

Audited Financial Statements  
and Other Financial Information

**Town of Fair Haven, Vermont**

June 30, 2019



*Proven Expertise & Integrity*

TOWN OF FAIR HAVEN, VERMONT

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JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Fair Haven  
Fair Haven, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fair Haven, Vermont, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Fair Haven, Vermont'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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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

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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 opinion.

### Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fair Haven, Vermont as of June 30, 2019 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, budgetary comparison information and pension information on pages 5 through 12 and 53 through 55 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 of Fair Haven, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the Town of Fair Haven, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Fair Haven, Vermont's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
November 4, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Fair Haven, Vermont's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2019. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

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



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

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

### **Fund Financial Statements**

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

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

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

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

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

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

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

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

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund, a Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions.

## **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, other detailed budgetary information for the general fund and the highway fund.

## **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$133,441 from \$4,668,244 to \$4,801,685. For business-type activities, the Town's total net position increased by \$262,135 from \$3,600,268 to \$3,862,403.

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 - increased for the governmental activities to a balance of \$1,937,239 at the end of the fiscal year. For the business-type activities, unrestricted net position decreased to a balance of \$90,331

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>
<b>Assets:</b>				
Current Assets	\$ 2,301,057	\$ 2,078,935	\$ 859,288	\$ 659,865
Noncurrent Assets	2,971,261	2,943,682	5,683,449	6,081,980
Total Assets	<u>5,272,318</u>	<u>5,022,617</u>	<u>6,542,737</u>	<u>6,741,845</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	140,629	151,073	49,064	52,708
Total Deferred Outflows of Resources	<u>140,629</u>	<u>151,073</u>	<u>49,064</u>	<u>52,708</u>
<b>Liabilities:</b>				
Current Liabilities	105,059	108,321	140,388	30,383
Noncurrent Liabilities	475,707	358,158	2,578,203	3,157,810
Total Liabilities	<u>580,766</u>	<u>466,479</u>	<u>2,718,591</u>	<u>3,188,193</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	7,024	21,506	2,611	-
Deferred Inflows Related to Pensions	23,492	17,461	8,196	6,092
Total Deferred Inflows of Resources	<u>30,516</u>	<u>38,967</u>	<u>10,807</u>	<u>6,092</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	2,771,535	2,646,712	3,100,457	2,880,507
Restricted: Special Revenue Funds	92,911	132,912	-	-
Enterprise funds	-	-	671,615	596,932
Unrestricted	1,937,219	1,888,620	90,331	122,829
Total Net Position	<u>\$ 4,801,665</u>	<u>\$ 4,668,244</u>	<u>\$ 3,862,403</u>	<u>\$ 3,600,268</u>

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

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 313,706	\$ 327,750	\$ 903,779	\$ -
Operating grants and contributions	87,512	25,851	383,724	-
<i>General Revenues:</i>				
Taxes	1,741,119	1,717,108	-	-
Grants and contributions not restricted to specific programs	445,310	176,556	-	1,214,095
Miscellaneous	128,151	80,803	7,975	-
Total Revenues	<u>2,715,798</u>	<u>2,328,068</u>	<u>1,295,478</u>	<u>1,214,095</u>
<b>Expenses</b>				
General government	362,571	737,307	-	-
Public safety	444,200	501,546	-	-
Highways	130,015	472,789	-	-
Public works	969,280	223,126	773,045	874,843
Culture and recreation	58,768	232,210	-	-
Cemeteries	18,975	29,681	-	-
Health and welfare	1,500	3,758	-	-
County tax	13,316	-	-	-
Interest on long-term debt	2,907	2,599	9,044	-
Depreciation	-	-	251,254	-
Unclassified	580,845	30	-	-
Total Expenses	<u>2,582,377</u>	<u>2,203,046</u>	<u>1,033,343</u>	<u>874,843</u>
Change in Net Position	133,421	125,022	262,135	339,252
Net Position - July 1, Restated	<u>4,668,244</u>	<u>4,543,222</u>	<u>3,600,268</u>	<u>3,261,016</u>
Net Position - June 30	<u>\$ 4,801,665</u>	<u>\$ 4,668,244</u>	<u>\$ 3,862,403</u>	<u>\$ 3,600,268</u>

### Revenues and Expenses

Revenues for the Town of Fair Haven's governmental activities increased by 16.66%, while total expenses increased by 17.22%. The increase in revenues was primarily due to grants and contributions not restricted to specific programs and the increase in expenses was primarily due to public works.

Revenues for the business-type activities increased by 6.70% while total expenses increased by 18.12%.

## Financial Analysis of the Town's Fund Statements

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

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

	<b>2019</b>	<b>2018 (Restated)</b>
General Fund:		
Nonspendable	\$ 31,056	\$ 31,055
Unassigned	97,132	85,755
Total General Fund	\$ 128,188	\$ 116,810
Highway Fund		
Assigned	\$ -	\$ 50,000
Unassigned	145,076	180,343
Total Highway Fund	\$ 145,076	\$ 230,343
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 92,911	\$ 101,495
Committed	550,663	523,038
Capital Projects Funds:		
Committed	835,296	825,199
Total Nonmajor Funds	\$ 1,478,870	\$ 1,449,732

The general fund total fund balance increased by \$28,188 from the prior fiscal year primarily due to revenues exceeding expenditures and transfers to other funds. The highway fund decreased by \$45,267 from the prior fiscal year primarily due to transfers to other funds. The nonmajor funds total fund balance increased by \$29,138 from the prior fiscal year primarily due to expenditures that exceeded revenues, partially offset by transfers from other funds.

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

The water fund had an increase in the net position for the fiscal year of \$244,360. The sewer fund had a decrease in net position this fiscal year of \$56,909. The water and sewer fund reserve had an increase in net position of \$74,683.

## Budgetary Highlights

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

The general fund actual revenues were below budget by \$32,932. All revenue categories were receipted in excess of budgeted amounts with the exception of property taxes and miscellaneous revenues.

The general fund actual expenditures were under budget by \$61,120. All expenditure categories were within or under budgeted amounts with the exception of general government, public works, health and welfare and transfers to other funds.

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

The highway fund actual revenues were above budget by \$4,117. All revenue categories were receipted within or in excess of budgeted amounts.

The highway fund actual expenditures were below budget by \$616. All expenditure categories were within or under budgeted amounts with the exception of admin, winter work, buildings and debt service - interest.

## Capital Assets and Debt Administration

### Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by \$26,045 from the prior year. The increase is the result of capital additions of \$412,178, less current year depreciation of \$386,133.

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

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Land	\$ 35,837	\$ 35,837
Buildings, building improvements and land improvements	3,068,858	3,191,263
Machinery, equipment and vehicles	671,484	472,679
Infrastructure	4,878,531	4,928,886
Total	<u>\$ 8,654,710</u>	<u>\$ 8,628,665</u>

## **Debt**

At June 30, 2019, the Town had \$2,782,719 in bonds and notes from direct borrowings payable versus \$3,101,446 last year. Refer to Note 5 of the Notes to the Financial Statements for detailed information.

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

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

The Town's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately two months. However, the Town continues to maintain significant reserves for future operations, capital and program needs. The current period's decrease was due to revenues receipted less than budgeted along with a budgeted use of fund balance.

#### **Requests for Information**

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 Treasurer's Office at 5 North Park Place, Fair Haven, Vermont 05743.



## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,560,963	\$ 671,615	\$ 2,232,578
Investments	295,405	-	295,405
Accounts receivable (net of allowance for uncollectibles):			
Taxes	205,207	-	205,207
Other	65,411	91,613	157,024
Tax acquired	31,056		31,056
Note receivable	218,664		218,664
Loan receivable	-	20,411	20,411
Internal balances	(75,649)	75,649	-
Total current assets	<u>2,301,057</u>	<u>859,288</u>	<u>3,160,345</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	35,085	752	35,837
Depreciable assets, net of accumulated depreciation	2,936,176	5,682,697	8,618,873
Total noncurrent assets	<u>2,971,261</u>	<u>5,683,449</u>	<u>8,654,710</u>
<b>TOTAL ASSETS</b>	<u>5,272,318</u>	<u>6,542,737</u>	<u>11,815,055</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	140,629	49,064	189,693
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>140,629</u>	<u>49,064</u>	<u>189,693</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 5,412,947</u>	<u>\$ 6,591,801</u>	<u>\$ 12,004,748</u>

STATEMENT A (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 36,297	\$ 24,588	\$ 60,885
Accrued expenses	18,431	-	18,431
Current portion of long-term obligations	50,331	115,800	166,131
Total current liabilities	<u>105,059</u>	<u>140,388</u>	<u>245,447</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	15,750	2,411,501	2,427,251
Notes from direct borrowings payable	134,581	55,876	190,457
Accrued compensated absences	17,789	3,509	21,298
Net pension liability	307,587	107,317	414,904
Total noncurrent liabilities	<u>475,707</u>	<u>2,578,203</u>	<u>3,053,910</u>
<b>TOTAL LIABILITIES</b>	<u>580,766</u>	<u>2,718,591</u>	<u>3,299,357</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes/fees	7,024	2,611	9,635
Deferred inflows related to pensions	23,492	8,196	31,688
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>30,516</u>	<u>10,807</u>	<u>41,323</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,771,535	3,100,457	5,871,992
Restricted	92,911	671,615	764,526
Unrestricted	1,937,219	90,331	2,027,550
<b>TOTAL NET POSITION</b>	<u>4,801,665</u>	<u>3,862,403</u>	<u>8,664,068</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 5,412,947</u>	<u>\$ 6,591,801</u>	<u>\$ 12,004,748</u>

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 362,571	\$ 46,422	\$ -	\$ -	\$ (316,149)	\$ -	\$ (316,149)
Public safety	444,200	78,220	87,512	-	(278,468)	-	(278,468)
Highways	130,015	-	-	-	(130,015)	-	(130,015)
Public works	969,280	189,064	-	-	(780,216)	-	(780,216)
Culture and recreation	58,768	-	-	-	(58,768)	-	(58,768)
Cemeteries	18,975	-	-	-	(18,975)	-	(18,975)
Health and welfare	1,500	-	-	-	(1,500)	-	(1,500)
County tax	13,316	-	-	-	(13,316)	-	(13,316)
Interest on long-term debt	2,907	-	-	-	(2,907)	-	(2,907)
Unclassified	580,845	-	-	-	(580,845)	-	(580,845)
Total governmental activities	<u>2,582,377</u>	<u>313,706</u>	<u>87,512</u>	<u>-</u>	<u>(2,181,159)</u>	<u>-</u>	<u>(2,181,159)</u>
Business-type activities:							
Water fund	510,807	417,173	-	383,724	-	290,090	290,090
Sewer fund	506,889	486,606	-	-	-	(20,283)	(20,283)
Water and sewer reserve fund	15,647	-	-	-	-	(15,647)	(15,647)
Total business-type activities	<u>1,033,343</u>	<u>903,779</u>	<u>-</u>	<u>383,724</u>	<u>-</u>	<u>254,160</u>	<u>254,160</u>
Total government	<u>\$ 3,615,720</u>	<u>\$ 1,217,485</u>	<u>\$ 87,512</u>	<u>\$ 383,724</u>	<u>(2,181,159)</u>	<u>254,160</u>	<u>(1,926,999)</u>

STATEMENT B (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(2,181,159)</u>	<u>254,160</u>	<u>(1,926,999)</u>
General revenues:			
Taxes, levied for general purposes	1,741,119	-	1,741,119
Grants and contributions not restricted to specific programs	445,310	-	445,310
Miscellaneous	128,151	7,975	136,126
Total general revenues	<u>2,314,580</u>	<u>7,975</u>	<u>2,322,555</u>
Change in net position	133,421	262,135	395,556
NET POSITION - JULY 1, RESTATED	<u>4,668,244</u>	<u>3,600,268</u>	<u>8,268,512</u>
NET POSITION - JUNE 30	<u>\$ 4,801,665</u>	<u>\$ 3,862,403</u>	<u>\$ 8,664,068</u>

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

## TOWN OF FAIR HAVEN, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Highway Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 816,694	\$ -	\$ 744,269	\$ 1,560,963
Investments	295,405	-	-	295,405
Accounts receivable (net of allowance for uncollectibles):				
Taxes	205,207	-	-	205,207
Other	45,633	1,049	18,729	65,411
Tax acquired	31,056	-	-	31,056
Note receivable	218,664	-	-	218,664
Due from other funds	207,886	190,154	731,601	1,129,641
<b>TOTAL ASSETS</b>	<b><u>\$ 1,820,545</u></b>	<b><u>\$ 191,203</u></b>	<b><u>\$ 1,494,599</u></b>	<b><u>\$ 3,506,347</u></b>
<b>LIABILITIES</b>				
Accounts payable	29,870	6,127	300	36,297
Accrued expenses	18,431	-	-	18,431
Due to other funds	1,189,861	-	15,429	1,205,290
<b>TOTAL LIABILITIES</b>	<b><u>1,238,162</u></b>	<b><u>6,127</u></b>	<b><u>15,729</u></b>	<b><u>1,260,018</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	7,024	-	-	7,024
Deferred tax revenue	211,697	-	-	211,697
Deferred notes receivable	218,664	-	-	218,664
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>437,385</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>437,385</u></b>
<b>FUND BALANCES</b>				
Nonspendable - tax acquired	31,056	-	-	31,056
Restricted	-	-	92,911	92,911
Committed	-	-	1,385,959	1,385,959
Assigned	16,810	40,000	-	56,810
Unassigned	97,132	145,076	-	242,208
<b>TOTAL FUND BALANCES</b>	<b><u>144,998</u></b>	<b><u>185,076</u></b>	<b><u>1,478,870</u></b>	<b><u>1,808,944</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 1,820,545</u></b>	<b><u>\$ 191,203</u></b>	<b><u>\$ 1,494,599</u></b>	<b><u>\$ 3,506,347</u></b>

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

## TOWN OF FAIR HAVEN, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

	Total Governmental Funds
Total Fund Balances	\$ 1,808,944
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	2,971,261
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred tax revenues	211,697
Deferred notes receivable	218,664
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	140,629
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(31,500)
Notes from direct borrowings payable	(168,226)
Accrued compensated absences	(18,725)
Net pension liability	(307,587)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(23,492)
Net position of governmental activities	\$ 4,801,665

