. The business-type activities and proprietary funds report deferred inflows of resources from one source; deferred inflows related to the Town's participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

Use of Estimates

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

New Pronouncement – Pension Plans

Effective June 30, 2015, the Town implemented GASB Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town's participation in the Vermont Municipal Employees' Retirement System (VMERS) as well as additional disclosures and required supplemental information.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS

Cash and Investments

Cash and Investments:	
Cash	
Deposits with Financial Institutions	\$ 1,912,727
Investments	
Municipal Bonds, Funds and Certificate of Deposits	<u>344,922</u>
Total Cash and Investments	<u>\$ 2,257,649</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations reflects the distribution of the Town's investments by maturity. The municipal bonds mature between 2034 and 2039.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the actual ratings as of June 30, 2017. The ratings are provided by Standard & Poor's. The Town does not have any policy to limit the exposure to credit risk.

Concentration of Credit Risk

The Town does not have any limitations on the amount that can be invested in any one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town's investments are held in its name and are, therefore, not subject to custodial credit risk. The Town does not have any policy to limit the exposure to custodial credit risk.

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - RECEIVABLES

Accounts Receivable

Accounts Receivable, are reported net of allowance for uncollectible accounts	
General Fund	
Delinquent taxes receivable	\$ 151,344
Penalties and interest on delinquent taxes	27,552
Advance to water fund	-
Miscellaneous receivables	1,060
	<u>\$ 179,956</u>
Enterprise Funds	
Water Fund	
Accounts receivable	\$ 28,299
Sewer Fund	
Accounts receivable	27,768
Net Receivables	<u>\$ 56,067</u>
Non-Major Governmental Funds	
Special Revenue Fund	\$ 14,563
Capital Project Fund	-
Permanent Fund	320
	<u>\$ 14,883</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The Town has combined some of the cash resources of its governmental and proprietary fund types for accounting and reporting purposes and that portion of the pooled cash is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2017 were:

Interfund Balances	Receivables	Payables
General Fund	\$ 236,390	\$ -
Highway Fund	246,424	-
Water Fund	-	731,619
Sewer Fund	268,252	-
Water & Sewer Reserve Fund	-	-
Special Revenue Funds	-	19,247
Capital Projects Fund	-	200
Permanent Fund	-	-
Total	<u>\$ 751,066</u>	<u>\$ 751,066</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017	Balance June 30, 2016	Additions	Disposals	Depreciation	Balance June 30, 2017
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 35,085	\$ -	\$ -	\$ -	\$ 35,085
Total Capital Assets, Not Being Depreciated	<u>35,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,085</u>
Capital Assets, Being Depreciated:					
Buildings	41,968	-	-	-	41,968
Building Improvements	89,312	-	-	-	89,312
Equipment	573,727	39,805	-	-	613,532
Vehicles	1,499,893	141,303	91,902	-	1,549,294
Infrastructure	2,126,239	230,112	-	-	2,356,351
Land Improvements	7,900	-	-	-	7,900
Total capital assets being depreciated	<u>4,339,039</u>	<u>411,220</u>	<u>91,902</u>	<u>-</u>	<u>4,658,357</u>
Less accumulated depreciation for:	<u>(2,005,508)</u>	<u>-</u>	<u>(91,902)</u>	<u>(158,104)</u>	<u>(2,071,710)</u>
Total Governmental Activities Net Capital Assets	<u>\$ 2,368,616</u>	<u>\$ 411,220</u>	<u>\$ -</u>	<u>\$ (158,104)</u>	<u>\$ 2,621,732</u>
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 752	-	-	-	\$ 752
Total Capital Assets, Not Being Depreciated	<u>752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>752</u>
Capital Assets, Being Depreciated:					
Buildings	3,539,391	-	-	-	3,539,391
Building Improvements	81,209	-	-	-	81,209
Equipment	241,357	14,450	-	-	255,807
Vehicles	97,174	-	-	-	97,174
Infrastructure	4,949,600	-	-	-	4,949,600
Work-in-progress	-	878,061	-	-	878,061
Total Capital Assets, Being Depreciated	<u>8,908,731</u>	<u>892,511</u>	<u>-</u>	<u>-</u>	<u>9,801,242</u>
Less accumulated depreciation for:	<u>(4,267,022)</u>	<u>-</u>	<u>-</u>	<u>(193,675)</u>	<u>(4,460,697)</u>
Total Business-type Activities Net Capital Assets	<u>\$ 4,642,461</u>	<u>\$ 892,511</u>	<u>\$ -</u>	<u>\$ (193,675)</u>	<u>\$ 5,341,297</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Depreciation Expense	
Governmental activities:	
General government	\$ 5,720
Public safety	64,511
Public works	76,327
Cemetery	2,274
Recreation	8,682
Transfer Station	590
Total governmental activities depreciation expense	<u>\$ 158,104</u>
Business-type activities:	
Sewer	\$ 16,925
Water	176,750
Total Business-type activities depreciation expense	<u>\$ 193,675</u>

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the Governmental Activities consists of \$271,657 of required employer pension contributions made subsequent to the measurement date, as further described in Note 9.

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities consists of \$9,411 of prepaid property taxes and (\$9,120) resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note 9. Total deferred inflows of resources in the Governmental Activities is \$291.

