

TOWN OF SHELBURNE, VERMONT
AUDIT REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2011

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JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

January 31, 2012

Selectboard Members
Town of Shelburne
Shelburne, VT 05482

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2012, on our consideration of the Town'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 on 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual nonmajor fund financial statements (Schedules 1 and 2) and the statements of income – budget and actual – Water Fund and Sewer Fund (Schedules 3 and 4) are presented for purposes of additional analysis and are not required part of the financial statements. These schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
Vermont Public Accountancy License #110

TOWN OF SHELBURNE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

Our discussion and analysis of the Town of Shelburne, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. More detailed information about the Town's financial activities can be found in the financial statements that begin with Exhibit A. If you have questions about this report or need additional financial information, contact the Town Manager's Office at the Town of Shelburne, P.O. Box 88, Shelburne, Vermont (Phone: 802-985-5111).

Financial Highlights

- The Town's net assets (total assets less total liabilities) increased as a result of this year's operations. Net assets of our business-type activities (Water and Sewer department operations) increased by \$232,352, or 2.9%. Net assets of our governmental activities increased by \$163,420, or 1.6%.
- The cost of all of the Town's programs was \$9,048,381 this year, compared with \$8,868,113 last year.
- The General Fund reported an increase in fund balance this year of \$62,186 which was better than the balanced budget.
- The fund balance for the General Fund was \$684,319 as of June 30, 2011, compared with a fund balance of \$622,133 on June 30, 2010. Of the \$684,319 amount, \$150,459 was nonspendable for prepaid expenses, and \$140,405 is assigned for fiscal 2012 expenditures.
- The Sewer Fund's net assets increased by \$251,934, or 4.4%, to \$5,975,486. The Water Fund's net assets decreased by \$19,582, or 0.8%, to \$2,331,867.

Using This Annual Report

This annual report consists of a series of financial statements. The first group includes the **Statement of Net Assets and the Statement of Activities** (Exhibits A and B), which provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. The second group includes the **Fund financial statements**, which start on Exhibit C. For governmental activities, the Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The **Notes** section after the financial statements includes detailed information for a number of items such as capital assets and debt owed by the town. Schedules 1 and 2 at the end of this report contain details and balances in special revenue and capital project fund accounts.

Reporting the Town as a Whole — Statement of Net Assets and the Statement of Activities

The financial statements of the Town as a whole are reflected on Exhibit A and B. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off economically as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets (net of accumulated depreciation) and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

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

TOWN OF SHELBURNE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

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

- **Governmental activities** – Most of the Town's basic services are reported here, including the police, fire/rescue, public works, parks/recreation and general administration. Property taxes, fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system operations are reported here.

Reporting the Town's Most Significant Funds — Fund Financial Statements

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (For example: grants received from the U.S. Department of Homeland Security for a multi-year project are accounted for in a separate fund). The only major governmental fund for the Town is the General Fund, which contains most of the Town operations (excluding water/sewer). Both of the proprietary funds (water and sewer) are also major funds.

The Town's governmental and proprietary funds use different accounting approaches.

- **Governmental funds** – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using a measurement focus based on *current financial resources*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in Exhibits D and F.
- **Proprietary funds** – The Town's Water and Sewer funds are both treated as enterprise funds (i.e. business-type activities), within the proprietary fund category. When the Town charges customers for the services it provides (whether to outside customers or to other funds of the Town) these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. Since they use the same accounting basis, the Town's enterprise fund statements in Exhibits H-J are the same as the business-type activities we report in the government-wide statements. Exhibits H-J provide more detail and additional information, such as cash flows. Schedules 3 and 4 contain budget vs. actual results for the Water and Sewer funds, which are utilized for budget purposes and for determining user fees.

The Town as a Whole

The Town's combined net assets for the Governmental and Business-type activities increased by \$395,772 from a year ago – increasing from \$18,408,191 to \$18,803,963. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities. Recall that "net assets" are equal to the difference between total assets (after accumulated depreciation) and total liabilities.