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Highway Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,308,541	\$ 404,160	\$ -	\$ 1,712,701
Intergovernmental	30,008	87,512	415,302	532,822
Charges for services	313,706	-	-	313,706
Miscellaneous revenues	82,650	5,105	40,396	128,151
<b>TOTAL REVENUES</b>	<b>1,734,905</b>	<b>496,777</b>	<b>455,698</b>	<b>2,687,380</b>
<b>EXPENDITURES</b>				
Current:				
General government	313,539	-	11,435	324,974
Public safety	430,638	-	2,572	433,210
Highways	-	491,086	-	491,086
Public works	219,486	-	473,269	692,755
Culture and recreation	48,224	-	52,169	100,393
Cemeteries	18,585	-	-	18,585
Health and welfare	1,500	-	-	1,500
County tax	13,316	-	-	13,316
Unclassified	580,845	-	-	580,845
Debt service:				
Principal	15,750	-	-	15,750
Interest	1,949	958	-	2,907
<b>TOTAL EXPENDITURES</b>	<b>1,643,832</b>	<b>492,044</b>	<b>539,445</b>	<b>2,675,321</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>91,073</b>	<b>4,733</b>	<b>(83,747)</b>	<b>12,059</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	112,885	112,885
Transfers (out)	(62,885)	(50,000)	-	(112,885)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(62,885)</b>	<b>(50,000)</b>	<b>112,885</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<b>28,188</b>	<b>(45,267)</b>	<b>29,138</b>	<b>12,059</b>
<b>FUND BALANCES (DEFICITS) - JULY 1, RESTATED</b>	<b>116,810</b>	<b>230,343</b>	<b>1,449,732</b>	<b>1,796,885</b>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<b>\$ 144,998</b>	<b>\$ 185,076</b>	<b>\$ 1,478,870</b>	<b>\$ 1,808,944</b>

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

## TOWN OF FAIR HAVEN, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 12,059</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	412,178
Depreciation expense	<u>(134,879)</u>
	<u>277,299</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Deferred taxes	<u>28,418</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(10,444)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>15,750</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(168,226)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(6,031)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	3,706
Net pension liability	<u>(19,110)</u>
	<u>(15,404)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 133,421</u></u>

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



## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2019

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 671,615	\$ 671,615
Accounts receivable (net of allowance for uncollectibles)	43,156	48,457	-	91,613
Loans receivable	-	20,411	-	20,411
Due from other funds	-	268,106	-	268,106
Total current assets	<u>43,156</u>	<u>336,974</u>	<u>671,615</u>	<u>1,051,745</u>
Noncurrent assets:				
Capital assets:				
Land	752	-	-	752
Assets not being depreciated	6,878,134	3,715,414	-	10,593,548
Less: accumulated depreciation	(2,763,639)	(2,147,212)	-	(4,910,851)
Total noncurrent assets	<u>4,115,247</u>	<u>1,568,202</u>	<u>-</u>	<u>5,683,449</u>
<b>TOTAL ASSETS</b>	<u>4,158,403</u>	<u>1,905,176</u>	<u>671,615</u>	<u>6,735,194</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	21,807	27,257	-	49,064
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>21,807</u>	<u>27,257</u>	<u>-</u>	<u>49,064</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,180,210</u>	<u>\$ 1,932,433</u>	<u>\$ 671,615</u>	<u>\$ 6,784,258</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 5,110	\$ 19,478	\$ -	\$ 24,588
Due to other funds	192,457	-	-	192,457
Current portion of long-term obligations	83,338	32,462	-	115,800
Total current liabilities	<u>280,905</u>	<u>51,940</u>	<u>-</u>	<u>332,845</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations				
Bonds payable	2,197,446	214,055	-	2,411,501
Notes from direct borrowings payable	-	55,876	-	55,876
Accrued compensated absences	2,068	1,441	-	3,509
Net pension liability	47,698	59,619	-	107,317
Total noncurrent liabilities	<u>2,247,212</u>	<u>330,991</u>	<u>-</u>	<u>2,578,203</u>
<b>TOTAL LIABILITIES</b>	<u>2,528,117</u>	<u>382,931</u>	<u>-</u>	<u>2,911,048</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid fees	1,845	766	-	2,611
Deferred inflows related to pensions	3,643	4,553	-	8,196
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>5,488</u>	<u>5,319</u>	<u>-</u>	<u>10,807</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,834,572	1,265,885	-	3,100,457
Restricted	-	-	671,615	671,615
Unrestricted	(187,967)	278,298	-	90,331
<b>TOTAL NET POSITION</b>	<u>1,646,605</u>	<u>1,544,183</u>	<u>671,615</u>	<u>3,862,403</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 4,180,210</u>	<u>\$ 1,932,433</u>	<u>\$ 671,615</u>	<u>\$ 6,784,258</u>

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 417,173	\$ 486,606	\$ -	\$ 903,779
Other	4,271	3,374	330	7,975
<b>TOTAL OPERATING REVENUES</b>	<b>421,444</b>	<b>489,980</b>	<b>330</b>	<b>911,754</b>
<b>OPERATING EXPENSES</b>				
Payroll	124,315	158,376	-	282,691
Benefits	47,687	60,763	-	108,450
Supplies	24,353	32,987	-	57,340
Equipment	13,634	23,465	-	37,099
Purchased services	15,946	128,238	-	144,184
Repairs and maintenance	14,879	15,387	15,647	45,913
Utilities	21,057	58,525	-	79,582
Miscellaneous	5,070	408	-	5,478
Insurance	6,154	6,154	-	12,308
Depreciation	232,648	18,606	-	251,254
<b>TOTAL OPERATING EXPENSES</b>	<b>505,743</b>	<b>502,909</b>	<b>15,647</b>	<b>1,024,299</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(84,299)</b>	<b>(12,929)</b>	<b>(15,317)</b>	<b>(112,545)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Debt forgiveness	383,724	-	-	383,724
Interest expense	(5,064)	(3,980)	-	(9,044)
Transfers in	-	-	90,000	90,000
Transfers (out)	(50,000)	(40,000)	-	(90,000)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>328,660</b>	<b>(43,980)</b>	<b>90,000</b>	<b>374,680</b>
<b>CHANGE IN NET POSITION</b>	<b>244,361</b>	<b>(56,909)</b>	<b>74,683</b>	<b>262,135</b>
<b>NET POSITION - JULY 1</b>	<b>1,402,244</b>	<b>1,601,092</b>	<b>596,932</b>	<b>3,600,268</b>
<b>NET POSITION - JUNE 30</b>	<b>\$ 1,646,605</b>	<b>\$ 1,544,183</b>	<b>\$ 671,615</b>	<b>\$ 3,862,403</b>

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds			
	Water Fund	Sewer Fund	Water and Sewer Reserve Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 408,064	\$ 462,060	\$ -	\$ 870,124
Other receipts	4,271	3,374	330	7,975
Internal activity - receipts (payments) from/to other funds	12,696	46,107	-	58,803
Payments to employees	(165,733)	(212,448)	-	(378,181)
Payments to suppliers	(106,089)	(265,778)	(15,647)	(387,514)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>153,209</b>	<b>33,315</b>	<b>(15,317)</b>	<b>171,207</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Debt proceeds	-	43,051	-	43,051
Debt forgiveness	383,724	-	-	383,724
Transfers in	-	-	90,000	90,000
Transfers (out)	(50,000)	(40,000)	-	(90,000)
<b>NET CASH PROVIDED (USED) FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>333,724</b>	<b>3,051</b>	<b>90,000</b>	<b>426,775</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Interest paid on long-term debt	(5,064)	(3,980)	-	(9,044)
Principal payments on long-term debt	(481,869)	(32,386)	-	(514,255)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(486,933)</b>	<b>(36,366)</b>	<b>-</b>	<b>(523,299)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>	<b>74,683</b>	<b>74,683</b>
<b>CASH AND CASH EQUIVALENTS - JULY 1</b>	<b>-</b>	<b>-</b>	<b>596,932</b>	<b>596,932</b>
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 671,615</b>	<b>\$ 671,615</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (84,299)	\$ (12,929)	\$ (15,317)	\$ (112,545)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	232,648	18,606	-	251,254
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(10,954)	(17,726)	-	(28,680)
(Increase) decrease in loans receivable	-	(7,586)	-	(7,586)
(Increase) decrease in due from other funds	-	46,107	-	46,107
(Increase) decrease in deferred outflows of resources	1,620	2,024	-	3,644
Increase (decrease) in accounts payable	(4,996)	(614)	-	(5,610)
Increase (decrease) due to other funds	12,696	-	-	12,696
Increase (decrease) prepaid fees	1,845	766	-	2,611
Increase (decrease) in accrued compensated absences	750	(206)	-	544
Increase (decrease) in net pension liability	2,964	3,704	-	6,668
Increase (decrease) deferred inflows of resources	935	1,169	-	2,104
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 153,209</b>	<b>\$ 33,315</b>	<b>\$ (15,317)</b>	<b>\$ 171,207</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>				
Cash paid during the year for:				
Interest	\$ 5,064	\$ 3,980	\$ -	\$ 9,044

