

TOWN OF FAIR HAVEN, VERMONT
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF FAIR HAVEN, VERMONT
 FOR THE YEAR ENDED JUNE 30, 2018
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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, 2018, 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, 2018, 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.

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
October 3, 2018

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

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, 2018. This report should be read in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$464,274 as a result of this year's operations. Net position of our business-type activities increased by \$339,252 and net position of our governmental activities increased by \$125,022.
- In the Town's business-type activities, revenues and transfers were \$1,214,095, while expenses and transfers were \$874,843. Net position at June 30, 2018 totaled \$3,600,268.
- The cost of all the Town's programs was \$2,203,046 this year, with no new programs added.
- The General Fund reported a deficiency this year of \$69,307.
- The unassigned fund balance for the General Fund was (\$85,190) as of June 30, 2018. This amount represents the amount of funds available for future budgets.
- The Highway Fund reported a deficiency this year of \$2,841, which resulted in a fund balance of \$230,343 as of June 30, 2018.
- The Other Governmental Funds reported surplus of \$99,477 which decreased the cumulative surplus to \$1,405,094.

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.

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

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.

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, 2018

The Town as a Whole

The Town's combined net position increased by \$464,274 from 2017, increasing from a balance of \$7,809,098 to \$8,273,372. Our analysis below focuses on the net position (Table I below) and changes in net position (Shown on page 6) of the Town's governmental and business-type activities.

Table I – Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Cash and investments	\$ 1,965,704	\$ 1,619,922	\$ 596,932	\$ 482,084	\$ 2,562,636	\$ 2,102,006
Receivables, net of allowance for uncollectible	113,231	194,549	62,933	56,067	176,164	250,616
Capital assets, non-depreciable	35,085	35,085	752	752	35,837	35,837
Capital assets, depreciable - net	2,663,737	2,586,647	5,933,951	5,340,545	8,597,688	7,927,192
Noncurrent assets	249,720	713,088	147,277	(463,369)	396,997	249,719
Total Assets	5,027,477	5,149,291	6,741,845	5,416,079	11,769,322	10,565,370
Deferred outflows of resources	151,073	208,859	52,708	62,798	203,781	271,657
Long-term liabilities outstanding	358,158	420,432	3,157,810	2,204,393	3,515,968	2,624,825
Other liabilities	108,321	388,206	30,383	14,578	138,704	402,784
Deferred inflows of resources	38,967	1,400	6,092	(1,109)	45,059	291
Total Liabilities	505,446	810,038	3,194,285	2,217,862	3,699,731	3,027,900
Net Position						
Invested in capital assets, net of related debt	2,651,572	2,558,732	2,880,507	3,239,888	5,532,079	5,798,620
Restricted and Non-spendable	132,912	104,033	596,932	482,084	729,844	586,117
Unrestricted, committed and assigned	1,888,620	1,885,317	122,829	(460,956)	2,011,449	1,424,361
Total Net Position	\$ 4,673,104	\$ 4,548,082	\$ 3,600,268	\$ 3,261,016	\$ 8,273,372	\$ 7,809,098

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 \$1,885,317 surplus at June 30, 2017, to a \$1,888,620 surplus at June 30, 2018 for the governmental activities.

The net position of our business-type activities increased to \$3,600,268 compared to \$3,261,016 in fiscal year 2017. The Town generally can only use these net positions to finance the continuing operations of the sewer and water operations.

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Table II – Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Taxes	\$ 1,717,108	\$ 1,677,014	\$ -	\$ -	\$ 1,717,108	\$ 1,677,014
Intergovernmental	176,556	138,015	1,214,095	946,546	1,390,651	1,084,561
Charges for services	327,750	296,956	-	-	327,750	296,956
Grant Income	25,851	258,263	-	-	25,851	258,263
Investment income	19,295	-	-	-	19,295	-
Miscellaneous revenues	61,508	70,894	-	-	61,508	70,894
Total Revenues	2,328,068	2,441,142	1,214,095	946,546	3,542,163	3,387,688
EXPENDITURES						
General government	737,307	667,675	-	-	737,307	667,675
Public safety	501,546	478,599	-	-	501,546	478,599
Highway and streets	472,789	435,433	-	-	472,789	435,433
Public Works	223,126	210,128	874,843	809,894	1,097,969	1,020,022
Culture, recreation and community development	232,210	229,007	-	-	232,210	229,007
Cemeteries	29,681	32,959	-	-	29,681	32,959
Health and welfare	3,758	3,647	-	-	3,758	3,647
Other	30	-	-	-	30	-
Interest	2,599	3,248	-	-	2,599	3,248
Total Expenditures	2,203,046	2,060,696	874,843	809,894	3,077,889	2,870,590
Change in Fund Balances	125,022	380,446	339,252	136,652	464,274	517,098
Net Position - July 1, 2017	4,548,082	4,167,636	3,261,016	3,124,364	7,809,098	7,292,000
Net Position - June 30, 2018	\$ 4,673,104	\$ 4,548,082	\$ 3,600,268	\$ 3,261,016	\$ 8,273,372	\$ 7,809,098

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

Governmental Activities

The increase in net position for governmental activities was \$125,022 in 2018. Revenues decreased by \$113,074 or 4.65%, and expenses increased by \$142,350 or 6.60%, compared to 2017. Most of this decrease in revenue is from the lack of grants and contributions received during the year.

The cost of all governmental activities this year was \$2,203,046, 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 \$1,672,889. Some of the cost was paid by those who directly benefited from the programs \$327,750 or by other governments and organizations that subsidized certain programs with grants and contributions \$202,407.

Business-type Activities

The business-type activities net position increased by \$339,252 in 2018. Revenues increased by \$267,549 or 27.8%, and expenses increased by \$64,949 or 8.2%, compared to 2017. The large increase in revenue is due to a debt forgiveness of \$275,000.

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

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

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 737,307	\$ 412,573	\$ 667,675	\$ 512,940
Public safety	501,546	409,495	478,599	313,920
Highways and streets	472,789	359,417	435,433	154,611
Public Works	223,126	223,126	210,128	128,862
Culture, recreation and community development	232,210	232,210	229,007	229,007
Cemeteries	29,681	29,681	38,867	26,815
Health and welfare	3,758	3,758	3,647	3,647
Other	30	30	-	-
Interest on long-term debt	2,599	2,599	3,248	3,248
	<u>\$ 2,203,046</u>	<u>\$ 1,672,889</u>	<u>\$ 2,066,604</u>	<u>\$ 1,373,050</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 \$1,952,280 which represents an increase of \$28,915 from last year's total of \$1,923,365. Included in this year's total change in fund balance is a decrease of \$69,307 in the Town's General Fund.

Schedules 3 and 4 compare actual to budget for the General and Highway Fund. The most significant variances of actual to budget were as follows:

	Budget	Actual	Favorable (unfavorable)
Revenues			
General Budget	\$ 1,662,395	\$ 1,655,877	\$ (6,518)
Highway Fund	\$ 495,883	\$ 499,829	\$ 3,946
Expenditures			
General Budget	\$ 1,752,395	\$ 1,725,184	\$ 27,211
Highway Fund	\$ 545,883	\$ 502,670	\$ 43,213

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Capital Assets and Debt Administration

Capital Assets

At June 30, 2018, the Town had \$8,633,525 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 \$ 670,496 from last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 35,085	\$ 35,085	\$ 752	\$ 752	\$ 35,837	\$ 35,837
Capital assets						
Buildings and improvements	81,915	86,344	3,108,111	1,540,032	3,190,026	1,626,376
Vehicles and equipment	332,456	351,422	140,223	135,201	472,679	486,623
Utility systems	-	-	-	-	-	-
Construction in progress	-	-	-	878,061	-	878,061
Infrastructure	2,243,269	2,142,333	2,685,617	2,787,251	4,928,886	4,929,584
Land Improvements	6,097	6,548	-	-	6,097	6,548
Total Assets	\$ 2,698,822	\$ 2,621,732	\$ 5,934,703	5,341,297	\$ 8,633,525	\$ 7,963,029

Debt Administration

At June 30, 2018, the Town had \$3,101,446 in bonds and notes outstanding versus \$2,164,409 on June 30, 2017 – an increase of \$937,037, as shown in Table 5.