Deferred inflows of resources in the General Fund consists of \$8,412 of prepaid property taxes, \$142,691 of delinquent property taxes (including penalties and interest on those taxes) that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities and \$218,664 in deferred notes receivable. Total deferred inflows of resources in the General Fund \$369,767.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2017.

Bonds Payable:

Governmental Activities:

\$157,500, 2001 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.	\$ 63,000
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Total governmental activities - bonds payable	63,000
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Business-Type Activities:

\$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.	110,236
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\$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.	160,915
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\$1,946,681, 2009 General Obligation Bonds payable to Vermont Municipal Bond Bank, Vermont Drinking Water State Revolving Fund, due in net annual payments of \$39,097, through July of 2039. Interest is charged at a rate of -3.0% per annum.	1,322,640
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\$108,000, 2011 General Obligation Bonds payable to the United States Department of Agriculture, due in semi-annual payments of \$2,328, through December 2051. Interest is charged at a rate of 3.00% per annum.	97,915
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\$167,000, 2014 General Obligation Bonds payable to the United States Department of Agriculture, due in semi-annual payments of \$5,567, through May 2044. Interest is charged at a rate of 2.75% per annum.	150,299
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\$259,403, 2017 Vermont State Revolving Loan Fund, Water Project. Due beginning in November 1, 2019, with interest rate of (.80%) per annum.	259,404
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Total business-type activities - bonds payable	2,101,409
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Total bonds payable	\$ 2,164,409
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TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Long-term debt will mature approximately as follows:

Years ending	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2018	\$ 15,750	\$ 2,274	\$ 18,024	\$ 181,616	\$ (23,612)	\$ 158,004
June 30, 2019	15,750	1,624	17,374	183,596	(26,324)	157,272
June 30, 2020	15,750	975	16,725	197,162	(27,080)	170,082
June 30, 2021	15,750	325	16,075	194,568	(25,713)	168,855
June 30, 2022	-	-	-	176,138	(24,417)	151,721
June 30, 2023-2025	-	-	-	288,275	(62,225)	226,050
June 30, 2026-2030	-	-	-	267,233	(70,620)	196,613
June 30, 2031-2035	-	-	-	291,037	(35,251)	255,786
June 30, 2036-2040	-	-	-	257,942	(5,985)	251,957
June 30, 2041-2045	-	-	-	40,510	6,568	47,078
June 30, 2046-2050	-	-	-	21,170	2,110	23,280
June 30, 2051-2055	-	-	-	2,162	32	2,194
Total	\$ 63,000	\$ 5,198	\$ 68,198	\$ 2,101,409	\$ (292,517)	\$ 1,808,892

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - FUND BALANCE/NET POSITION CATEGORIES

The fund balances/net position of the Town are categorized as follows:

Fund Balances

	General Fund	Highway Fund	Water & Sewer Fund	Non-Major Funds	Totals
Nonspendable	\$ 31,056	\$ -	\$ -	\$ -	\$ 31,056
Restricted					-
Investment in Capital assets	-	-	3,239,888	-	3,239,888
Water and Sewer Reserve	-	-	482,084	-	482,084
Airport Park	-	-	-	1,782	1,782
Community Garden	-	-	-	595	595
Grants-Planning	-	-	-	68,106	68,106
Jaws of Life	-	-	-	988	988
Local Law Enforcement	-	-	-	5,252	5,252
Grant Fund	-	-	-	(3,745)	(3,745)
Cedar Grove Cemetery	-	-	-	134,275	134,275
West Street Cemetery	-	-	-	16,703	16,703
Fair Haven Free Library	-	-	-	2,831	2,831
Total Restricted	-	-	3,721,972	226,787	3,948,759
Committed					
Emergency Reserve	-	-	-	308,387	308,387
Reappraisal	-	-	-	179,536	179,536
Restoration Trees	-	-	-	4,000	4,000
Bridge Repair	-	-	-	63,802	63,802
Fire Equipment Replacement	-	-	-	176,924	176,924
Listers Equipment/Education	-	-	-	18,996	18,996
Marketing Reserve	-	-	-	1,268	1,268
Municipal Building	-	-	-	84,385	84,385
Police Cruiser Replacement	-	-	-	41,203	41,203
Public Work Equipment Repl	-	-	-	53,581	53,581
Record Restoration	-	-	-	17,355	17,355
Recreation Building Reserve	-	-	-	45,453	45,453
Recreation Department	-	-	-	37,931	37,931
Streets/Sidewalks	-	-	-	204,713	204,713
Town Garage Reserve	-	-	-	35,005	35,005
Transfer Station	-	-	-	5,100	5,100
Total Committed	-	-	-	1,277,639	1,277,639
Assigned	90,000	50,000	-	-	140,000
Unassigned	64,699	183,184	(460,956)	-	(460,956)
Total Fund Balance	\$ 185,755	\$ 233,184	\$ 3,261,016	\$ 1,504,426	\$ 4,936,498

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 10 – CONTINGENT LIABILITIES

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2017 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 11 - PROPERTY TAXES

Property taxes are assessed based on valuations as of April 1, annually. Property taxes were due in four quarterly installments, due August 10th, November 10th, February 10th and May 10th. All delinquent payments on May 11th are subject to an 8% penalty. Interest is calculated at 1% per month for September through November and 1.5%, thereafter, following a 30 day grace period.