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

## TOWN OF FAIR HAVEN, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019

	<u>Total Private-Purpose Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$          790
Investments	161,213
TOTAL ASSETS	<u>\$         162,003</u>
LIABILITIES	
Deposits held for others	<u>\$         162,003</u>
TOTAL LIABILITIES	<u>\$         162,003</u>

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

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Fair Haven was incorporated under the laws of the State of Vermont. The Town operates under the Selectboard-manager form of government and provides the following services: general government, public safety, highways, public works, culture and recreation, cemeteries, health and welfare and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government is required to disclose that fact and the reasons therefore. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net 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.

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

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

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

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

Major funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Highway Fund is used to account for proceeds from highway grant intergovernmental revenue related to highway expenditures.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor funds:

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Town's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.



TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$177,435 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

**Transactions Between Funds**

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

**Capital Assets**

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

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town is currently working on completing its fixed asset inventory.

Estimated useful lives are as follows:

Buildings and improvements	10 - 50 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 25 years
Vehicles	3 - 25 years

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

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

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

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

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

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

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

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plan and additions to/deductions from the VMERS Plan's fiduciary net position have been determined on the same basis as they are reported by the VMERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times 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/expenditure) until then. The Town has only one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes/fees and deferred notes receivable also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

The Town's property tax for the current year was levied in July on the assessed value listed as of April 1, annually, for all real and personal property located in the Town. Taxes were due in four installments on August 10, November 10, February 10 and May 10. All delinquent payments on May 11 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.

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

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

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

At June 30, 2019, the Town's cash balance of \$2,233,368 was comprised of deposits amounting to \$2,373,962. Of these deposits, \$219,561 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,154,401 was collateralized by the financial institution in the Town's name and consequently was not exposed to custodial credit risk.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 219,561
Repurchase agreements	2,154,401
	\$ 2,373,962

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2019, the Town's investments of \$456,618 were comprised of certificates of deposit. The entire amount was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Certificates of deposit	\$ 456,618	\$ -	\$ -	\$ 456,618

Credit risk – Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.



TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 207,886	\$ 1,189,861
Highway Fund	190,154	-
Nonmajor Special Revenue Funds	634,712	15,429
Nonmajor Capital Projects Funds	96,889	-
Water Fund	-	192,457
Sewer Fund	268,106	-
	<u>\$ 1,397,747</u>	<u>\$ 1,397,747</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18 (Restated)	Additions	Disposals	Balance, 6/30/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 35,085	\$ -	\$ -	\$ 35,085
	<u>35,085</u>	<u>-</u>	<u>-</u>	<u>35,085</u>
Depreciated assets:				
Land improvements				
Buildings and building improvements	139,181	-	-	139,181
Vehicles	1,597,911	-	-	1,597,911
Machinery and equipment	600,668	325,491	-	926,159
Infrastructure	2,519,242	86,687	-	2,605,929
	<u>4,857,002</u>	<u>412,178</u>	<u>-</u>	<u>5,269,180</u>
Less: accumulated depreciation	(2,198,125)	(134,879)	-	(2,333,004)
	<u>2,658,877</u>	<u>277,299</u>	<u>-</u>	<u>2,936,176</u>
Net governmental capital assets	<u>\$ 2,693,962</u>	<u>\$ 277,299</u>	<u>\$ -</u>	<u>\$ 2,971,261</u>

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 752	\$ -	\$ -	\$ 752
	<u>752</u>	<u>-</u>	<u>-</u>	<u>752</u>
Depreciated assets:				
Building and building improvements	\$ 5,260,832	\$ -	\$ -	5,260,832
Infrastructure	4,949,600	-	-	4,949,600
Machinery and equipment	285,942	-	-	285,942
Vehicles	97,174	-	-	97,174
	<u>10,593,548</u>	<u>-</u>	<u>-</u>	<u>10,593,548</u>
Less: accumulated depreciation	<u>(4,659,597)</u>	<u>(251,254)</u>	<u>-</u>	<u>(4,910,851)</u>
	<u>5,933,951</u>	<u>(251,254)</u>	<u>-</u>	<u>5,682,697</u>
Net business-type capital assets	<u>\$ 5,934,703</u>	<u>\$ (251,254)</u>	<u>\$ -</u>	<u>\$ 5,683,449</u>
Current year depreciation:				
<u>Governmental activities</u>				
General government				\$ 5,718
Public safety				15,910
Public works				105,568
Cemetery				390
Recreation				2,275
Transfer station				5,018
Total governmental activities depreciation expense				<u>\$ 134,879</u>
<u>Business-type activities</u>				
Water				\$ 232,648
Sewer				18,606
Total business-type activities depreciation expense				<u>\$ 251,254</u>

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<u>Governmental activities:</u>					
Bond payable	\$ 47,250	\$ -	\$ (15,750)	\$ 31,500	\$ 15,750
Notes from direct borrowings payable	-	168,226	-	168,226	33,645
Totals	<u>\$ 47,250</u>	<u>\$ 168,226</u>	<u>\$ (15,750)</u>	<u>\$ 199,726</u>	<u>\$ 49,395</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 3,041,371	\$ -	\$ (514,255)	\$ 2,527,116	\$ 115,614
Notes from direct borrowings payable	12,825	43,051	-	55,876	-
Totals	<u>\$ 3,054,196</u>	<u>\$ 43,051</u>	<u>\$ (514,255)</u>	<u>\$ 2,582,992</u>	<u>\$ 115,614</u>

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

**Governmental activities bond payable:**

\$157,500, 2001 GO Bond payable to the US Department of Agriculture, due in annual principal payments of \$15,750 through April 2021. Interest charged at a fixed rate of 4.125% per annum.

\$ 31,500

**Governmental activities notes from direct borrowings payable:**

\$71,000, Note payable to State of Vermont Municipal Equipment Loan Fund in varying annual principal payments beginning June 30, 2020. Interest charged at a fixed rate of 2%.

\$ 71,000

\$97,226, Note payable to State of Vermont Municipal Equipment Loan Fund in varying annual principal payments beginning June 30, 2020. Interest charged at a fixed rate of 2%.