Table V
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bond and notes payable	\$ 47,250	\$ 63,000	\$ 3,054,196	\$ 2,101,409	\$ 3,101,446	\$ 2,164,409
Net pension liability	288,477	333,026	100,649	100,133	389,126	433,159
Uncompensated balances	22,431	24,406	2,965	2,851	25,396	27,257
Totals	\$ 358,158	\$ 420,432	\$ 3,157,810	\$ 2,204,393	\$ 3,515,968	\$ 2,624,825

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors when setting the fiscal year 2018 budget, tax rates, and fees.

When adopting the budget for the 2018-2019 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, 2018 and 2019.

TOWN OF FAIR HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

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, 2018

STATEMENT A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,774,432	\$ 596,932	\$ 2,371,364
Investments	191,272	-	191,272
Accounts receivable (net of allowance for uncollectible):	27,039	62,933	89,972
Delinquent taxes receivable	183,867	-	183,867
Penalties receivable	36,777	-	36,777
Notes receivable	218,664	12,825	231,489
Land held for sale	31,056	-	31,056
Internal balances	(134,452)	134,452	-
Capital assets:			
Land, infrastructure, and other assets not being depreciated	35,085	752	35,837
Buildings and vehicles net of accumulated depreciation	2,663,737	5,933,951	8,597,688
Total Assets	5,027,477	6,741,845	11,769,322
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	151,073	52,708	203,781
Total Deferred Outflows of Resources	151,073	52,708	203,781
LIABILITIES			
Account payable	82,735	30,383	113,118
Accrued payroll and withholdings	7,375	-	7,375
Tax sale and fees payable	18,211	-	18,211
Noncurrent liabilities:			
Compensated absences payable	22,431	2,965	25,396
Net pension liability	288,477	100,649	389,126
Bonds and notes payable, due within one year	15,750	130,497	146,247
Bonds and notes payable, due in more than one year	31,500	2,923,699	2,955,199
Total current liabilities	466,479	3,188,193	3,654,672
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	21,506	-	21,506
Deferred notes receivable	-	-	-
Deferred amount on pensions	17,461	6,092	23,553
Total Deferred Inflows of Resources	38,967	6,092	45,059
NET POSITION			
Net investment in capital assets	2,651,572	2,880,507	5,532,079
Nonspendable	31,055	-	31,055
Restricted	101,857	596,932	698,789
Committed	1,348,237	-	1,348,237
Assigned	50,000	-	50,000
Unassigned	490,383	122,829	613,212
Total Net Position	\$ 4,673,104	\$ 3,600,268	\$ 8,273,372

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, 2018

STATEMENT B

	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
Functions/Programs:							
Governmental activities:							
General government	\$ 737,307	\$ 166,747	\$ 26,570	\$ -	\$ (543,990)	\$ -	\$ (543,990)
Public safety	501,546	29,586	62,465	-	(409,495)	-	(409,495)
Highway and streets	472,789	131,417	87,521	25,851	(228,000)	-	(228,000)
Public Works	223,126	-	-	-	(223,126)	-	(223,126)
Culture, recreation and community development	232,210	-	-	-	(232,210)	-	(232,210)
Cemeteries	29,681	-	-	-	(29,681)	-	(29,681)
Health and welfare	3,758	-	-	-	(3,758)	-	(3,758)
Other	30	-	-	-	(30)	-	(30)
Interest	2,599	-	-	-	(2,599)	-	(2,599)
Total governmental activities	<u>2,203,046</u>	<u>327,750</u>	<u>176,556</u>	<u>25,851</u>	<u>(1,672,889)</u>	<u>-</u>	<u>(1,672,889)</u>
Business-type activities							
Water fund	432,578	730,261	-	-	-	297,683	297,683
Sewer fund	437,053	483,774	-	-	-	46,721	46,721
Debt services	5,212	60	-	-	-	(5,152)	(5,152)
Total business-type activities	<u>874,843</u>	<u>1,214,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,252</u>	<u>339,252</u>
Total primary government	<u>\$ 3,077,889</u>	<u>\$ 1,541,845</u>	<u>\$ 176,556</u>	<u>\$ 25,851</u>	<u>(1,672,889)</u>	<u>339,252</u>	<u>(1,333,637)</u>
General revenues:							
					1,717,108	-	1,717,108
					19,295	-	19,295
					61,508	-	61,508
					<u>1,797,911</u>	<u>-</u>	<u>1,797,911</u>
					125,022	339,252	464,274
					<u>4,548,082</u>	<u>3,261,016</u>	<u>7,809,098</u>
					<u>\$ 4,673,104</u>	<u>\$ 3,600,268</u>	<u>\$ 8,273,372</u>

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

TOWN OF FAIR HAVEN, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

STATEMENT C

	General Fund	Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 519,386	\$ -	\$ 1,255,046	\$ 1,774,432
Investments	-	-	191,272	191,272
Accounts receivable (net of allowance for uncollectible)	5,024	-	22,015	27,039
Delinquent taxes receivable	183,867	-	-	183,867
Delinquent interest and penalties receivable	36,777	-	-	36,777
Notes Receivable	218,664	-	-	218,664
Tax acquired property	31,056	-	-	31,056
Due from other funds	-	252,474	-	252,474
	<u>994,774</u>	<u>252,474</u>	<u>1,468,333</u>	<u>2,715,581</u>
Total Assets	\$ 994,774	\$ 252,474	\$ 1,468,333	\$ 2,715,581
LIABILITIES				
Accounts payable	\$ 58,973	\$ 22,131	\$ 1,631	\$ 82,735
Payroll withholdings and accruals	7,375	-	-	7,375
Tax sale and fees payable	18,211	-	-	18,211
Due to other funds	370,318	-	16,608	386,926
	<u>454,877</u>	<u>22,131</u>	<u>18,239</u>	<u>495,247</u>
Total Liabilities	454,877	22,131	18,239	495,247
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	21,506	-	-	21,506
Deferred tax revenues	183,279	-	-	183,279
Deferred notes receivable	218,664	-	-	218,664
	<u>423,449</u>	<u>-</u>	<u>-</u>	<u>423,449</u>
Total Deferred Inflows of Resources	423,449	-	-	423,449
FUND BALANCES				
Nonspendable	31,055	-	-	31,055
Restricted	-	-	101,857	101,857
Committed	-	-	1,348,237	1,348,237
Assigned	-	50,000	-	50,000
Unassigned	85,393	180,343	-	265,736
	<u>116,448</u>	<u>230,343</u>	<u>1,450,094</u>	<u>1,796,885</u>
Total Fund Balances	116,448	230,343	1,450,094	1,796,885
Total Liabilities, Fund Balances and Deferred Inflows of Resources	\$ 994,774	\$ 252,474	\$ 1,468,333	\$ 2,715,581