TOWN OF SHELBURNE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

Table 1 - Net Assets

	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010
Current and other assets	\$ 4,063,224	\$ 3,647,071	\$ 1,072,515	\$ 1,164,194
Capital assets, net	12,954,475	12,795,343	15,927,188	16,230,508
Total assets	<u>17,017,699</u>	<u>16,442,414</u>	<u>16,999,703</u>	<u>17,394,702</u>
Long term liabilities	6,084,501	5,645,639	8,504,397	9,007,962
Other liabilities	436,588	463,585	187,953	311,739
Total liabilities	<u>6,521,089</u>	<u>6,109,224</u>	<u>8,692,350</u>	<u>9,319,701</u>
Net assets:				
Invested in capital assets, net of debt	7,117,058	7,379,319	7,462,725	7,064,517
Restricted	1,718,029	2,419,891	138,362	617,034
Unrestricted	1,661,523	533,980	706,266	393,450
Total net assets	<u>\$10,496,610</u>	<u>\$10,333,190</u>	<u>\$ 8,307,353</u>	<u>\$ 8,075,001</u>
	Total Primary Government 2011	Total Primary Government 2010		
Current and other assets	\$ 5,135,739	\$ 4,811,265		
Capital assets, net	28,881,663	29,025,851		
Total assets	<u>34,017,402</u>	<u>33,837,116</u>		
Long term liabilities	14,588,898	14,653,601		
Other liabilities	624,541	775,324		
Total liabilities	<u>15,213,439</u>	<u>15,428,925</u>		
Net assets:				
Invested in capital assets, net of debt	14,579,783	14,443,836		
Restricted	1,856,391	3,036,925		
Unrestricted	2,367,789	927,430		
Total net assets	<u>\$18,803,963</u>	<u>\$18,408,191</u>		

Net assets of the Town's governmental activities increased by \$163,420, or approximately 1.6% (\$10,496,610 compared to \$10,333,190), in fiscal year 2011. The amount invested in capital assets, net of related debt decreased by \$262,261. Restricted net assets decreased by \$701,862 and unrestricted net assets increased by \$1,127,543. See our explanation later in this report of differences in actual compared to budget.

The net assets of our business-type activities (the Water & Sewer departments) increased by \$232,352, approximately 2.9%, (\$8,307,353 compared to \$8,075,001) in fiscal year 2011. The Town can only use these net assets to finance the continuing operations of the Water and Sewer systems.

TOWN OF SHELBURNE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

Table 2 - Change in Net Assets

	Governmental Activities 2011	Business-type Activities 2011	Total Primary Government 2011	Governmental Activities 2010	Business-type Activities 2010	Total Primary Government 2010
REVENUES						
Program revenues:						
Charges for services	\$ 1,410,608	\$ 2,374,884	\$ 3,785,492	\$ 1,242,138	\$ 2,229,434	\$ 3,471,572
Operating grants	654,471	0	654,471	561,355	0	561,355
Capital grants	153,391	88,237	241,628	1,054,858	858,733	1,913,591
General revenues:						
Property taxes	4,642,608	0	4,642,608	4,659,444	0	4,659,444
Investment earnings	83,805	10,493	94,298	44,095	28,894	72,989
Miscellaneous	3,520	22,136	25,656	31,070	11,289	42,359
Total revenues	6,948,403	2,495,750	9,444,153	7,592,960	3,128,350	10,721,310
PROGRAM EXPENSES						
General government	1,602,829	0	1,602,829	1,700,102	0	1,700,102
Public safety	1,966,345	0	1,966,345	1,887,367	0	1,887,367
Highway/Public Works	1,142,755	0	1,142,755	1,120,193	0	1,120,193
Employee benefits	938,704	0	938,704	848,507	0	848,507
Recreation and parks	363,802	0	363,802	352,825	0	352,825
Library	264,036	0	264,036	265,786	0	265,786
Health and welfare	68,046	0	68,046	69,617	0	69,617
Education	13,115	0	13,115	10,920	0	10,920
Land conservation	180,000	0	180,000	250,000	0	250,000
Debt service	245,351	0	245,351	219,027	0	219,027
Water	0	896,351	896,351	0	782,572	782,572
Sewer	0	1,367,047	1,367,047	0	1,361,197	1,361,197
Total program expenses	6,784,983	2,263,398	9,048,381	6,724,344	2,143,769	8,868,113
Increase in Net Assets	\$ 163,420	\$ 232,352	\$ 395,772	\$ 868,616	\$ 984,581	\$ 1,853,197