97,226

**Total governmental activities notes from direct borrowings payable:**

\$ 168,226

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

**Business-type activities bonds payable:**

\$536,383, RF1-046 2001 GO Bonds payable to VT Municipal Bond Bank, due in annual principal payments of \$26,819 through October 2022. No interest is charged.	\$ 107,277
\$1,946,681, RF3-155 2009 GO Bonds payable to VT Municipal Bond Bank, due in net annual payments of \$39,097.28 through July 2039. Interest charged at a fixed rate of (3.0%) per annum.	821,043
\$108,000, 2011 GO Bonds payable to US Department of Agriculture, due in semi-annual payments of \$2,328 through December 2051. Interest charged at a fixed rate of 3.0% per annum.	94,400
\$167,000, 2014 GO Bonds payable to US Department of Agriculture, due in semi-annual principal payments of \$5,567 through May 2044. Interest charged at a fixed rate of 2.75% per annum.	139,164
\$1,615,233, RF3-342-3.1 2016 GO Bonds payable to VT Municipal Bond Bank, due in annual net payments of \$49,119.59 through October 2048. Interest charged at a fixed rate of 0.50% per annum.	<u>1,365,232</u>
Total business-type activities bonds payable	<u><u>\$ 2,527,116</u></u>

**Business-type activities notes from direct borrowings payable:**

\$34,600, Note payable to Vermont Municipal Bond Bank, paid in annual principal installments of \$3,460 beginning July 2023. Anticipated principal forgiveness of \$17,300. No interest is charged.	40,770
\$19,400, Note payable to Vermont Municipal Bond Bank, paid in annual principal installments of \$1,940 beginning July 2023. Anticipated principal forgiveness of \$9,700. No interest is charged.	<u>15,106</u>
Total business-type activities notes from direct borrowings payable	<u><u>\$ 55,876</u></u>

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the fiscal years ending June 30:

	<u>Governmental Activities</u>				<u>Business-type Activities</u>			
	<u>Bond Payable</u>		<u>Notes from Direct Borrowings Payable</u>		<u>Bonds Payable</u>		<u>Notes from Direct Borrowings Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 15,750	\$ 1,299	\$ 33,645	\$ 3,365	\$ 115,614	\$ (21,705)	\$ -	\$ -
2021	15,750	650	33,645	2,692	115,882	(19,902)	-	-
2022	-	-	33,645	2,019	116,151	(18,167)	-	-
2023	-	-	33,645	1,346	116,424	(16,502)	11,175	-
2024	-	-	33,646	673	89,881	(14,900)	11,175	-
2025-2029	-	-	-	-	453,635	(52,657)	33,526	-
2030-2034	-	-	-	-	460,983	(21,493)	-	-
2035-2039	-	-	-	-	468,752	3,260	-	-
2040-2044	-	-	-	-	320,636	19,641	-	-
2045-2049	-	-	-	-	262,506	6,372	-	-
2050-2054	-	-	-	-	6,652	199	-	-
	<u>\$ 31,500</u>	<u>\$ 1,949</u>	<u>\$ 168,226</u>	<u>\$ 10,095</u>	<u>\$ 2,527,116</u>	<u>\$ (135,854)</u>	<u>\$ 55,876</u>	<u>\$ -</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for business-type activities for the year ended June 30, 2019 was \$9,044.

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 22,431	\$ -	\$ (3,706)	\$ 18,725	\$ 936
Net pension liability	288,477	83,607	(64,497)	307,587	-
	<u>\$ 310,908</u>	<u>\$ 83,607</u>	<u>\$ (68,203)</u>	<u>\$ 326,312</u>	<u>\$ 936</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 2,965	\$ 729	\$ -	\$ 3,694	\$ 185
Net pension liability	100,649	29,170	(22,502)	107,317	-
	<u>\$ 103,614</u>	<u>\$ 29,899</u>	<u>\$ (22,502)</u>	<u>\$ 111,011</u>	<u>\$ 185</u>

Refer to Notes 8 and 15 for more detailed information regarding other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2019, the Town's liability for compensated absences is \$22,419.

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2019, the Town had the following restricted fund balance:

General fund:	
Tax acquired	<u>\$ 31,056</u>

TOWN OF FAIR HAVEN, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ <u>92,911</u>
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NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

Nonmajor Special Revenue Funds (Schedule E)	\$ 550,663
Nonmajor Capital Projects Funds (Schedule G)	<u>835,296</u>
	<u>\$ 1,385,959</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General Fund	\$ 16,810
Highway Fund	<u>40,000</u>
	<u>\$ 56,810</u>

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year and amounts of settlements have not exceeded insurance coverage in the past three years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

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

NOTE 14 - CONTINGENCIES

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

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - CONTINGENCIES (CONTINUED)

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

NOTE 15 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**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. The plan was established effective July 1, 1975 and is governed by *Title 24, V.S.A. Chapter 125*. It is designed for school districts and other municipal 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. Employees of the School other than Teachers are eligible to participate in the VMERS providing they work on a regular basis for not less than 30 hours a week and for not less than 1,040 hours for the school year. For the year ended June 30, 2017 (the most recent data available), the retirement system consisted of 13,262 participating members.

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 Schools 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. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance & Management website at:

[http://finance.vermont.gov/reports\\_and\\_publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr).



TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Benefits Provided**

The pension plan is divided into four membership groups:

- Group A – general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B & C – general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D – sworn police officers, firefighters and emergency medical personnel

The Town participates in Groups A, B and C. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

\*\* - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

**Contributions**

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group are as follows:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	2.625% of gross salary	5.0% of gross salary	10.125% of gross salary	11.475% of gross salary
Employer Contributions	4.125% of gross salary	5.625% of gross salary	7.375% of gross salary	9.975% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2019 totaled \$64,421. The Town contributed \$59,540 for the year ended June 30, 2019. The Town's total payroll for the year ended June 30, 2019 for all employees covered under this plan was \$968,876.

**Pension Liabilities**

At June 30, 2019, the Town reported a liability of \$414,904 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2018 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-

TOWN OF FAIR HAVEN, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2018, the Town's proportion was 0.29493603% for VMERS, which was a decrease of 0.062564% from its proportion measured as of June 30, 2017 for VMERS.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the Town recognized pension expense of \$48,001 for the VMERS plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>VMERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36,039	\$ 6,634
Changes of assumptions	45,945	-
Net difference between projected and actual earnings on pension plan investments	48,086	-
Changes in proportion and differences between contributions and proportionate share of contributions	83	25,054
Contributions subsequent to the measurement date	<u>59,540</u>	<u>-</u>
Total	<u>\$ 189,693</u>	<u>\$ 31,688</u>

\$59,540 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF FAIR HAVEN, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

		VMERS Plan
Plan year ended June 30:		
2019	\$	68,923
2020		22,417
2021		1,182
2022		5,944
2023		-
Thereafter		-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2018 measurement date was determined by rolling forward the total pension liability as of June 30, 2017 to June 30, 2018. The total pension liability was calculated using the following actuarial assumptions:

*Investment Rate of Return:* 7.50%, net of pension plan investment expense, including inflation.

*Inflation:* 2.50%

*Salary Increases:* 5.00% per year

*Deaths After Retirement:* Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based variations of RP-2006 Tables with generational improvement using Scale SSA-2017 as follows:

Pre-retirement - Groups A, B, and C blended with a 60% Blue Collar Employee and 40% Healthy Employee, and Group D with a Blue Collar Annuitant Table

Healthy Retiree - Groups A, B and C with a 60% Blue Collar Annuitant and 40% Healthy Annuitant, and Group D with a Blue Collar Annuitant Table

Disabled Retiree - All Groups with a RP-2006 Disabled Mortality Table

*Inactive Members:* Valuation liability equals 200% of accumulated contributions.