Town property tax revenue is recognized in the General Fund for the period for which the tax is levied to the extent they result in current receivables, which will be collected within 60 days of the fiscal year end. The tax rates for fiscal year 2016/2017 were as follows:

Tax Rates	Residential	Non-residential
Town Tax	0.9004	0.9004
Local Tax	0.0014	0.0014
State Education Tax	1.2092	1.3044
	<u>2.1110</u>	<u>2.2062</u>

NOTE 12 - PENSION PLANS

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2017, the retirement system consisted of 437 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2016, the measurement date selected by the State of Vermont, VMERS was funded at 80.95% and had a plan fiduciary net position of \$547,015,114 and a total pension liability of \$675,711,281 resulting in a net pension liability of \$128,696,167. As of June 30, 2016, the Town's proportionate share of this was .3366% resulting in a liability of \$433,159. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2016, the Town's proportion of .3366% was a decrease of .0274% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$52,451.

As of June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 8,898	\$ -
Changes in assumptions	69,564	
Changes in proportional share of contributions	293	(9,120)
Difference between projected and actual earnings on pension plan investments	140,451	-
Town's required employer contributions made subsequent to the measurement date	<u>52,451</u>	<u>-</u>
Total Deferred Resources	<u>\$ 271,657</u>	<u>\$ (9,120)</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$52,451 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year End June 30	<u>Liability</u>
2018	\$ 54,065
2019	54,065
2020	77,723
2021	24,233
2022	<u>-</u>
Total	<u>\$ 210,086</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - PENSION PLANS (Continued)

Summary of System Provisions

Membership:

Full time employees of participating municipalities. The Town elected coverage under Groups A, B and C.

Creditable Service:

Service as a member plus purchased service.

Average Final Compensation (AFC):

Group A – Average annual compensation during highest 5 consecutive years.

Group B and C – Average annual compensation during highest 3 consecutive years.

Service Retirement Allowance:

Eligibility: Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.

Group B – The earlier of age 62 with 5 years of service or age 55 with thirty 30 years of service.

Group C – Age 55 with 5 years of service.

Amount: Group A – 1.4% of AFC times service.

Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC.

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Group C. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility: Age 55 with 5 years of service for Groups A and B.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group A and B members.

Vested Retirement Allowance:

Eligibility: 5 years of service.

Amount: Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments".

Disability Retirement Allowance:

Eligibility: 5 years of service and disability as determined by Retirement Board.

Amount: Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility: Death after 5 years of service.

Amount: For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement:

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - PENSION PLANS (Continued)

Refund of Contribution:

Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments:

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B and C.

Member Contributions:

Group A – 2.5%
Group B – 4.875%
Group C – 10.00%

Employer Contributions:

Group A – 4.0%
Group B – 5.5%
Group C – 7.25%

Retirement Stipend:

\$25 per month payable at the option of the Board of Retirees.

Significant Actuarial Assumptions and Methods

Interest Rate:

A select-and-ultimate interest rate set, specified as follows. The interest rate set is restarted every year.

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Salary increases:

5% per year.

Deaths:

Groups A, B and C: RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from valuation date with Scale BB with 60% Blue Collar and 40% White Collar adjustment.

The post-retirement morality assumption was chosen to recognize improved longevity experience after the valuation date.

Spouse's Age:

Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants:

Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Group B and C.

Actuarial Cost Method:

Projected benefit cost method. The unfunded accrued liability is amortized in installments increasing by 5% per year.

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 12 - PENSION PLANS (Continued)

Asset Valuation Method:

Invested assets are reported at fair value.

Note - For funding purposes – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%. (Note for GASB68).

Inflation:

The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% per year.

Long-term Expected Rate of Return:

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer-term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate:

The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.95% percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95% or one percent higher (8.95%).

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$719,087	\$433,159	\$193,753

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 13 - RISK MANAGEMENT

The Town of Fair Haven is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting and rate-setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

NOTE 14 - INTERFUND TRANSFERS

During the year interfund transfers occurred between funds. The transfers were made in accordance with budgetary authorizations. The transfers represent the Town's per capita fee for the ambulance service and the amount used for operations in the Cemetery Fund. Interfund transfers for the year ended June 30, 2017 are as follows:

	Transfers in				Total
	Highway	Special Revenue	Capital Project Fund	Water and Sewer Reserve Fund	
Transfers out					
General Fund	\$ -	\$ 2,500	\$ 67,837	\$ -	\$ 70,337
Water Fund	-	-	-	100,000	100,000
Sewer Fund	-	-	-	40,000	40,000
Total	\$ -	\$ 2,500	\$ 67,837	\$ 140,000	\$ 210,337

NOTE 15 – RELATED PARTY TRANSACTIONS

Some of the Town's Selectboard members own businesses that do business with the Town, or are employed by such businesses. In 2017, total purchases from businesses owned by Selectboard members or related parties amounted to \$4,285. The Selectboard does not have a policy addressing conflicts of interest but as a practice Selectboard members abstain from voting on transactions that may present a conflict.