Table 3 highlights the cost of each of the Town's largest governmental activities – general government, public safety, highway department, employee benefits, recreation and parks and library – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these activities.

Table 3 - Governmental Activities

	Total Cost of Services 2011	Net Cost/(Revenue) of Services 2011	Total Cost of Services 2010	Net Cost/(Revenue) of Services 2010
General government	\$ 1,602,829	\$ 1,041,415	\$ 1,700,102	\$ 1,135,291
Public safety	1,966,345	913,348	1,887,367	1,138,488
Highway department	1,142,755	878,441	1,120,193	(136,904)
Employee benefits	938,704	938,704	848,507	848,507
Recreation and parks	363,802	43,186	352,825	102,976
Library	264,036	253,132	265,786	254,077
All others	506,512	498,287	549,564	523,558
Totals	\$ 6,784,983	\$ 4,566,513	\$ 6,724,344	\$ 3,865,993

Reporting on the Town's Individual Funds – Fund Financial Statements

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$2,942,151, which is above last year's total of \$2,512,024 by \$430,127. Included in this year's total change in fund balance is an increase of \$62,186 in the Town's General Fund and an increase in the nonmajor funds of \$367,941.

TOWN OF SHELBURNE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

Over the course of the year, the Selectboard members compare year-to-date actual amounts of revenues and expenditures to the budget. No adjustments to the budget were made during the year. The General Fund ended the year with a fund balance of \$684,319. During fiscal year 2011, revenues were greater than expenditures by \$62,186, which was better than the balanced budget. Exhibit G of the financial statements shows the comparison of actual to budget for the General Fund. The most significant variances were:

	Variance <u>Favorable (Unfavorable)</u>
Revenues	
Police Special duty reimbursement	\$ 140,900
Property Tax Revenues	(29,244)
Administration	35,826
Highways	(42,709)
Recreation	(25,790)
Fire/Rescue Grants	(141,822)
FEMA 2011 Flooding Grant	27,268
Street Light Grant	53,853
Expenditures	
Police Department	(154,371)
Public Safety - other (Dispatching)	(27,983)
Public works - highways	62,810
Administration	22,271
Employee Benefits	(22,318)
Capital	35,808

Revenue Variations:

Police Department revenues exceeded budget by \$140,900. Most of this variance was from grant-funded enforcement details that were offset by corresponding expenditures. Property tax revenues were less than budget by \$29,244 due to property valuation appeals decisions. Administrative revenues exceeded budget by \$35,826 primarily due to increased document recording fees. Highway/public works revenues were less than budget by \$42,709 due to the Town not receiving a state paving grant, which was budgeted. (This was offset by a corresponding reduction in expenditures from budget.) Recreation revenues were less than budget by \$25,790 primarily due to delay of a grant/donation funded playground upgrade project. Grant revenues for Fire and Rescue equipment upgrades were less than budget by \$141,822 due to a grant for air pack replacements not being awarded. (This was offset by a corresponding reduction in expenditures from budget). The town was reimbursed \$27,268 by FEMA for expenditures associated with spring lakeshore flooding. The town received a grant to convert street lights in town to LED technology and received \$53,853 in grant funds for work completed in FY 2011.