*Future Administrative Expenses:* An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Unknown Data for Participants:* The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

*Percent Married:* 85% of male members and 50% of female members are assumed to be married.

*Spouse's Age:* Husbands are assumed to be three years older than their wives.

*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 1.30% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2019 COLA is 1.30% for all groups.

*Actuarial Cost Method:* The Entry Age Actuarial Cost Method is used. Entry age is the age at date of employment, or, if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial 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.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, 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. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on 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 investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
Town's proportionate share of the net pension liability	\$ 702,754	\$ 414,904	\$ 180,802

TOWN OF FAIR HAVEN, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Pension Plan Fiduciary Net Position**

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance and Management website at: [http://finance.vermont.gov/reports\\_and\\_publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr)

NOTE 16 - RESTATEMENT

The beginning net position for governmental activities was restated to correct the capital asset balance. The capital asset balance was decreased by \$116,551 from \$4,973,553 to \$4,857,002. The accumulated depreciation balance was restated by a decrease of \$111,691 from \$2,309,816 to \$2,198,125. The net restatement to the governmental activities beginning net position was a decrease of \$4,860 from \$4,673,104 to \$4,668,244.

The beginning fund balance for the general fund was restated by an increase of \$362 from \$116,448 to \$116,810. The capital projects fund balance was restated by a decrease of \$362 from \$19,355 to \$18,993. This was done to reclassify fund balances. The fund balance restatements had no effect on the governmental activities net position.

## Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Highway Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions



## TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 116,810	\$ 116,810	\$ 116,810	\$ -
Resources (Inflows):				
Property taxes	1,331,442	1,331,442	1,308,541	(22,901)
Intergovernmental	25,620	25,620	30,008	4,388
Charges for services	308,175	308,175	313,706	5,531
Miscellaneous revenues	102,600	102,600	82,650	(19,950)
Amounts Available for Appropriation	<u>1,884,647</u>	<u>1,884,647</u>	<u>1,851,715</u>	<u>(32,932)</u>
Charges to Appropriations (Outflows):				
General government	301,156	301,156	313,539	(12,383)
Public safety	434,534	434,534	430,638	3,896
Public works	215,628	215,628	219,486	(3,858)
Culture and recreation	51,001	51,001	48,224	2,777
Cemeteries	38,285	38,285	18,585	19,700
Health and welfare	1,590	1,590	1,500	90
County tax	13,020	13,020	13,316	(296)
Debt service:				
Principal	15,750	15,750	15,750	-
Interest	1,950	1,950	1,949	1
Unclassified	632,923	632,923	580,845	52,078
Transfers to other funds	62,000	62,000	62,885	(885)
Total Charges to Appropriations	<u>1,767,837</u>	<u>1,767,837</u>	<u>1,706,717</u>	<u>61,120</u>
Budgetary Fund Balance, June 30	<u>\$ 116,810</u>	<u>\$ 116,810</u>	<u>\$ 144,998</u>	<u>\$ 28,188</u>

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

## TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - HIGHWAY FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 230,343	\$ 230,343	\$ 230,343	\$ -
Resources (Inflows):				
Property taxes	404,160	404,160	404,160	-
Intergovernmental	87,500	87,500	87,512	12
Miscellaneous revenues	1,000	1,000	5,105	4,105
Amounts Available for Appropriation	<u>723,003</u>	<u>723,003</u>	<u>727,120</u>	<u>4,117</u>
Charges to Appropriations (Outflows):				
Admin	68,500	68,500	71,438	(2,938)
Summer work	199,146	199,146	193,658	5,488
Winter work	114,721	114,721	117,681	(2,960)
Buildings	21,391	21,391	22,597	(1,206)
Equipment	87,202	87,202	85,471	1,731
Hydrant replacement	1,700	1,700	241	1,459
Debt service:				
Interest	-	-	958	(958)
Transfers to other funds	50,000	50,000	50,000	-
Total Charges to Appropriations	<u>542,660</u>	<u>542,660</u>	<u>542,044</u>	<u>616</u>
Budgetary Fund Balance, June 30	<u>\$ 180,343</u>	<u>\$ 180,343</u>	<u>\$ 185,076</u>	<u>\$ 4,733</u>
Utilization of Unassigned Fund Balance	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>

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

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2019	2018	2017	2016	2015
<u>VMERS:</u>					
Proportion of the net pension liability	0.29%	0.36%	0.34%	0.36%	0.36%
Proportionate share of the net pension liability	\$ 414,904	\$ 433,159	\$ 433,159	\$ 280,594	\$ 33,115
Covered-employee payroll	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405	\$ 890,188
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	47.36%	49.33%	50.18%	31.58%	3.72%
Plan fiduciary net position as a percentage of the total pension liability	82.60%	83.64%	80.95%	87.42%	98.32%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>VMERS:</u>					
Contractually required contribution	\$ 59,540	\$ 51,660	\$ 52,451	\$ 51,497	\$ 49,950
Contributions in relation to the contractually required contribution	<u>(59,540)</u>	<u>(51,660)</u>	<u>(52,451)</u>	<u>(51,497)</u>	<u>(49,950)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 968,876	\$ 876,123	\$ 878,144	\$ 863,248	\$ 888,405
Contributions as a percentage of covered-employee payroll	6.15%	5.90%	5.97%	5.97%	5.62%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

## Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Schedule of Net Position - Fiduciary Funds

## TOWN OF FAIR HAVEN, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 1,331,442	\$ 1,331,442	\$ 1,308,541	\$ (22,901)
Intergovernmental revenues:				
PILOT	16,000	16,000	19,743	3,743
Other	9,620	9,620	10,265	645
Charges for services:				
Fees and fines	1,025	1,025	1,002	(23)
Permits and licenses	2,250	2,250	2,730	480
Clerk revenue	26,950	26,950	29,420	2,470
Cemetery revenue	10,650	10,650	13,270	2,620
Police revenue	88,700	88,700	77,704	(10,996)
Animal control	-	-	65	65
Fire department revenue	-	-	451	451
Solid waste revenue	178,600	178,600	189,064	10,464
Other income:				
Interest and penalties	44,000	44,000	47,291	3,291
Interest income	4,550	4,550	2,424	(2,126)
Other income	54,050	54,050	32,935	(21,115)
TOTAL REVENUES	<u>\$ 1,767,837</u>	<u>\$ 1,767,837</u>	<u>\$ 1,734,905</u>	<u>\$ (32,932)</u>