NOTE 16 – NOTE RECEIVABLE

An agreement, dated January 1, 1998 between the State of Vermont Agency of Commerce and Community Development and the Town of Fairhaven allowed for funds to be disbursed to Adams House in the amount of \$218,664. Repayment is to begin November 18, 20145 at 0% interest.

NOTE 17 – SUBSEQUENT EVENTS

Events of the Town have been evaluated from the financial statement date through September 29, 2017, the date the financial statements became available, for subsequent events which would impact the financial standing. Other than the item below, there are no transactions which would significantly impact the Town.

The Town owns four pieces of property, of which one has an accepted offer and the other three are in various stages of interest.

TOWN OF FAIR HAVEN, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2017

SCHEDULE 1

	2017	2016	2015
Total Plan Net Pension Liability	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3366%	0.3640%	0.3628%
Town's Proportionate Share of the Net Pension Liability	\$ 433,159	\$ 280,594	\$ 33,115
Town's Covered Employee Payroll	\$ 878,144	\$ 863,248	\$ 888,405
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	49.3266%	32.5044%	3.7275%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.95% as of June 30, 2016	87.42% as of June 30, 2015	98.32% as of June 30, 2014

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net pension liability maintained at 7.95%.

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 52,451	\$ 51,497	\$ 49,950
Contributions in Relation to the Actuarially Determined Contributions	<u>52,451</u>	<u>51,497</u>	<u>49,950</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 878,144	\$ 863,248	\$ 888,405
Contributions as a Percentage of Town's Covered Employee Payroll	5.97%	5.97%	5.62%

Notes to Schedule

Valuation Date: June 30, 2016

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 3
Page 1 of 6

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
General government:			
Property taxes:			
Current	\$ 1,203,688	\$ 1,214,153	\$ 10,465
Delinquent	-	-	-
Interest and penalties	43,000	44,993	1,993
Payments in lieu of taxes, HS-122 refunds and other	500	422	(78)
Current use program	9,000	10,239	1,239
Other taxes	<u>12,050</u>	<u>15,716</u>	<u>3,666</u>
 Total property taxes	 <u>1,268,238</u>	 <u>1,285,523</u>	 <u>17,285</u>
 Licenses and permits:			
Certified copies	2,500	2,489	(11)
Dog licenses	1,800	2,375	575
Liquor licenses	800	1,040	240
Recording fees	11,500	14,777	3,277
Vault time/copies	1,625	1,919	294
Vehicle registration fees	1,000	936	(64)
Zoning	1,000	1,215	215
Other	<u>3,625</u>	<u>3,290</u>	<u>(335)</u>
 Total licenses and permits	 <u>23,850</u>	 <u>28,041</u>	 <u>4,191</u>
 Total general government	 <u>1,292,088</u>	 <u>1,313,564</u>	 <u>21,476</u>
 Charges for Services:			
Public safety			
Police	67,500	83,925	16,425
Fire	<u>4,500</u>	<u>5,196</u>	<u>696</u>
 Total public safety	 <u>72,000</u>	 <u>89,121</u>	 <u>17,121</u>
 Cemetery			
Lot Sales/Burials	13,400	8,410	(4,990)
Interest Income	<u>7,500</u>	<u>3,642</u>	<u>(3,858)</u>
 Total Cemetery	 <u>20,900</u>	 <u>12,052</u>	 <u>(8,848)</u>
 Sanitation			
User Fees	184,500	161,370	(23,130)
Recycling Income	<u>10,000</u>	<u>7,765</u>	<u>(2,235)</u>
 Total sanitation	 <u>194,500</u>	 <u>169,135</u>	 <u>(25,365)</u>
 Total charges for services	 <u>287,400</u>	 <u>270,308</u>	 <u>(17,092)</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 3
Page 2 of 6

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous income:			
Insurance Reimbursement	\$ 500	\$ 11,088	\$ 10,588
Building income	5,400	5,400	-
Tax Sale Reimbursement	1,500	19,107	17,607
Other	2,840	10,658	7,818
Total miscellaneous income	10,240	46,253	36,013
Total revenues	\$ 1,589,728	\$ 1,630,125	\$ 40,397
 EXPENDITURES:			
General Government:			
Selectmen:			
Salaries	\$ 5,820	\$ 5,779	\$ 41
Supplies	2,150	1,978	172
Outside services	6,000	12,178	(6,178)
Other	1,400	3,452	(2,052)
Total selectmen	15,370	23,387	(8,017)
 Town manager:			
Salaries	48,540	46,842	1,698
Travel (Mileage)	300	469	(169)
Other	900	781	119
Total town manager	49,740	48,092	1,648
 Elections:			
Salaries	150	121	29
Equipment	5,100	3,441	1,659
Non-Employee Workers	1,050	2,034	(984)
Total elections	6,300	5,596	704
 Clerk/Treasurer:			
Salaries	57,260	56,868	392
Supplies	500	355	145
Other	900	35	865
Total clerk/treasurer	58,660	57,258	1,402
 Accounting:			
Salaries	48,736	43,612	5,124
Travel (Mileage)	100	-	100
Other	500	30	470
Total accounting	49,336	43,642	5,694