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

TOWN OF FAIR HAVEN, VERMONT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

STATEMENT D

	Total Governmental Funds
Total Fund Balances	\$ 1,796,885
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	2,698,822
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	183,279
Notes receivable	218,664
Deferred outflows and inflows of resources are not financial resources and therefore funds	133,612
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(47,250)
Accrued compensated absences	(22,431)
Net pension liability	(288,477)
Net position of governmental activities	\$ 4,673,104

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, 2018

STATEMENT E

	General Fund	Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,268,137	\$ 408,383	\$ -	\$ 1,676,520
Intergovernmental	26,570	87,521	88,316	202,407
Charges for services	196,333	-	-	196,333
Permits, licenses and fees	131,417	-	-	131,417
Investment income	-	-	19,295	19,295
Miscellaneous revenues	33,420	3,925	24,163	61,508
Total Revenues	<u>1,655,877</u>	<u>499,829</u>	<u>131,774</u>	<u>2,287,480</u>
Expenditures:				
General government	695,852	-	-	695,852
Public safety	361,000	-	70,562	431,562
Highways and Streets	37,780	353,024	-	390,804
Public Works	214,444	-	-	214,444
Culture, recreation and community development	211,710	-	18,256	229,966
Cemeteries	29,291	-	-	29,291
Health and welfare	3,758	-	-	3,758
Capital outlay:				
Public Safety	-	-	32,416	32,416
Public Works	-	-	-	-
Highway and streets	-	99,646	114,063	213,709
Debt service:				
Principal	15,750	-	-	15,750
Interest	2,599	-	-	2,599
Total Expenditures	<u>1,572,184</u>	<u>452,670</u>	<u>235,297</u>	<u>2,260,151</u>
Excess/(Deficiency) of Revenues Other Expenditures	<u>83,693</u>	<u>47,159</u>	<u>(103,523)</u>	<u>27,329</u>
Other Financing Sources:				
Transfers in	(153,000)	(50,000)	203,000	-
Total Other Financing Sources	<u>(153,000)</u>	<u>(50,000)</u>	<u>203,000</u>	<u>-</u>
Net Change in Fund Balances	(69,307)	(2,841)	99,477	27,329
Fund Balances - July 1, 2017 (restated)	<u>185,755</u>	<u>233,184</u>	<u>1,350,617</u>	<u>1,769,556</u>
Fund Balances - June 30, 2018	<u>\$ 116,448</u>	<u>\$ 230,343</u>	<u>\$ 1,450,094</u>	<u>\$ 1,796,885</u>

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

TOWN OF FAIR HAVEN, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

STATEMENT F

Net change in the fund balances - total governmental funds (Statement E)	<u>\$ 27,329</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$246,125) is allocated over their estimated useful lives and reported depreciation expense (\$169,035). This is the amount by which depreciation exceeded outlays in the current period.	77,090
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 amounts 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 funds. This amount represents the net effect of current and prior year deferred taxes.	40,588
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	1,975
Pension expense as a result of GASB 68	<u>(37,710)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 125,022</u></u>

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, 2018

STATEMENT H

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	
Assets				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 596,932	\$ 596,932
Accounts receivable (net of allowance for uncollectible)	32,202	30,731	-	62,933
Loans Receivable	-	12,825	-	12,825
Due from other funds	(179,761)	314,213	-	134,452
Total Current Assets	<u>(147,559)</u>	<u>357,769</u>	<u>596,932</u>	<u>807,142</u>
Noncurrent Assets:				
Sewer assets	-	3,715,414	-	3,715,414
Water assets	6,878,886	-	-	6,878,886
Less: accumulated depreciation	(2,530,991)	(2,128,606)	-	(4,659,597)
Total Noncurrent Assets	<u>4,347,895</u>	<u>1,586,808</u>	<u>-</u>	<u>5,934,703</u>
Total Assets	<u>4,200,336</u>	<u>1,944,577</u>	<u>596,932</u>	<u>6,741,845</u>
Deferred Outflows of Resources				
Deferred outflows of resources related to the Town's participation VMERS	23,427	29,281	-	52,708
	<u>23,427</u>	<u>29,281</u>	<u>-</u>	<u>52,708</u>
Liabilities				
Current liabilities:				
Accounts payable	10,216	20,167	-	30,383
Current portion of long-term debt	98,111	32,386	-	130,497
Due to other Funds	-	-	-	-
Total Current Liabilities	<u>108,327</u>	<u>52,553</u>	<u>-</u>	<u>160,880</u>
Noncurrent Liabilities:				
Compensated absences payable	1,318	1,647	-	2,965
Net pension liability	44,734	55,915	-	100,649
Bonds payable, net of current portion	2,664,432	259,267	-	2,923,699
Total Noncurrent Liabilities	<u>2,710,484</u>	<u>316,829</u>	<u>-</u>	<u>3,027,313</u>
Total Liabilities	<u>2,818,811</u>	<u>369,382</u>	<u>-</u>	<u>3,188,193</u>
Deferred Inflows of Resources				
Prepaid taxes	-	-	-	-
Deferred inflows of resources related to the Town's participation in VMERS	2,708	3,384	-	6,092
Total Deferred Inflows of Resources	<u>2,708</u>	<u>3,384</u>	<u>-</u>	<u>6,092</u>
Net Position				
Net investment in capital assets	1,585,352	1,295,155	-	2,880,507
Restricted	-	-	596,932	596,932
Unrestricted/(Deficit)	(183,108)	305,937	-	122,829
Total Net Position	<u>\$ 1,402,244</u>	<u>\$ 1,601,092</u>	<u>\$ 596,932</u>	<u>\$ 3,600,268</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, 2018

STATEMENT I

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	
Operating Revenues:				
Charges for services	\$ 449,251	\$ 438,084	\$ -	\$ 887,335
Interest and penalties	2,913	2,913	-	5,826
Other	3,097	42,777	-	45,874
Total Operating Revenues	<u>455,261</u>	<u>483,774</u>	<u>-</u>	<u>939,035</u>
Operating Expenses:				
Payroll	140,695	112,559	-	253,254
Benefits	61,932	49,547	-	111,479
Supplies	16,951	17,750	-	34,701
Equipment	(934)	2,614	-	1,680
Purchased services	16,476	70,922	-	87,398
Repairs and maintenance	19,295	19,382	-	38,677
Utilities	19,217	65,018	-	84,235
Miscellaneous	11,160	19,465	-	30,625
Depreciation	181,835	17,065	-	198,900
Insurance	7,607	7,607	-	15,214
Total Operating Expenses	<u>474,234</u>	<u>381,929</u>	<u>-</u>	<u>856,163</u>
Operating Income /(Loss)	<u>(18,973)</u>	<u>101,845</u>	<u>-</u>	<u>82,872</u>
Non-Operating Revenues/(Expenses):				
Forgiveness of Debt	275,000	-	-	275,000
Interest expense	(9,335)	(4,133)	(5,152)	(18,620)
Total Non-Operating Revenues/(Expenses)	<u>265,665</u>	<u>(4,133)</u>	<u>(5,152)</u>	<u>256,380</u>
Net Income Before Capital Contributions and Transfers	246,692	97,712	(5,152)	339,252
Capital Contributions and Transfers:				
Capital Contributions	-	-	-	-
Transfers In	-	-	120,000	120,000
Transfers Out	(80,000)	(40,000)	-	(120,000)
Total Capital Contributions and Transfers	<u>(80,000)</u>	<u>(40,000)</u>	<u>120,000</u>	<u>-</u>
Change in Net Position	166,692	57,712	114,848	339,252
Net Position/(Deficit) - July 1, 2017	<u>1,235,552</u>	<u>1,543,380</u>	<u>482,084</u>	<u>3,261,016</u>
Net Position/(Deficit) - June 30, 2018	<u>\$ 1,402,244</u>	<u>\$ 1,601,092</u>	<u>\$ 596,932</u>	<u>\$ 3,600,268</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, 2018