Expenditure Variations:

Police Dept. expenditures were greater than budget by \$154,371 mainly due to grant funded special enforcement details conducted in the year (see "Revenue Variations" section above). Expenditures in the Public Safety Dispatch category were greater than budget by \$27,983 due to staff vacancies and turnover as well as additional costs to provide dispatch services to a large agency that was added. (Dispatch contract revenues exceeded budget by \$13,797 as a result of this agency being added.) Public Works-highway expenditures were less than budget by \$62,810 due to not receiving a \$60,000 paving grant that was budgeted. Employee benefit costs were greater than budget by \$22,318 due to employee profiles (single, family, etc.) and higher health insurance premiums. Capital expenditures were less than budget by \$35,808 due to delays in projects that did not receive grant funding.

Water Fund

The Water Fund ended with net assets of \$2,331,867 of which \$2,116,167 is net investment in plant and equipment, \$104,033 is unrestricted, and \$111,667 is restricted for various capital projects. Schedule 3 compares actual activity to the budget using the basis of accounting that is used for budgetary and rate setting purposes which differs from generally accepted accounting principles. The schedule reflects capital project costs and principal payments on long-term debt as expenditures and does not include depreciation expense. Using this basis of accounting, expenditures were greater than revenues by \$39,659 for fiscal year 2011, which was \$39,659 worse than the balanced budget. Water sales revenues were over budget by \$16,799. Total revenues exceeded budget by \$26,942

TOWN OF SHELBURNE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

due to the increased water sales and connection fees from new customers. Expenditures were greater than budget by \$66,601 primarily due to an usual number of waterline breaks in the winter, which occurred outside of regular working hours and required outside contractor assistance.

Sewer Fund

The Sewer Fund ended with net assets of \$5,975,486 of which \$5,346,557 is net investment in plant and equipment, \$291,249 is restricted for various capital projects leaving a balance of \$337,680 as unrestricted. Schedule 4 compares actual activity to the budget using the basis of accounting that is used for budgetary and rate setting purposes which differs from generally accepted accounting principles. The schedule reflects capital projects costs and principal payments on long-term debt as expenditures and does not include depreciation expense. Using this basis of accounting, revenues were greater than expenditures by \$95,252 for fiscal year 2011, which was \$95,252 better than budget. Revenues were greater than budget by \$84,474. Factors contributing to this included higher usage from metered customers on the system and significant revenues from outside haulers bringing septage and sludge to the plant for treatment. Expenses were less than budget by \$10,778. Factors contributing to this included lower debt expense (due to the delay in starting repayment of one loan) and misc. operating/utility costs.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011, the Town had \$28,881,662 invested in a broad range of capital assets, including police and fire/rescue equipment, buildings, park facilities, highway/stormwater infrastructure, vehicles and water and sewer lines (See Table 4 below). This amount represents a net decrease (including additions and deductions) of \$144,189, compared to last year.

Table 4 - Capital Assets at Year-End (Net of Accumulated Depreciation)

	Governmental Activities <u>2011</u>	Business-type Activities <u>2011</u>	Totals <u>2011</u>	Governmental Activities <u>2010</u>	Business-type Activities <u>2010</u>	Totals <u>2010</u>
Land	\$ 1,107,971	\$ 11,000	\$ 1,118,971	\$ 1,107,971	\$ 11,000	\$ 1,118,971
Construction in progress	399,471	0	399,471	132,550	25,228	157,778
Buildings and improvements	4,884,912	0	4,884,912	5,203,965	0	5,203,965
Vehicles and equipment	1,966,889	42,710	2,009,599	1,674,897	31,755	1,706,652
Infrastructure	4,471,077	0	4,471,077	4,557,687	0	4,557,687
Water and sewer systems	0	15,873,477	15,873,477	0	16,162,525	16,162,525
Library collection	124,155	0	124,155	118,273	0	118,273
Totals	<u>\$ 12,954,475</u>	<u>\$ 15,927,187</u>	<u>\$ 28,881,662</u>	<u>\$ 12,795,343</u>	<u>\$ 16,230,508</u>	<u>\$ 29,025,851</u>