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

## TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>					
General government:					
Selectboard	\$ 15,950	\$ -	\$ 15,950	\$ 23,856	\$ (7,906)
Town manager	55,300	-	55,300	51,829	3,471
Elections unit	6,200	-	6,200	4,789	1,411
Town treasurer	4,919	-	4,919	4,919	-
Accounting department	50,765	-	50,765	50,121	644
Auditing	13,400	-	13,400	13,100	300
Listing	23,025	-	23,025	26,657	(3,632)
Tax collecting	4,150	-	4,150	15,562	(11,412)
Town clerk	62,390	-	62,390	59,620	2,770
Board of Adjust	700	-	700	258	442
Municipal planning commission	1,520	-	1,520	1,270	250
Municipal zoning	14,812	-	14,812	14,471	341
Town buildings	48,025	-	48,025	47,087	938
	<u>301,156</u>	<u>-</u>	<u>301,156</u>	<u>313,539</u>	<u>(12,383)</u>
Public safety:					
Police	300,029	-	300,029	318,697	(18,668)
Police training	1,450	-	1,450	486	964
Police vehicles and equipment	21,100	-	21,100	19,879	1,221
Constables	5,380	-	5,380	3,369	2,011
Emergency management	1,975	-	1,975	2,773	(798)
Fire department	12,940	-	12,940	10,821	2,119
Fire department training	4,050	-	4,050	1,774	2,276
Fire department communications	11,850	-	11,850	12,206	(356)
Fire department equipment	33,410	-	33,410	24,461	8,949
Forest fire warden	200	-	200	200	-
Animal control	2,100	-	2,100	1,492	608
Street lights	40,050	-	40,050	34,480	5,570
	<u>434,534</u>	<u>-</u>	<u>434,534</u>	<u>430,638</u>	<u>3,896</u>
Public works:					
Air park	1,410	-	1,410	1,390	20
Transfer station	214,218	-	214,218	218,096	(3,878)
	<u>215,628</u>	<u>-</u>	<u>215,628</u>	<u>219,486</u>	<u>(3,858)</u>

TOWN OF FAIR HAVEN, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Culture and recreation:					
Recreation	51,001	-	51,001	48,224	2,777
	<u>51,001</u>	<u>-</u>	<u>51,001</u>	<u>48,224</u>	<u>2,777</u>
Health and welfare	1,590	-	1,590	1,500	90
County tax	13,020	-	13,020	13,316	(296)
Unclassified:					
Memberships	8,047	-	8,047	7,126	921
Judgements and damages	6,000	-	6,000	16,650	(10,650)
Benefits	451,300	-	451,300	389,493	61,807
Appropriations	167,576	-	167,576	167,576	-
	<u>632,923</u>	<u>-</u>	<u>632,923</u>	<u>580,845</u>	<u>52,078</u>
Cemeteries	38,285	-	38,285	18,585	19,700
Debt service:					
Principal	15,750	-	15,750	15,750	-
Interest	1,950	-	1,950	1,949	1
	<u>17,700</u>	<u>-</u>	<u>17,700</u>	<u>17,699</u>	<u>1</u>
Transfers to other funds:					
PW vehicles and equipment	25,000	-	25,000	25,000	-
Police vehicles and equipment	8,000	-	8,000	8,000	-
Fire vehicles and equipment	7,500	-	7,500	7,500	-
Municipal building	5,000	-	5,000	5,000	-
Transfer station	2,500	-	2,500	2,500	-
Bridge repair	5,000	-	5,000	5,000	-
Restoration fund	2,000	-	2,000	2,885	(885)
New town garage	7,000	-	7,000	7,000	-
	<u>62,000</u>	<u>-</u>	<u>62,000</u>	<u>62,885</u>	<u>(885)</u>
Total Departmental Operations	<u>\$ 1,767,837</u>	<u>\$ -</u>	<u>\$ 1,767,837</u>	<u>\$ 1,706,717</u>	<u>\$ 61,120</u>

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



## TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,862	\$ 738,407	\$ 744,269
Accounts receivable (net of allowance for uncollectibles)	18,729	-	18,729
Due from other funds	634,712	96,889	731,601
<b>TOTAL ASSETS</b>	<u>\$ 659,303</u>	<u>\$ 835,296</u>	<u>\$ 1,494,599</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 300	\$ -	\$ 300
Due to other funds	15,429	-	15,429
<b>TOTAL LIABILITIES</b>	<u>15,729</u>	<u>-</u>	<u>15,729</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	92,911	-	92,911
Committed	550,663	835,296	1,385,959
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>643,574</u>	<u>835,296</u>	<u>1,478,870</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 659,303</u>	<u>\$ 835,296</u>	<u>\$ 1,494,599</u>

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

## TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 415,302	\$ -	\$ 415,302
Other	-	40,396	40,396
TOTAL REVENUES	<u>415,302</u>	<u>40,396</u>	<u>455,698</u>
EXPENDITURES			
General government	-	11,435	11,435
Public safety	-	2,572	2,572
Public works	396,623	76,646	473,269
Recreation	-	52,169	52,169
TOTAL EXPENDITURES	<u>396,623</u>	<u>142,822</u>	<u>539,445</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,679</u>	<u>(102,426)</u>	<u>(83,747)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	112,885	112,885
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>112,885</u>	<u>112,885</u>
NET CHANGE IN FUND BALANCES	18,679	10,459	29,138
FUND BALANCES - JULY 1, RESTATED	<u>624,895</u>	<u>824,837</u>	<u>1,449,732</u>
FUND BALANCES - JUNE 30	<u>\$ 643,574</u>	<u>\$ 835,296</u>	<u>\$ 1,478,870</u>

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

## Special Revenue Funds

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

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	Airport Park	Community Gardens	Emergency Reserve	Grants - Planning	Jaws of Life
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 605	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	822	-	335,028	82,239	988
<b>TOTAL ASSETS</b>	<u>\$ 822</u>	<u>\$ 605</u>	<u>\$ 335,028</u>	<u>\$ 82,239</u>	<u>\$ 988</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	822	605	-	82,239	988
Committed	-	-	335,028	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>822</u>	<u>605</u>	<u>335,028</u>	<u>82,239</u>	<u>988</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 822</u>	<u>\$ 605</u>	<u>\$ 335,028</u>	<u>\$ 82,239</u>	<u>\$ 988</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2019

	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,257	\$ -	\$ -	\$ -	\$ 5,862
Accounts receivable (net of allowance for uncollectibles)	-	18,729	-	-	18,729
Due from other funds	-	-	201,635	14,000	634,712
<b>TOTAL ASSETS</b>	<u>\$ 5,257</u>	<u>\$ 18,729</u>	<u>\$ 201,635</u>	<u>\$ 14,000</u>	<u>\$ 659,303</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 300	\$ -	\$ -	\$ 300
Due to other funds	-	15,429	-	-	15,429
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>15,729</u>	<u>-</u>	<u>-</u>	<u>15,729</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	5,257	3,000	-	-	92,911
Committed	-	-	201,635	14,000	550,663
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>5,257</u>	<u>3,000</u>	<u>201,635</u>	<u>14,000</u>	<u>643,574</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,257</u>	<u>\$ 18,729</u>	<u>\$ 201,635</u>	<u>\$ 14,000</u>	<u>\$ 659,303</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Airport Park	Community Gardens	Emergency Reserve	Grants - Planning	Jaws of Life
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 16,089	\$ 620	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>16,089</u>	<u>620</u>	<u>-</u>
EXPENDITURES					
Public works	360	-	-	8,794	-
TOTAL EXPENDITURES	<u>360</u>	<u>-</u>	<u>-</u>	<u>8,794</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(360)	-	16,089	(8,174)	-
FUND BALANCES - JULY 1	<u>1,182</u>	<u>605</u>	<u>318,939</u>	<u>90,413</u>	<u>988</u>
FUND BALANCES - JUNE 30	<u>\$ 822</u>	<u>\$ 605</u>	<u>\$ 335,028</u>	<u>\$ 82,239</u>	<u>\$ 988</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Police Seizure Fund	Grant Fund	Reappraisal	Restoration Trees	Total
REVENUES					
Intergovernmental	\$ 2	\$ 387,055	\$ 11,536	\$ -	\$ 415,302
TOTAL REVENUES	<u>2</u>	<u>387,055</u>	<u>11,536</u>	<u>-</u>	<u>415,302</u>
EXPENDITURES					
Public works	-	387,469	-	-	396,623
TOTAL EXPENDITURES	<u>-</u>	<u>387,469</u>	<u>-</u>	<u>-</u>	<u>396,623</u>
NET CHANGE IN FUND BALANCES	2	(414)	11,536	-	18,679
FUND BALANCES - JULY 1	<u>5,255</u>	<u>3,414</u>	<u>190,099</u>	<u>14,000</u>	<u>624,895</u>
FUND BALANCES - JUNE 30	<u><u>\$ 5,257</u></u>	<u><u>\$ 3,000</u></u>	<u><u>\$ 201,635</u></u>	<u><u>\$ 14,000</u></u>	<u><u>\$ 643,574</u></u>