STATEMENT J

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 450,858	\$ 480,312	\$ -	\$ 931,170
Other operating cash receipts	-	-	-	-
Cash payments to employees for services	(199,130)	(166,042)	-	(365,172)
Cash payments to suppliers for goods and services	(77,349)	(192,841)	-	(270,190)
Net cash provided (used) by operating activities	<u>174,379</u>	<u>121,429</u>	<u>-</u>	<u>295,808</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	(80,000)	(40,000)	120,000	-
Increase (decrease) in due to other funds	(570,223)	(27,599)	-	(597,822)
Net cash provided (used) by noncapital financing activities	<u>(650,223)</u>	<u>(67,599)</u>	<u>120,000</u>	<u>(597,822)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(762,171)	(30,135)	-	(792,306)
Principal paid on bonds, notes & leases	(408,480)	(32,387)	-	(440,867)
Proceeds from bond issues	1,380,830	12,825	-	1,393,655
Debt forgiveness	275,000	-	-	275,000
Interest paid on bonds, notes & leases	(9,335)	(4,133)	(5,152)	(18,620)
Net cash provided (used) by capital and related financing activities	<u>475,844</u>	<u>(53,830)</u>	<u>(5,152)</u>	<u>416,862</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	-	-	60	60
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>60</u>	<u>60</u>
Net Increase in Cash	-	-	114,848	114,848
Cash - July 1, 2017	-	-	482,084	482,084
Cash - June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,932</u>	<u>\$ 596,932</u>
ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
Income (loss) from operations	\$ (18,973)	\$ 101,845	\$ -	\$ 82,872
Depreciation	181,835	17,065	-	198,900
(Increase) decrease in accounts receivable	(3,903)	(2,963)	-	(6,866)
(Increase) decrease in other receivables	-	(12,825)	-	(12,825)
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in deferred outflows of resources related to the Town's participation in VMERS	1,692	8,398	-	10,090
Increase (decrease) in accounts payable	6,111	9,695	-	15,806
Increase (decrease) in accrued wages	-	-	-	-
Increase (decrease) in compensated absences payable	(115)	229	-	114
Increase (decrease) in net pension liability	4,681	(4,165)	-	516
Increase (decrease) in prepaid taxes	(500)	(499)	-	(999)
Increase (decrease) in deferred inflows of resources related to the Town's participation in VMERS	3,551	4,649	-	8,200
Net cash provided (used) by operating activities	<u>\$ 174,379</u>	<u>\$ 121,429</u>	<u>\$ -</u>	<u>\$ 295,808</u>

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

TOWN OF FAIR HAVEN, VERMONT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2018

SCHEDULE 11

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
Assets				
Cash	\$ 1,968	\$ -	\$ -	\$ 1,968
Investments	133,893	16,703	2,831	153,427
Total Assets	\$ 135,861	\$ 16,703	\$ 2,831	\$ 155,395
Liabilities:				
Due to Others	135,861	16,703	2,831	155,395
Net Position				
Total Net Position	\$ -	\$ -	\$ -	\$ -

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (continued)

Government-Wide Statements (continued)

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.

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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

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.

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.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (continued)

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.

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

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources (continued)

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.

NOTE 2 – CASH AND INVESTMENTS

Cash and Investments

Cash and Investments:	
Cash	
Deposits with Financial Institutions	\$ 2,371,364
Investments	
Municipal Bonds, Funds and Certificate of Deposits	<u>191,272</u>
Total Cash and Investments	<u><u>\$ 2,562,636</u></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, 2018. The ratings are provided by Standard & Poor's. The Town does not have any policy to limit the exposure to credit risk.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

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.

NOTE 3 - RECEIVABLES

Accounts Receivable

Accounts Receivable, are reported net of allowance for uncollectible accounts

General Fund	
Delinquent taxes receivable	\$ 183,867
Penalties and interest on delinquent taxes	36,777
Advance to water fund	-
Miscellaneous receivables	5,024
	<u>\$ 225,668</u>
Enterprise Funds	
Water Fund	
Accounts receivable	\$ 32,202
Sewer Fund	
Accounts receivable	30,731
Net Receivables	<u>\$ 62,933</u>
Non-Major Governmental Funds	
Special Revenue Fund	\$ 22,015
Capital Project Fund	-
Permanent Fund	-
	<u>\$ 22,015</u>

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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, 2018 were:

Interfund Balances	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	\$ 370,318
Highway Fund	252,474	-
Water Fund	-	115,945
Sewer Fund	250,397	-
Water & Sewer Reserve Fund	-	-
Special Revenue Funds	-	16,608
Capital Projects Fund	-	-
Permanent Fund	-	-
	<hr/>	<hr/>
Total	<u>\$ 502,871</u>	<u>\$ 502,871</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018

	Balance June 30, 2017	Additions	Disposals	Depreciation	Balance June 30, 2018
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	613,532	14,814	-	-	628,346
Vehicles	1,549,294	96,097	(69,071)	-	1,714,462
Infrastructure	2,356,351	135,214	-	-	2,491,565
Land Improvements	7,900	-	-	-	7,900
Total capital assets being depreciated	<u>4,658,357</u>	<u>246,125</u>	<u>(69,071)</u>	<u>-</u>	<u>4,973,553</u>
Less accumulated depreciation for:	<u>(2,071,710)</u>		<u>69,071</u>	<u>(169,035)</u>	<u>(2,309,816)</u>
Total Governmental Activities Net Capital Assets	<u>\$ 2,621,732</u>	<u>\$ 246,125</u>	<u>\$ -</u>	<u>\$ (169,035)</u>	<u>\$ 2,698,822</u>
	Beginning June 30, 2017	Additions	Disposals	Depreciation	Ending June 30, 2018
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	1,640,232	-	-	5,179,623
Building Improvements	81,209	-	-	-	81,209
Equipment	255,807	30,135	-	-	285,942
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>9,801,242</u>	<u>1,670,367</u>	<u>878,061</u>	<u>-</u>	<u>10,593,548</u>
Less accumulated depreciation for:	<u>(4,460,697)</u>	<u>-</u>	<u>-</u>	<u>(198,900)</u>	<u>(4,659,597)</u>
Total Business-type Activities Net Capital Assets	<u>\$ 5,341,297</u>	<u>\$ 1,670,367</u>	<u>\$ 878,061</u>	<u>\$ (198,900)</u>	<u>\$ 5,934,703</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Depreciation Expense	
Governmental activities:	
General government	\$ 5,720
Public safety	69,984
Public works	81,985
Cemetery	390
Recreation	2,274
Transfer Station	<u>8,682</u>
Total governmental activities depreciation expense	<u>\$ 169,035</u>
Business-type activities:	
Sewer	\$ 17,065
Water	<u>181,835</u>
Total Business-type activities depreciation expense	<u>\$ 198,900</u>

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the Governmental Activities consists of \$203,781 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 \$21,506 of prepaid property taxes and \$23,553 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 \$45,059.

Deferred inflows of resources in the General Fund consists of \$21,506 of prepaid property taxes, \$183,279 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 \$423,449.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2018.