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 3
Page 3 of 6

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Auditing:			
Salaries	\$ -	\$ -	\$ -
Outside services	10,300	10,300	-
Total auditing	10,300	10,300	-
Listers:			
Salaries	18,000	17,221	779
Supplies	1,275	2,283	(1,008)
Travel (Mileage)	150	76	74
Other	2,100	455	1,645
Total Listers	21,525	20,035	1,490
Delinquent Tax Collection:			
Refund-Redeemed Tax Sale	-	16,800	(16,800)
Outside services	1,500	13,890	(12,390)
Other	1,500	3,531	(2,031)
Total delinquent tax collection	3,000	34,221	(31,221)
Planning/Zoning/Community development:			
Salaries	14,709	12,873	1,836
Outside services	720	720	-
Other	1,720	286	1,434
Total planning/zoning/community development	17,149	13,879	3,270
Municipal building:			
Salaries	1,767	1,786	(19)
Office Supplies	16,320	18,008	(1,688)
Operating Supplies	2,500	2,658	(158)
Outside services	4,920	2,166	2,754
Repairs & Maintenance	5,500	16,105	(10,605)
Utilities	22,300	15,443	6,857
Total municipal building	53,307	56,166	(2,859)
Total General Government:	284,687	312,576	(27,889)
Public safety:			
Emergency Management:			
Utilities	550	-	550
Repairs & Maintenance	1,200	1,337	(137)
	1,750	1,337	413

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 3
Page 4 of 6

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Police:			
Salaries	\$ 275,445	\$ 267,886	\$ 7,559
Communications	6,450	7,708	(1,258)
Machinery and equipment	500	1,714	(1,214)
Office Supplies	1,200	1,754	(554)
Operating Supplies	4,000	4,160	(160)
Training	1,550	1,046	504
Travel (Mileage)	600	467	133
Vehicles	21,710	20,188	1,522
Other	400	-	400
Total police	<u>311,855</u>	<u>304,923</u>	<u>6,932</u>
Fire:			
Salaries	13,300	9,307	3,993
Communications	9,475	9,735	(260)
Equipment	22,800	18,798	4,002
Insurance	1,500	1,437	63
Operating Supplies	600	515	85
Training	4,150	1,507	2,643
Travel (Mileage)	400	91	309
Total fire	<u>52,225</u>	<u>41,390</u>	<u>10,835</u>
Street Lights:			
Utilities	40,000	39,136	864
Total street lights	<u>40,000</u>	<u>39,136</u>	<u>864</u>
Public Health Inspector:			
Salaries	1,800	1,500	300
Other	50	-	50
Total public health inspector	<u>1,850</u>	<u>1,500</u>	<u>350</u>
Animal Control:			
Salaries	1,100	1,308	(208)
Operating Supplies	300	242	58
Travel (Mileage)	50	-	50
Other	450	597	(147)
Total animal control	<u>1,900</u>	<u>2,147</u>	<u>(247)</u>
Total public safety	<u>409,580</u>	<u>390,433</u>	<u>19,147</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 3
Page 5 of 6

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public services:			
Cemetery Expenses:			
Salaries	\$ 22,463	\$ 22,292	\$ 171
Operating Supplies	600	53	547
Outside services	8,000	6,010	1,990
Repairs & Maintenance	500	34	466
Trustee 40%	2,300	320	1,980
Other	2,000	1,975	25
Total cemetery	<u>35,863</u>	<u>30,684</u>	<u>5,179</u>
Air Park:			
Salaries	1,538	604	934
Operating Supplies	100	11	89
Outside services	660	3,019	(2,359)
Utilities	350	326	24
Total air park	<u>2,648</u>	<u>3,960</u>	<u>(1,312)</u>
Transfer station:			
Salaries	77,582	81,419	(3,837)
Dues	11,500	11,313	187
Off-site fees	97,000	105,850	(8,850)
Operation supplies	1,800	1,977	(177)
Outside services	3,000	5,802	(2,802)
Repairs & Maintenance	500	900	(400)
Utilities	1,900	1,943	(43)
Other	200	334	(134)
Total solid waste	<u>193,482</u>	<u>209,538</u>	<u>(16,056)</u>
Recreation:			
Salaries	23,456	24,481	(1,025)
Equipment	3,700	1,395	2,305
Insurance	200	-	200
Operation supplies	1,800	1,332	468
Outside services	5,000	4,341	659
Transportation	2,800	2,827	(27)
Other	400	78	322
Special Events - Christmas	500	215	285
Special Events - Concerts in the Park	7,500	7,488	12
Special Events - Memorial Day	2,500	2,500	-
Special Events - VT Green Up Day	200	150	50
Total recreation	<u>48,056</u>	<u>44,807</u>	<u>3,249</u>
Total Public services:	<u>280,049</u>	<u>288,989</u>	<u>(8,940)</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 3
Page 6 of 6

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other Expenses:			
Memberships	\$ 5,882	\$ 5,382	\$ 500
County Tax	12,575	12,303	272
Judgments and Damages:	6,000	10,319	(4,319)
Benefits	347,120	359,710	(12,590)
Debt Services	18,999	18,998	1
Transfers to other funds	70,500	70,338	162
Voter appropriations	<u>154,336</u>	<u>154,336</u>	<u>-</u>
Total other expenses	<u>615,412</u>	<u>631,386</u>	<u>(15,974)</u>
Total Expenses	<u>\$ 1,589,728</u>	<u>\$ 1,623,385</u>	<u>\$ (33,656)</u>
Net Change in Fund Balance	<u>\$ -</u>	6,741	<u>\$ 6,741</u>
Fund Balance - July 1, 2016		<u>179,014</u>	
Fund Balance - June 30, 2017		<u>\$ 185,755</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 HIGHWAY FUND
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 4