This year's major additions included:

Dispatch communications upgrade	\$ 162,750
Webster Road bike/pedestrian path	24,585
Fingerprint machine	29,025
Fire pumper truck	435,293
Police Chevy Tahoe	35,403
Police Ford Explorer	29,545
Waterline replacement	44,550
Water Dept. utility truck	28,325
Sewer Collection system improvements	31,313
Sewer Plant Emergency Generator	48,700
Sewer Plant Improvements	45,615

UPCOMING CAPITAL PROJECTS

Capital projects in the Town's FY 2011-12 budget for Governmental Funds include replacement of two highway dept. trucks, fire dept. equipment replacements, police dispatch equipment upgrades, road base improvements on Pond Road, sidewalk and bike/pedestrian path construction, street light upgrades to LED lights, Clerks office records automation, playground equipment replacement, gym floor refinishing, library/town hall elevator replacement and fire station roof replacement.

TOWN OF SHELBURNE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

Capital projects planned in FY 2012 within the Business-type (water/sewer) activity group include waterline upgrades, water tank upgrades, and sewer collection system repairs. More detailed information about the Town's capital assets is presented in Notes 1 and 5 of the financial statements.

Debt Administration

At June 30, 2011, the Town had \$14,301,880 in bonds and notes outstanding versus \$14,384,052 on June 30, 2010 – a decrease of \$82,172 – as shown in Table 5.

Table 5 - Changes in Long-Term Debt

	Total	General Bonds, Notes	Proprietary Bonds, Notes
Balance - June 30, 2010	\$ 14,384,052	\$ 5,416,024	\$ 8,968,028
Principal payments	(1,881,907)	(1,163,607)	(718,300)
Loan proceeds	1,799,735	1,585,000	214,735
Balance - June 30, 2011	<u>\$ 14,301,880</u>	<u>\$ 5,837,417</u>	<u>\$ 8,464,463</u>

New debt was issued in the General Fund category for Beaver Creek road/infrastructure improvements (\$600,000 of which \$561,003 was used to refund prior loans); beach sea wall improvements (\$150,000 of which \$134,909 was used to refund a prior loan); a new fire truck (\$430,000); Mt. Philo sidewalk (\$25,000); and Webster Road bike/ped path (\$380,000). New debt was issued in the Proprietary Fund group for wastewater system improvements (\$191,435 under ARRA funds) and replacement of a Water Dept. utility truck (\$23,300).

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2012 General Fund (Town) and Enterprise Fund (Water/Sewer), budgets, tax rates, and user fees. One of those factors was the economy and unemployment in the region. Shelburne's unemployment rate was 4.4% in June 2011, compared to 4.2% in June 2010. These rates remained below the state unemployment rate, which was 5.6% in June 2011 and 6.2% in June 2010. The Town grand list contains a mix of residential commercial and industrial properties. The total assessed value of all taxable properties in Shelburne was \$1.435 billion dollars in July 2011, which was an increase of 0.8% from 2010. Of the total grand list, 76.5% of the total value is from residential properties, 15.8% from Commercial properties and utilities, 0.9% from Industrial and 6.8% from farm/land/miscellaneous. The town's commercial/industrial categories contain a mixture of retail, manufacturing and tourist uses as well as retirement communities. While real estate values have declined for some properties in the past year, Shelburne's 98.4% common level of appraisal (determined by the State of Vermont) is still close to 100%. Shelburne continues to be a desirable community to live in, with several new residential projects under construction or planned in the upcoming years. We have also seen an increase in commercial building projects including expansion of an existing retirement community within the last year. One hundred fifty building permits were issued in 2011 compared to 162 permits in 2010. The 2011 building permits are estimated to add \$23.2 million in construction costs to the grand list. Shelburne's municipal property tax rate is competitive with other Chittenden County towns that provide similar services. When adopting the budget for 2011-12, the Selectboard balanced the need to maintain existing services and town infrastructure with an affordable tax rate, given the current economic climate. The municipal tax rate of \$0.3290 in FY 2011-12 was an increase of 2.9% from FY 2010-11.