	Balance 6/30/2017	Additions	Reduction	Balance 6/30/2018
Bonds Payable:				
<u>Governmental Activities:</u>				
\$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	\$ -	\$ 15,750	\$ 47,250
Total governmental activities - bonds payable	63,000	-	15,750	47,250
<u>Business-Type Activities:</u>				
\$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	-	52,972	57,264
\$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	-	26,819	134,096
\$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	-	78,777	1,243,863
\$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	-	1,731	96,184
\$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	-	5,567	144,732
\$8,275 Wastewater Evaluation Loan and \$4,550 Sewer Study Loan. Clean Water and Drinking Water State Revolving Loan Funds. No payment scheduled, established as studies are in progress.	-	12,825	-	12,825
\$1,960,000, 2016 General Obligation Bond payable to Vermont Municipal Bond Bank, Vermont Drinking Water State Revolving Fund, due in annual payments of \$57,546 through July of 2048. Interest is charged at a rate of 3.0% per annum.	-	1,380,830	15,598	1,365,232
\$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	-	259,404	-
Total business-type activities - bonds payable	2,101,409	1,393,655	440,868	3,054,196
Total bonds payable	\$ 2,164,409	\$ 1,393,655	\$ 456,618	\$ 3,101,446

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2019	15,750	1,624	17,374	303,956	48,671	352,627
June 30, 2020	15,750	975	16,725	244,242	48,790	293,032
June 30, 2021	15,750	325	16,075	241,704	46,629	288,333
June 30, 2022	-	-	-	223,492	44,544	268,036
June 30, 2023	-	-	-	145,189	11,877	157,066
June 30, 2024-2025	-	-	-	363,591	76,023	439,614
June 30, 2026-2030	-	-	-	554,748	147,931	702,679
June 30, 2031-2035	-	-	-	517,802	93,568	611,370
June 30, 2036-2040	-	-	-	395,631	45,695	441,326
June 30, 2041-2045	-	-	-	40,510	13,704	54,214
June 30, 2046-2050	-	-	-	21,170	692	21,862
June 30, 2051-2055	-	-	-	2,161	32	2,193
Total	\$ 47,250	\$ 2,924	\$ 50,174	\$ 3,054,196	\$ 578,156	\$ 3,632,352

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$ 31,055	\$ -	\$ -	\$ -	\$ 31,055
Restricted					-
Investment in Capital assets	-	-	2,880,507	-	2,880,507
Water and Sewer Reserve	-	-	596,932	-	596,932
Airport Park	-	-	-	1,182	1,182
Community Garden	-	-	-	605	605
Grants-Planning	-	-	-	90,413	90,413
Jaws of Life	-	-	-	988	988
Local Law Enforcement	-	-	-	5,255	5,255
Grant Fund	-	-	-	3,414	3,414
Total Restricted	<u>-</u>	<u>-</u>	<u>3,477,439</u>	<u>101,857</u>	<u>3,579,296</u>
Committed					
Emergency Reserve	-	-	-	318,939	318,939
Reappraisal	-	-	-	190,099	190,099
Restoration Trees	-	-	-	14,000	14,000
Bridge Repair	-	-	-	68,802	68,802
Fire Equipment Replacement	-	-	-	184,587	184,587
Listers Equipment/Education	-	-	-	20,236	20,236
Marketing Reserve	-	-	-	1,268	1,268
Municipal Building	-	-	-	114,385	114,385
Police Cruiser Replacement	-	-	-	20,700	20,700
Public Work Equipment Replacement	-	-	-	18,216	18,216
Record Restoration	-	-	-	19,355	19,355
Recreation Building Reserve	-	-	-	45,453	45,453
Recreation Department	-	-	-	43,868	43,868
Streets/Sidewalks	-	-	-	240,724	240,724
Town Garage Reserve	-	-	-	40,005	40,005
Transfer Station	-	-	-	7,600	7,600
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,348,237</u>	<u>1,348,237</u>
Assigned	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Unassigned	<u>85,393</u>	<u>180,343</u>	<u>122,829</u>	<u>-</u>	<u>388,565</u>
Total Fund Balance	<u>\$ 116,448</u>	<u>\$ 230,343</u>	<u>\$ 3,600,268</u>	<u>\$ 1,450,094</u>	<u>\$ 5,397,153</u>

TOWN OF FAIR HAVEN, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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, 2018 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 2017/2018 were as follows:

Tax Rates	Residential	Non-residential
Town Tax	\$ 0.9183	\$ 0.9183
Local Tax	0.0018	0.0018
State Education Tax	1.2904	1.3670
	\$ 2.211	\$ 2.287

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, 2018, 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, 2018

NOTE 12 - PENSION PLANS (Continued)

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

As of June 30, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net pension liability of \$121,155,552. As of June 30, 2017, the Town's proportionate share of this was .32117887% resulting in a liability of \$411,557. The net pension liability was measured as of June 30, 2017, 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, 2017, the Town's proportion of .32117887% was a decrease of .01542113% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$56,515.

As of June 30, 2018, 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	\$ 5,661	\$ 9,633
Changes in assumptions	81,463	
Changes in proportional share of contributions	187	13,920
Difference between projected and actual earnings on pension plan investments	64,810	-
Town's required employer contributions made subsequent to the measurement date	<u>51,660</u>	<u>-</u>
Total Deferred Resources	<u>\$ 203,781</u>	<u>\$ 23,553</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$51,660 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:

<u>Year End June 30</u>	<u>Liability</u>
2018	\$ 46,446
2019	69,021
2020	18,113
2021	(5,051)
2022	<u>-</u>
Total	<u>\$ 128,529</u>

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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 – 7.50% per annum.

Salary increases - 5% per year.

Mortality:

Death in Active Service - 98% of RP-2014 blended a 60% Blue Collar Employee and 40% White Collar, 40% Healthy Employees with generational projection using Scale SSA-2017.

Healthy Post-retirement: 98% of RP-2014 blended a 60% Blue Collar Annuitant, 40% Healthy Employees with generational projection using Scale SSA-2017.

Disabled Post-retirement: RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.3% per annum for Groups B, and C members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A and B, who received a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2018 COLA is assumed to be 0.75% for all groups.

Actuarial Cost Method – Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Assets – 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 market value of assets by more than 20%.

TOWN OF FAIR HAVEN, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - PENSION PLANS (Continued)

Significant Actuarial Assumptions and Methods (continued)

Inflation- 2.50%

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%
	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employees will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%) than the current rate:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$694,759	\$389,126	\$135,653

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, 2018

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. Interfund transfers for the year ended June 30, 2018 are as follows:

		Transfers in				
		Highway Fund	Special Revenue	Capital Projects	Water and Sewer Reserve	Totals
Transfers out	General Fund	\$ -	\$ 35,000	\$ 118,000	\$ -	\$ 153,000
	Highway	-	-	50,000	-	50,000
	Water Fund	-	-	-	80,000	80,000
	Sewer Fund	-	-	-	40,000	40,000
	Total	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 168,000</u>	<u>\$ 120,000</u>	<u>\$ 323,000</u>

NOTE 15 – RELATED PARTY TRANSACTIONS

In FY 2018, there were no related party transactions, 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 in the year income is generated or June 19, 2026 (which ever happens first) at 0% interest.

NOTE 17 – SUBSEQUENT EVENTS

Events of the Town have been evaluated from October 3, 2018 through the date of these financial statements for subsequent events which would impact the financial standing.