	Highway Budget		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 430,511	\$ 430,511	\$ -
Intergovernmental	87,500	87,672	172
Miscellaneous	-	2,536	2,536
	518,011	520,719	2,708
TOTAL REVENUES			
EXPENDITURES:			
Salaries	203,122	160,075	43,047
Office Supplies	1,510	1,870	(360)
Operating Supplies	162,530	140,489	22,041
Communication	1,900	1,947	(47)
Outside Services	116,500	64,193	52,307
Repairs & Maintenance	16,400	9,760	6,640
Utilities	3,045	2,297	748
Machinery & Equipment	3,700	1,492	2,208
	508,707	382,123	126,584
TOTAL EXPENDITURES			
Net Change in Fund Balance	\$ 9,304	138,596	\$ 129,292
Fund Balance - July 1, 2016		94,588	
Fund Balance - June 30, 2017		\$ 233,184	

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

SCHEDULE 5

	Special Revenue Fund	Capital Project Fund	Permanent Funds	Total
ASSETS				
Cash	\$ 474,892	\$ 689,396	\$ 1,934	\$ 1,166,222
Investments	94,693	96,520	153,709	344,922
Accounts receivable	14,563	-	320	14,883
Due from other funds	-	-	-	-
	<u>\$ 584,148</u>	<u>\$ 785,916</u>	<u>\$ 155,963</u>	<u>\$ 1,526,027</u>
Total assets				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 2,154	\$ 2,154
Due to other funds	19,247	200	-	19,447
	<u>19,247</u>	<u>200</u>	<u>2,154</u>	<u>21,601</u>
Total liabilities				
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	72,978	-	153,809	226,787
Committed	491,923	785,716	-	1,277,639
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>564,901</u>	<u>785,716</u>	<u>153,809</u>	<u>1,504,426</u>
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 584,148</u>	<u>\$ 785,916</u>	<u>\$ 155,963</u>	<u>\$ 1,526,027</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 6

	Special Revenue Fund	Capital Project Fund	Permanent Funds	Total
Revenues:				
Charges for services	\$ -	\$ -	\$ 320	\$ 320
Intergovernmental	281,463	1,210		282,673
Investment income	-	-	1,874	1,874
Other	-	20,690	-	20,690
Total revenues	281,463	21,900	2,194	305,557
Expenditures:				
Public Safety	84,833	16,759	-	101,592
Public Works	-	-	-	-
Recreation	-	17,222	-	17,222
Cemeteries	-	-	5,908	5,908
Other	2,130	2,734	-	4,864
Capital outlays				
Public Safety	4,136	788		4,924
Public Works		22,600		22,600
Highways and streets	173,039	113,350	-	286,389
Total expenditures	264,138	173,453	5,908	443,499
Excess/(Deficiency) of Revenues Over Expenditures	17,325	(151,553)	(3,714)	(137,942)
Other Financing Sources:				
Transfers in	2,500	67,837	-	70,337
Total Other Financing Sources	2,500	67,837	-	70,337
Net Change in Fund Balances	19,825	(83,716)	(3,714)	(67,605)
Fund Balances - July 1, 2016	545,076	869,432	157,523	1,572,031
Fund Balances - June 30, 2017	<u>\$ 564,901</u>	<u>\$ 785,716</u>	<u>\$ 153,809</u>	<u>\$ 1,504,426</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Airport Park	Community Gardens	Emergency Reserve	Grants- Planning	Jaws of Life	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
Assets										
Cash	\$ 1,782	\$ 595	\$ 213,694	\$ 69,043	\$ 988	\$ 5,254	\$ -	\$ 179,536	\$ 4,000	\$ 474,892
Investments	-	-	94,693	-	-	-	-	-	-	94,693
Accounts Receivable	-	-	-	-	-	14,563	-	-	-	14,563
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,782	\$ 595	\$ 308,387	\$ 69,043	\$ 988	\$ 19,817	\$ -	\$ 179,536	\$ 4,000	\$ 584,148
Liabilities										
Due to other funds	\$ -	\$ -	\$ -	\$ 937	\$ -	\$ 14,565	\$ 3,745	\$ -	\$ -	\$ 19,247
Total liabilities	-	-	-	937	-	14,565	3,745	-	-	19,247
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,782	595	-	68,106	988	5,252	-	-	-	76,723
Committed	-	-	308,387	-	-	-	(3,745)	179,536	4,000	488,178
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(3,745)	-	-	-
Total fund balances	1,782	595	308,387	68,106	988	5,252	(3,745)	179,536	4,000	564,901
Total liabilities, deferred inflows of resources and fund balances	\$ 1,782	\$ 595	\$ 308,387	\$ 69,043	\$ 988	\$ 19,817	\$ -	\$ 179,536	\$ 4,000	\$ 584,148