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

## Capital Projects Funds

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



TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2019

	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Marketing Reserve	Municipal Building	Police Cruiser Replacement
<b>ASSETS</b>						
Cash and cash equivalents	\$ 73,802	\$ 193,541	\$ 17,570	\$ -	\$ 113,218	\$ 26,378
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 73,802</u></b>	<b><u>\$ 193,541</u></b>	<b><u>\$ 17,570</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 113,218</u></b>	<b><u>\$ 26,378</u></b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	73,802	193,541	17,570	-	113,218	26,378
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>73,802</u></b>	<b><u>193,541</u></b>	<b><u>17,570</u></b>	<b><u>-</u></b>	<b><u>113,218</u></b>	<b><u>26,378</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 73,802</u></b>	<b><u>\$ 193,541</u></b>	<b><u>\$ 17,570</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 113,218</u></b>	<b><u>\$ 26,378</u></b>

SCHEDULE G (CONTINUED)

TOWN OF FAIR HAVEN, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Public Works Equipment Replacement	Record Restoration	Recreation Department	Recreation Building Reserve	Streets/ Sidewalk	Town Garage Reserve	Transfer Station	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 22,204	\$ 21,878	\$ 47,007	\$ 21,869	\$ 143,835	\$ 47,005	\$ 10,100	\$ 738,407
Due from other funds	-	-	-	-	96,889	-	-	96,889
<b>TOTAL ASSETS</b>	<u>\$ 22,204</u>	<u>\$ 21,878</u>	<u>\$ 47,007</u>	<u>\$ 21,869</u>	<u>\$ 240,724</u>	<u>\$ 47,005</u>	<u>\$ 10,100</u>	<u>\$ 835,296</u>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	22,204	21,878	47,007	21,869	240,724	47,005	10,100	835,296
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>22,204</u>	<u>21,878</u>	<u>47,007</u>	<u>21,869</u>	<u>240,724</u>	<u>47,005</u>	<u>10,100</u>	<u>835,296</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 22,204</u>	<u>\$ 21,878</u>	<u>\$ 47,007</u>	<u>\$ 21,869</u>	<u>\$ 240,724</u>	<u>\$ 47,005</u>	<u>\$ 10,100</u>	<u>\$ 835,296</u>

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

## TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Bridge Repair	Fire Equipment Replacement	Listers Equipment Education	Marketing Reserve	Municipal Building	Police Cruiser Replacement
REVENUES						
Other income	\$ -	\$ 1,454	\$ 1,334	\$ -	\$ -	\$ 250
TOTAL REVENUES	<u>-</u>	<u>1,454</u>	<u>1,334</u>	<u>-</u>	<u>-</u>	<u>250</u>
EXPENDITURES						
General government	-	-	4,000	1,268	6,167	-
Public safety	-	-	-	-	-	2,572
Public works	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>1,268</u>	<u>6,167</u>	<u>2,572</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,454</u>	<u>(2,666)</u>	<u>(1,268)</u>	<u>(6,167)</u>	<u>(2,322)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,000	7,500	-	-	5,000	8,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>8,000</u>
NET CHANGE IN FUND BALANCES	5,000	8,954	(2,666)	(1,268)	(1,167)	5,678
FUND BALANCES - JULY 1, RESTATED	<u>68,802</u>	<u>184,587</u>	<u>20,236</u>	<u>1,268</u>	<u>114,385</u>	<u>20,700</u>
FUND BALANCES - JUNE 30	<u>\$ 73,802</u>	<u>\$ 193,541</u>	<u>\$ 17,570</u>	<u>\$ -</u>	<u>\$ 113,218</u>	<u>\$ 26,378</u>

TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Public Works Equipment Replacement	Record Restoration	Recreation Department	Recreation Building Reserve	Streets/ Sidewalk	Town Garage Reserve	Transfer Station	Total
REVENUES								
Other income	\$ 5,634	\$ -	\$ 23,565	\$ 8,159	\$ -	\$ -	\$ -	\$ 40,396
TOTAL REVENUES	<u>5,634</u>	<u>-</u>	<u>23,565</u>	<u>8,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,396</u>
EXPENDITURES								
General government	-	-	-	-	-	-	-	11,435
Public safety	-	-	-	-	-	-	-	2,572
Public works	76,646	-	-	-	-	-	-	76,646
Recreation	-	-	20,426	31,743	-	-	-	52,169
TOTAL EXPENDITURES	<u>76,646</u>	<u>-</u>	<u>20,426</u>	<u>31,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,822</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(71,012)</u>	<u>-</u>	<u>3,139</u>	<u>(23,584)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,426)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	75,000	2,885	-	-	-	7,000	2,500	112,885
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>75,000</u>	<u>2,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>2,500</u>	<u>112,885</u>
NET CHANGE IN FUND BALANCES	3,988	2,885	3,139	(23,584)	-	7,000	2,500	10,459
FUND BALANCES - JULY 1, RESTATED	<u>18,216</u>	<u>18,993</u>	<u>43,868</u>	<u>45,453</u>	<u>240,724</u>	<u>40,005</u>	<u>7,600</u>	<u>824,837</u>
FUND BALANCES - JUNE 30	<u>\$ 22,204</u>	<u>\$ 21,878</u>	<u>\$ 47,007</u>	<u>\$ 21,869</u>	<u>\$ 240,724</u>	<u>\$ 47,005</u>	<u>\$ 10,100</u>	<u>\$ 835,296</u>

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

## Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town that are legally restricted for purposes that benefit parties outside of the Town.

## TOWN OF FAIR HAVEN, VERMONT

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019

	<u>Cedar Grove Cemetery</u>	<u>West Street Cemetery</u>	<u>Fair Haven Free Library</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 790	\$ -	\$ -	\$ 790
Investments	<u>141,679</u>	<u>16,703</u>	<u>2,831</u>	<u>161,213</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 142,469</u></u>	<u><u>\$ 16,703</u></u>	<u><u>\$ 2,831</u></u>	<u><u>\$ 162,003</u></u>
<b>LIABILITIES</b>				
Deposits held for others	<u>\$ 142,469</u>	<u>\$ 16,703</u>	<u>\$ 2,831</u>	<u>\$ 162,003</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 142,469</u></u>	<u><u>\$ 16,703</u></u>	<u><u>\$ 2,831</u></u>	<u><u>\$ 162,003</u></u>

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



Proven Expertise & Integrity

INDEPENDENT AUDITORS' 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*

Board of Selectmen  
Town of Fair Haven  
Fair Haven, Vermont

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fair Haven, Vermont as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Fair Haven, Vermont's basic financial statements and have issued our report thereon dated November 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Fair Haven, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 of Fair Haven, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Fair Haven, Vermont's internal control.

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. 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fair Haven, Vermont's financial statements are free from 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*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
November 4, 2019