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, 2018

SCHEDULE 1

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Plan Net Pension Liability	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.3575%	0.3366%	0.3640%	0.3628%
Town's Proportionate Share of the Net Pension Liability	\$ 433,159	\$ 433,159	\$ 280,594	\$ 33,115
Town's Covered Employee Payroll	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	49.4404%	49.3266%	32.5044%	3.7275%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.64% as of June 30, 2017	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 8.23%.

Fiscal year 2015 was the first year of implementation, therefore, only four 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, 2018

SCHEDULE 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 51,660	\$ 52,451	\$ 51,497	\$ 49,950
Contributions in Relation to the Actuarially Determined Contributions	<u>51,660</u>	<u>52,451</u>	<u>51,497</u>	<u>49,950</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405
Contributions as a Percentage of Town's Covered Employee Payroll	5.90%	5.97%	5.97%	5.62%

Notes to Schedule

Valuation Date: June 30, 2017

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

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, 2018

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	\$ 1,257,782	\$ 1,225,581	\$ (32,201)
Delinquent	-	-	-
Interest and penalties	43,000	41,766	(1,234)
Payments in lieu of taxes, HS-122 refunds and other	500	790	290
Current use program	9,500	9,806	306
Other taxes	13,020	16,764	3,744
	<u>1,323,802</u>	<u>1,294,707</u>	<u>(29,095)</u>
Licenses and permits:			
Certified copies	2,300	1,425	(875)
Dog licenses	2,000	2,459	459
Liquor licenses	1,000	1,205	205
Recording fees	15,000	16,153	1,153
Vault time/copies	1,650	2,098	448
Vehicle registration fees	800	748	(52)
Zoning	1,150	475	(675)
Other	3,650	5,023	1,373
	<u>27,550</u>	<u>29,586</u>	<u>2,036</u>
	<u>1,351,352</u>	<u>1,324,293</u>	<u>(27,059)</u>
Charges for Services:			
Public safety			
Police	75,700	101,831	26,131
Fire	5,248	5,300	52
	<u>80,948</u>	<u>107,131</u>	<u>26,183</u>
Cemetery			
Lot Sales/Burials	12,650	12,060	(590)
Interest Income	6,500	1,801	(4,699)
	<u>19,150</u>	<u>13,861</u>	<u>(5,289)</u>
Sanitation			
User Fees	197,650	171,494	(26,156)
Recycling Income	3,000	5,678	2,678

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, 2018

SCHEDULE 3

Page 2 of 6

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Total sanitation	\$ 200,650	\$ 177,172	\$ (23,478)
Total charges for services	300,748	298,164	(2,584)
Miscellaneous income:			
Insurance Reimbursement	500	3,933	3,433
Building income	5,400	3,600	(1,800)
Tax Sale Reimbursement	1,500	13,604	12,104
Other	2,895	12,283	9,388
Total miscellaneous income	10,295	33,420	23,125
Total revenues	\$ 1,662,395	\$ 1,655,877	\$ (6,518)
EXPENDITURES:			
General Government:			
Selectmen:			
Salaries	\$ 6,000	\$ 5,310	\$ 690
Supplies	2,000	1,248	752
Outside services	6,000	5,650	350
Other	1,700	3,987	(2,287)
Total selectmen	15,700	16,195	(495)
Town manager:			
Salaries	49,390	46,253	3,137
Travel (Mileage)	350	218	132
Other	900	3,504	(2,604)
Total town manager	50,640	49,975	665
Elections:			
Salaries	50	25	25
Equipment	2,200	1,677	523
Non-Employee Workers	500	557	(57)
Total elections	2,750	2,259	491
Clerk/Treasurer:			
Salaries	106,051	105,899	152

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

SCHEDULE 3

GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

Page 3 of 6

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Supplies	\$ 500	\$ 428	\$ 72
Other	200	35	165
Total clerk/treasurer	106,751	106,362	389
Travel (Mileage)	100	-	100
Other	300	60	240
Total accounting	400	60	340
Auditing:			
Salaries	300	-	300
Outside services	9,480	9,872	(392)
Total auditing	9,780	9,872	(92)
Listers:			
Salaries	18,000	17,056	944
Supplies	2,700	2,472	228
Travel (Mileage)	250	360	(110)
Other	875	1,031	(156)
Total Listers	21,825	20,919	906
Delinquent Tax Collection:			
Refund-Redeemed Tax Sale	-	-	-
Outside services	1,650	10,801	(9,151)
Other	1,650	17,269	(15,619)
Total delinquent tax collection	3,300	28,070	(24,770)
Planning/Zoning/Community development:			
Salaries	14,795	14,480	315
Outside services	720	720	-
Other	600	25	575
Total planning/zoning/community development	16,115	15,225	890
Municipal building:			
Salaries	1,798	981	817
Office Supplies	19,770	19,284	486
Operating Supplies	500	391	109

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, 2018

SCHEDULE 3

Page 4 of 6

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Outside services	\$ 5,205	\$ 3,794	\$ 1,411
Repairs & Maintenance	5,800	5,950	(150)
Utilities	20,500	21,558	(1,058)
	53,573	51,958	1,615
Total municipal building	53,573	51,958	1,615
Total General Government:	280,834	300,895	(20,061)
Public safety:			
Emergency Management:			
Utilities	400	-	400
Repairs & Maintenance	1,700	731	969
	2,100	731	1,369
Total Emergency Management	2,100	731	1,369
Police:			
Salaries	280,517	287,396	(6,879)
Communications	8,450	7,928	522
Machinery and equipment	1,000	1,713	(713)
Office Supplies	2,100	2,405	(305)
Operating Supplies	4,380	4,092	288
Training	1,450	826	624
Travel (Mileage)	800	558	242
Vehicles	20,500	18,418	2,082
Other	400	20	380
	319,597	323,356	(3,759)
Total police	319,597	323,356	(3,759)
Fire:			
Salaries	11,650	8,858	2,792
Communications	10,400	8,209	2,191
Equipment	25,050	14,402	10,648
Insurance	1,500	2,504	(1,004)
Operating Supplies	680	200	480
Training	4,150	2,605	1,545
Travel (Mileage)	350	135	215
	53,780	36,913	16,867
Total fire	53,780	36,913	16,867
Street Lights:			
Utilities	38,300	37,780	520
	38,300	37,780	520
Total street lights	38,300	37,780	520

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, 2018

SCHEDULE 3

Page 5 of 6

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Public Health Inspector:			
Salaries	\$ 1,800	\$ 1,500	\$ 300
Other	50	-	50
	1,850	1,500	350
Total public health inspector			
Public services:			
Animal Control:			
Salaries	1,300	696	604
Operating Supplies	300	738	(438)
Travel (Mileage)	50	-	50
Other	450	824	(374)
	2,100	2,258	(158)
Total animal control			
Total public safety	417,727	402,538	15,189
Cemetery Expenses:			
Salaries	18,565	21,430	(2,865)
Operating Supplies	600	581	19
Outside services	8,000	2,830	5,170
Repairs & Maintenance	1,000	396	604
Trustee 40%	2,700	1,120	1,580
Other	3,000	2,935	65
	33,865	29,292	4,573
Total cemetery			
Air Park:			
Salaries	1,564	575	989
Operating Supplies	100	57	43
Outside services	10,240	7,059	3,181
Utilities	350	310	40
	12,254	8,001	4,253
Total air park			
Transfer station:			
Salaries	78,893	79,239	(346)
Dues	11,500	11,620	(120)
Off-site fees	110,432	115,243	(4,811)
Operation supplies	2,300	1,500	800
Outside services	3,000	4,793	(1,793)
Repairs & Maintenance	500	-	500