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Airport Park	Community Gardens	Emergency Reserve	Grants Reserve	Jaws of Life	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
Revenues:										
Intergovernmental	\$ -	\$ -	\$ 10,445	\$ -	\$ -	\$ -	\$ 258,263	\$ 12,755	\$ -	\$ 281,463
Investment income	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	-	10,445	-	-	-	258,263	12,755	-	281,463
Expenditures:										
Public safety	-	-	-	-	-	-	84,833	-	-	84,833
Highway and streets	-	-	-	-	-	-	-	-	-	-
Other	-	10	-	2,120	-	-	-	-	-	2,130
Capital outlays:										
Public safety	-	-	-	-	-	-	4,136	-	-	4,136
Highways and streets	-	-	-	-	-	-	173,039	-	-	173,039
Total Expenditures	-	10	-	2,120	-	-	262,008	-	-	264,138
Excess/(Deficiency) of Revenues Over Expenditures	-	(10)	10,445	(2,120)	-	-	(3,745)	12,755	-	17,325
Other Financing Sources:										
Transfers in	-	-	2,500	-	-	-	-	-	-	2,500
Total Other Financing Sources	-	-	2,500	-	-	-	-	-	-	2,500
Net Change in Fund Balances	-	(10)	12,945	(2,120)	-	-	(3,745)	12,755	-	19,825
Fund Balances - July 1, 2016	1,782	605	295,442	70,226	988	5,252	-	166,781	4,000	545,076
Fund Balances - June 30, 2017	\$ 1,782	\$ 595	\$ 308,387	\$ 68,106	\$ 988	\$ 5,252	\$ (3,745)	\$ 179,536	\$ 4,000	\$ 564,901

The accompanying notes are in integral part of this financial statement

TOWN OF FAIR HAVEN, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2017

	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Marketing Reserve	Municipal Building	Police Cruiser Replacement	Public Works Equipment Replacement	Record Restoration	Page Sub-Total
ASSETS									
Cash	\$ 63,802	\$ 176,924	\$ 18,996	\$ 1,268	\$ 84,385	\$ 41,203	\$ 53,581	\$ 17,355	\$ 457,514
Investments	-	-	-	-	-	-	-	-	-
Total assets	\$ 63,802	\$ 176,924	\$ 18,996	\$ 1,268	\$ 84,385	\$ 41,203	\$ 53,581	\$ 17,355	\$ 457,514
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	63,802	176,924	18,996	1,268	84,385	41,203	53,581	17,355	457,514
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	63,802	176,924	18,996	1,268	84,385	41,203	53,581	17,355	457,514
Total liabilities, deferred inflows of resources and fund balances	\$ 63,802	\$ 176,924	\$ 18,996	\$ 1,268	\$ 84,385	\$ 41,203	\$ 53,581	\$ 17,355	\$ 457,514

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2017

	Recreation Building Reserve	Recreation Department	Streets/Sidewalks	Town Garage Reserve	Transfer Station	Page Sub-Total	Previous Page Sub-Total	Total
ASSETS								
Cash	\$ 45,453	\$ 38,131	\$ 108,193	\$ 35,005	\$ 5,100	\$ 231,882	\$ 457,514	\$ 689,396
Investments	-	-	96,520	-	-	96,520	-	96,520
Total assets	\$ 45,453	\$ 38,131	\$ 204,713	\$ 35,005	\$ 5,100	\$ 328,402	\$ 457,514	\$ 785,916
LIABILITIES								
Due to other funds	\$ -	\$ 200	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 200
Total liabilities	-	200	-	-	-	200	-	200
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	45,453	37,931	204,713	35,005	5,100	328,202	457,514	785,716
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	45,453	37,931	204,713	35,005	5,100	328,202	457,514	785,716
Total liabilities, deferred inflows of resources and fund balances	\$ 45,453	\$ 38,131	\$ 204,713	\$ 35,005	\$ 5,100	\$ 328,402	\$ 457,514	\$ 785,916

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Marketing Reserve	Municipal Building	Police Cruiser Replacement	Public Works Equipment Replacement	Record Restoration	Page Sub-Total
Revenues:									
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,210	-	-	-	-	-	1,210
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	-	-	1,210	-	-	-	-	-	1,210
Expenditures:									
Public Safety	-	16,759	-	-	-	-	-	-	16,759
Public Works	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Capital outlays									
Public Safety						788			788
Public Works							113,350		113,350
Highways and streets				2,734					2,734
Other									
Total expenditures	-	16,759	-	2,734	-	788	113,350	-	133,631
Excess/(Deficiency) of Revenues Over Expenditures	-	(16,759)	1,210	(2,734)	-	(788)	(113,350)	-	(132,421)
Other Financing Sources:									
Transfers in	5,000	15,000	-	-	2,500	6,000	25,000	1,837	55,337
Total Other Financing Sources	5,000	15,000	-	-	2,500	6,000	25,000	1,837	55,337
Net Change in Fund Balances	5,000	(1,759)	1,210	(2,734)	2,500	5,212	(88,350)	1,837	(77,084)
Fund Balances - July 1, 2016	58,802	178,683	17,786	4,002	81,885	35,991	141,931	15,518	534,598
Fund Balances - June 30, 2017	\$ 63,802	\$ 176,924	\$ 18,996	\$ 1,268	\$ 84,385	\$ 41,203	\$ 53,581	\$ 17,355	\$ 457,514

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Recreation Building Reserve	Recreation Department	Streets/Sidewalks	Town Garage Reserve	Transfer Station	Page Sub-Total	Previous Page Sub-Total	Total
Revenues:								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	1,210	1,210
Investment income	-	-	-	-	-	-	-	-
Miscellaneous	-	20,690	-	-	-	20,690	-	20,690
Total revenues	<u>-</u>	<u>20,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,690</u>	<u>1,210</u>	<u>21,900</u>
Expenditures:								
Public Safety	-	-	-	-	-	-	16,759	16,759
Public Works	-	-	-	-	-	-	-	-
Recreation	-	17,222	-	-	-	17,222	-	17,222
Capital outlays	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	788	788
Public Works	-	-	-	-	22,600	22,600	-	22,600
Highways and streets	-	-	-	-	-	-	113,350	113,350
Other	-	-	-	-	-	-	2,734	2,734
Total expenditures	<u>-</u>	<u>17,222</u>	<u>-</u>	<u>-</u>	<u>22,600</u>	<u>39,822</u>	<u>133,631</u>	<u>173,453</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>3,468</u>	<u>-</u>	<u>-</u>	<u>(22,600)</u>	<u>(19,132)</u>	<u>(132,421)</u>	<u>(151,553)</u>
Other Financing Sources:								
Transfers in	-	-	5,000	5,000	2,500	12,500	55,337	67,837
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>2,500</u>	<u>12,500</u>	<u>55,337</u>	<u>67,837</u>
Net Change in Fund Balances	<u>-</u>	<u>3,468</u>	<u>5,000</u>	<u>5,000</u>	<u>(20,100)</u>	<u>(6,632)</u>	<u>(77,084)</u>	<u>(83,716)</u>
Fund Balances - July 1, 2016	<u>45,453</u>	<u>34,463</u>	<u>199,713</u>	<u>30,005</u>	<u>25,200</u>	<u>334,834</u>	<u>534,598</u>	<u>869,432</u>
Fund Balances - June 30, 2017	<u>\$ 45,453</u>	<u>\$ 37,931</u>	<u>\$ 204,713</u>	<u>\$ 35,005</u>	<u>\$ 5,100</u>	<u>\$ 328,202</u>	<u>\$ 457,514</u>	<u>\$ 785,716</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
BALANCE SHEET
NON-MAJOR PERMANENT FUNDS
JUNE 30, 2017

SCHEDULE 11

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
Assets				
Current assets:				
Cash	\$ 1,934	\$ -	\$ -	\$ 1,934
Investments	134,175	16,703	2,831	153,709
Accounts receivable	320	-	-	320
Due from other funds	-	-	-	-
	<u>\$ 136,429</u>	<u>\$ 16,703</u>	<u>\$ 2,831</u>	<u>\$ 155,963</u>
Liabilities				
Current liabilities:				
Accounts Payable	\$ 2,154	\$ -	\$ -	\$ 2,154
Due from other funds	-	-	-	-
	<u>2,154</u>	<u>-</u>	<u>-</u>	<u>2,154</u>
Net Position				
Nonspendable	-	-	-	-
Restricted	134,275	16,703	2,831	153,809
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>134,275</u>	<u>16,703</u>	<u>2,831</u>	<u>153,809</u>
Total Fund Balances	<u>\$ 136,429</u>	<u>\$ 16,703</u>	<u>\$ 2,831</u>	<u>\$ 155,963</u>
Total Net Position	<u>\$ 136,429</u>	<u>\$ 16,703</u>	<u>\$ 2,831</u>	<u>\$ 155,963</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FAIR HAVEN, VERMONT
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 12

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
Operating Revenues:				
Charges for services	\$ 320	\$ -	\$ -	\$ 320
Investment Income	1,642	198	34	1,874
Total operating revenues	<u>1,962</u>	<u>198</u>	<u>34</u>	<u>2,194</u>
Operating Expenses:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Recreation	-	-	-	-
Cemeteries	-	-	-	-
Other	5,676	198	34	5,908
Total operating expenses	<u>5,676</u>	<u>198</u>	<u>34</u>	<u>5,908</u>
Income from Operations	<u>(3,714)</u>	<u>-</u>	<u>-</u>	<u>(3,714)</u>
Nonoperating Expenses:				
Interest expense	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(3,714)	-	-	(3,714)
Net Position - July 1, 2016	<u>137,989</u>	<u>16,703</u>	<u>2,831</u>	<u>157,523</u>
Net Position - June 30, 2017	<u>\$ 134,275</u>	<u>\$ 16,703</u>	<u>\$ 2,831</u>	<u>\$ 153,809</u>

The accompanying notes are an integral part of this financial statement.



Batchelder Associates, PC

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

To the Select Board
Town of Fair Haven, Vermont
Fair Haven, Vermont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fair Haven, Vermont ("Town"), as of and for the year ended June 30, 2017, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 29, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We identified no deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the management recommendation letter to be material weaknesses. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We found no significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* for year ending June 30, 2017.

Bonnie K. Batchelder  Certified Public Accountant

We noted certain other matters that we reported to management of the Town in a separate letter. There are no documented responses included with this audit.

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

Batchelder Associates, P.C.

Batchelder Associates, PC
Barre, Vermont
September 29, 2017
Vermont License # 945