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

SCHEDULE 3

GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

Page 6 of 6

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Utilities	\$ 1,900	\$ 1,839	\$ 61
Other	200	210	(10)
 Total solid waste	 208,725	 214,444	 (5,719)
Recreation:			
Salaries	25,621	21,208	4,413
Equipment	2,500	4,947	(2,447)
Insurance	200	-	200
Operation supplies	1,800	1,614	186
Outside services	6,500	4,994	1,506
Transportation	3,000	2,726	274
Other	300	748	(448)
Special Events - Christmas	250	180	70
Special Events - Concerts in the Park	7,500	7,500	-
Special Events - Memorial Day	2,500	2,522	(22)
Special Events - VT Green Up Day	200	150	50
 Total recreation	 50,371	 46,589	 3,782
 Total Public services:	 305,215	 298,326	 6,889
Other Expenses:			
Memberships	5,622	5,522	100
County Tax	12,575	13,016	(441)
Judgments and Damages:	6,000	6,414	(414)
Benefits	393,475	367,526	25,949
Debt Services	18,349	18,349	-
Voter appropriations	159,598	159,598	-
 Total other expenses	 595,619	 570,425	 25,194
 Total Expenditures	 \$ 1,599,395	 \$ 1,572,184	 \$ 27,211
Other Financing Sources:			
Transfers Out	\$ (153,000)	\$ (153,000)	\$ -
 Net Change in Fund Balance	 \$ (90,000)	 \$ (69,307)	 \$ 20,693
 Fund Balance - July 1, 2017		 185,755	
 Fund Balance - June 30, 2018		 \$ 116,448	

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
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 4

	Highway Budget		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	\$ 408,383	\$ 408,383	\$ -
Intergovernmental	87,500	87,521	21
Miscellaneous	-	3,925	3,925
Total Revenues	495,883	499,829	3,946
EXPENDITURES:			
Salaries	206,753	173,101	33,652
Office Supplies	1,200	1,522	(322)
Operating Supplies	145,885	128,733	17,152
Communication	2,300	1,931	369
Outside Services	116,000	110,986	5,014
Repairs & Maintenance	16,900	31,904	(15,004)
Utilities	3,145	2,095	1,050
Machinery & Equipment	3,700	2,398	1,302
Total Expenditures	495,883	452,670	43,213
Other Financing Sources:			
Transfers Out	(50,000)	(50,000)	-
Total Other Financing Sources	(50,000)	(50,000)	-
Net Change in Fund Balance	\$ (50,000)	\$ (2,841)	\$ 47,159
Fund Balance - July 1, 2017 (restated)		233,184	
Fund Balance - June 30, 2018		\$ 230,343	

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, 2018

SCHEDULE 5

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 527,098	\$ 727,948	\$ 1,255,046
Investments	94,383	96,889	191,272
Accounts receivable	22,015	-	22,015
Due from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 643,496</u>	<u>\$ 824,837</u>	<u>\$ 1,468,333</u>
LIABILITIES			
Accounts Payable	\$ 1,631	\$ -	\$ 1,631
Due to other funds	16,970	(362)	16,608
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>18,601</u>	<u>(362)</u>	<u>18,239</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	101,857	-	101,857
Committed	523,038	825,199	1,348,237
Assigned	-	-	-
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>624,895</u>	<u>825,199</u>	<u>1,450,094</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 643,496</u>	<u>\$ 824,837</u>	<u>\$ 1,468,333</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, 2018

SCHEDULE 6

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	88,316	-	88,316
Investment income	10,632	8,663	19,295
Other	-	24,163	24,163
	<u>98,948</u>	<u>32,826</u>	<u>131,774</u>
Expenditures:			
Public Safety	70,562	-	70,562
Public Works	-	-	-
Recreation	-	18,226	18,226
Cemeteries	-	-	-
Other	30	-	30
Capital outlays			
Public Safety	600	31,816	32,416
Public Works	-	-	-
Highways and streets	2,762	111,301	114,063
	<u>73,954</u>	<u>161,343</u>	<u>235,297</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>24,994</u>	<u>(128,517)</u>	<u>(103,523)</u>
Other Financing Sources:			
Transfers in	35,000	168,000	203,000
Total Other Financing Sources	<u>35,000</u>	<u>168,000</u>	<u>203,000</u>
Net Change in Fund Balances	<u>59,994</u>	<u>39,483</u>	<u>99,477</u>
Fund Balances - July 1, 2017 (restated)	<u>564,901</u>	<u>785,716</u>	<u>1,350,617</u>
Fund Balances - June 30, 2018	<u>\$ 624,895</u>	<u>\$ 825,199</u>	<u>\$ 1,450,094</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, 2018

SCHEDULE 7

	Airport Park	Community Gardens	Emergency Reserve	Grants- Planning	Jaws of Life	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
Assets										
Cash	\$ 1,182	\$ 605	\$ 224,556	\$ 90,413	\$ 988	\$ 5,255	\$ -	\$ 190,099	\$ 14,000	\$ 527,098
Investments	-	-	94,383	-	-	-	-	-	-	94,383
Accounts Receivable	-	-	-	-	-	-	22,015	-	-	22,015
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,182</u>	<u>\$ 605</u>	<u>\$ 318,939</u>	<u>\$ 90,413</u>	<u>\$ 988</u>	<u>\$ 5,255</u>	<u>\$ 22,015</u>	<u>\$ 190,099</u>	<u>\$ 14,000</u>	<u>\$ 643,496</u>
Liabilities										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,631	\$ -	\$ -	\$ 1,631
Due to other funds	-	-	-	-	-	-	16,970	-	-	16,970
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,601</u>	<u>-</u>	<u>-</u>	<u>18,601</u>
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,182	605	-	90,413	988	5,255	3,414	-	-	101,857
Committed	-	-	318,939	-	-	-	-	190,099	14,000	523,038
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>1,182</u>	<u>605</u>	<u>318,939</u>	<u>90,413</u>	<u>988</u>	<u>5,255</u>	<u>3,414</u>	<u>190,099</u>	<u>14,000</u>	<u>624,895</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,182</u>	<u>\$ 605</u>	<u>\$ 318,939</u>	<u>\$ 90,413</u>	<u>\$ 988</u>	<u>\$ 5,255</u>	<u>\$ 22,015</u>	<u>\$ 190,099</u>	<u>\$ 14,000</u>	<u>\$ 643,496</u>

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, 2018

SCHEDULE 8

	Airport Park	Community Gardens	Emergency Reserve	Grants- Planning	Jaws of Life	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
Revenues:										
Intergovernmental	\$ -	\$ 40	\$ 10,552	\$ -	\$ -	\$ 1	\$ 77,723	\$ -	\$ -	\$ 88,316
Investment income	-	-	-	69	-	-	-	10,563	-	10,632
Total Revenues	-	40	10,552	69	-	1	77,723	10,563	-	98,948
Expenditures:										
Public safety	-	-	-	-	-	-	70,562	-	-	70,562
Highway and streets										-
Other		30	-	-	-	-	-			30
Capital outlays:										
Public safety	600	-	-	-	-	-	-	-	-	600
Highways and streets	-	-	-	2,762	-	-	-	-	-	2,762
Total Expenditures	600	30	-	2,762	-	-	70,562	-	-	73,954
Excess/(Deficiency) of Revenues Over Expenditures	(600)	10	10,552	(2,693)	-	1	7,161	10,563	-	24,994
Other Financing Sources:										
Transfers in	-	-	-	25,000	-	-	-	-	10,000	35,000
Total Other Financing Sources	-	-	-	25,000	-	-	-	-	10,000	35,000
Net Change in Fund Balances	(600)	10	10,552	22,307	-	1	7,161	10,563	10,000	59,994
Fund Balances - July 1, 2017	1,782	595	308,387	68,106	988	5,254	(3,747)	179,536	4,000	564,901
Fund Balances - June 30, 2018	\$ 1,182	\$ 605	\$ 318,939	\$ 90,413	\$ 988	\$ 5,255	\$ 3,414	\$ 190,099	\$ 14,000	\$ 624,895

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, 2018

SCHEDULE 9

	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	\$ 68,802	\$ 184,587	\$ 20,236	\$ 1,268	\$ 114,385	\$ 20,700	\$ 18,216	\$ 18,993	\$ 447,187
Investments	-	-	-	-	-	-	-	-	-
Total assets	\$ 68,802	\$ 184,587	\$ 20,236	\$ 1,268	\$ 114,385	\$ 20,700	\$ 18,216	\$ 18,993	\$ 447,187
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (362)	\$ (362.00)
Total liabilities	-	-	-	-	-	-	-	(362.00)	(362.00)
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	68,802	184,587	20,236	1,268	114,385	20,700	18,216	19,355	447,549
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	68,802	184,587	20,236	1,268	114,385	20,700	18,216	19,355	447,549
Total liabilities, deferred inflows of resources and fund balances	\$ 68,802	\$ 184,587	\$ 20,236	\$ 1,268	\$ 114,385	\$ 20,700	\$ 18,216	\$ 18,993	\$ 447,187

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, 2018

SCHEDULE 9

	Recreation Building Reserve	Recreation Department	Streets/ Sidewalks	Town Garage Reserve	Transfer Station	Page Sub-Total	Previous Page Sub-Total	Total
ASSETS								
Cash	\$ 45,453	\$ 43,868	\$ 143,835	\$ 40,005	\$ 7,600	\$ 280,761	\$ 447,187	\$ 727,948
Investments	-	-	96,889	-	-	96,889	-	96,889
Total assets	\$ 45,453	\$ 43,868	\$ 240,724	\$ 40,005	\$ 7,600	\$ 377,650	\$ 447,187	\$ 824,837
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(362)	\$ (362)
Total liabilities	-	-	-	-	-	-	(362)	(362)
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	45,453	43,868	240,724	40,005	7,600	377,650	447,549	825,199
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	45,453	43,868	240,724	40,005	7,600	377,650	447,549	825,199
Total liabilities, deferred inflows of resources and fund balances	\$ 45,453	\$ 43,868	\$ 240,724	\$ 40,005	\$ 7,600	\$ 377,650	\$ 447,187	\$ 824,837

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, 2018

SCHEDULE 10

	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	-	-	-	-	-	-	-	-	-
Investment income	-	163	1,240	-	-	313	6,947	-	8,663
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>163</u>	<u>1,240</u>	<u>-</u>	<u>-</u>	<u>313</u>	<u>6,947</u>	<u>-</u>	<u>8,663</u>
Expenditures:									
Public Safety	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Capital outlays									
Public Safety						31,816			31,816
Public Works									
Highways and streets							67,312		67,312
Other	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,816</u>	<u>67,312</u>	<u>-</u>	<u>99,128</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>163</u>	<u>1,240</u>	<u>-</u>	<u>-</u>	<u>(31,503)</u>	<u>(60,365)</u>	<u>-</u>	<u>(90,465)</u>
Other Financing Sources:									
Transfers in	5,000	7,500	-	-	30,000	11,000	25,000	2,000	80,500
Total Other Financing Sources	<u>5,000</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>11,000</u>	<u>25,000</u>	<u>2,000</u>	<u>80,500</u>
Net Change in Fund Balances	<u>5,000</u>	<u>7,663</u>	<u>1,240</u>	<u>-</u>	<u>30,000</u>	<u>(20,503)</u>	<u>(35,365)</u>	<u>2,000</u>	<u>(9,965)</u>
Fund Balances - July 1, 2017	<u>63,802</u>	<u>176,924</u>	<u>18,996</u>	<u>1,268</u>	<u>84,385</u>	<u>41,203</u>	<u>53,581</u>	<u>17,355</u>	<u>457,514</u>
Fund Balances - June 30, 2018	<u>\$ 68,802</u>	<u>\$ 184,587</u>	<u>\$ 20,236</u>	<u>\$ 1,268</u>	<u>\$ 114,385</u>	<u>\$ 20,700</u>	<u>\$ 18,216</u>	<u>\$ 19,355</u>	<u>\$ 447,549</u>

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, 2018

SCHEDULE 10

	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	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	8,663	8,663
Miscellaneous	-	24,163	-	-	-	24,163	-	24,163
Total revenues	<u>-</u>	<u>24,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,163</u>	<u>8,663</u>	<u>32,826</u>
Expenditures:								
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Recreation	-	18,226	-	-	-	18,226	-	18,226
Capital outlays								
Public Safety							31,816	31,816
Public Works							-	-
Highways and streets			43,989			43,989	67,312	111,301
Other	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>18,226</u>	<u>43,989</u>	<u>-</u>	<u>-</u>	<u>62,215</u>	<u>99,128</u>	<u>161,343</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>5,937</u>	<u>(43,989)</u>	<u>-</u>	<u>-</u>	<u>(38,052)</u>	<u>(90,465)</u>	<u>(128,517)</u>
Other Financing Sources:								
Transfers in	-	-	80,000	5,000	2,500	87,500	80,500	168,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>5,000</u>	<u>2,500</u>	<u>87,500</u>	<u>80,500</u>	<u>168,000</u>
Net Change in Fund Balances	<u>-</u>	<u>5,937</u>	<u>36,011</u>	<u>5,000</u>	<u>2,500</u>	<u>49,448</u>	<u>(9,965)</u>	<u>39,483</u>
Fund Balances - July 1, 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>
Fund Balances - June 30, 2018	<u>\$ 45,453</u>	<u>\$ 43,868</u>	<u>\$ 240,724</u>	<u>\$ 40,005</u>	<u>\$ 7,600</u>	<u>\$ 377,650</u>	<u>\$ 447,549</u>	<u>\$ 825,199</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, 2018

SCHEDULE 12

	Cedar Grove Cemetery	West Street Cemetery	Fair Haven Free Library	Total
Operating Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Investment Income	1,586	-	-	1,586
Total operating revenues	1,586	-	-	1,586
Operating Expenses:				
Other	-	-	-	-
Total operating expenses	-	-	-	-
Change in Net Position	1,586	-	-	1,586
Net Position - July 1, 2017	134,275	16,703	2,831	153,809
Net Position - June 30, 2018	\$ 135,861	\$ 16,703	\$ 2,831	\$ 155,395

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, 2018, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 3, 2018. 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified certain deficiencies that we consider to be material weaknesses and other that we consider to be significant deficiencies.

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 found no deficiencies described in the accompanying statements we would consider 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.

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, 2018.

We noted certain other matters that we reported to management of the Town in a separate letter dated October 3, 2018. The Town of Fair Haven, Vermont response to the deficiencies in Internal Control are not included with this audit.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Batchelder Associates, P.C.

Batchelder Associates, PC
Barre, Vermont
October 3, 2018
Vermont License # 945