As for the Town's business-type activities, the Selectboard approved a rate increase of 6.2% in the sewer user fee effective July 2011. This increase was mainly due to debt service associated with capital projects and declining sales volumes. The water rate was increased by 2.2% to \$5.05 per thousand gallons effective July 1, 2011. Sales volumes stabilized somewhat in FY 2010-11, reversing the downward trend of prior years. The Water and Sewer budgets have experienced lower annual sales in recent years due to conservation, weather, demographics and economic conditions. The Selectboard and Water commission continue to monitor the activities of these funds closely with the objective of achieving stable rates while maintaining the system infrastructure, reliability and meeting regulatory requirements.

TOWN OF SHELBURNE, VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,793,253	\$ 987,508	\$ 2,780,761
Investments	326,791	0	326,791
Accounts receivable:			
Property taxes, net	260,466	0	260,466
Water/sewer and other fees	0	637,678	637,678
State of Vermont	122,610	0	122,610
Federal government	27,268	0	27,268
Other	226,229	46,422	272,651
Prepaid expenses	150,459	24,556	175,015
Internal balances	626,148	(626,148)	0
Inventories	0	2,500	2,500
Total current assets	3,533,224	1,072,516	4,605,740
Noncurrent assets:			
Loans receivable	530,000	0	530,000
Capital assets, not depreciated			
Land	1,107,971	11,000	1,118,971
Construction in progress	399,471	0	399,471
Capital assets, depreciated			
Buildings and improvements	9,214,195	22,758,593	31,972,788
Vehicles and equipment	3,955,189	171,220	4,126,409
Infrastructure	4,832,970	0	4,832,970
Library collection	185,422	0	185,422
Accumulated depreciation	(6,740,743)	(7,013,626)	(13,754,369)
Total capital assets	12,954,475	15,927,187	28,881,662
Total noncurrent assets	13,484,475	15,927,187	29,411,662
Total assets	17,017,699	16,999,703	34,017,402
LIABILITIES			
Current liabilities:			
Accounts payable	318,279	182,878	501,157
Deferred revenue	30,211	5,075	35,286
Accrued interest	22,512	0	22,512
Accrued salaries	65,586	0	65,586
Bonds and notes payable due within one year	543,295	885,198	1,428,493
Total current liabilities	979,883	1,073,151	2,053,034
Noncurrent liabilities:			
Accrued compensated absences	247,084	39,934	287,018
Special assessment debt with government commitment	570,000	0	570,000
Bonds and notes payable due after one year	4,724,122	7,579,265	12,303,387
Total noncurrent liabilities	5,541,206	7,619,199	13,160,405
Total liabilities	6,521,089	8,692,350	15,213,439
NET ASSETS			
Unrestricted	1,661,523	441,713	2,103,236
Restricted for:			
Capital projects	389,257	402,916	792,173
Endowments	414,074	0	414,074
Special projects	384,698	0	384,698
Community development	530,000	0	530,000
Invested in capital assets, net of related debt	7,117,058	7,462,724	14,579,782
Total net assets	\$ 10,496,610	\$ 8,307,353	\$ 18,803,963

See Notes to Financial Statements.

TOWN OF SHELburnE, VERMONT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

EXHIBIT B

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets		
					Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 1,602,829	\$ 411,851	\$ 149,563	\$ 0	\$ (1,041,415)	\$ 0	\$ (1,041,415)
Public safety	1,966,345	706,173	211,196	135,628	(913,348)	0	(913,348)
Highway/Public Works department	1,142,755	22,645	227,392	14,277	(878,441)	0	(878,441)
Employee benefits	938,704	0	0	0	(938,704)	0	(938,704)
Recreation and parks	363,802	263,114	57,502	0	(43,186)	0	(43,186)
Library	264,036	0	7,418	3,486	(253,132)	0	(253,132)
Health and welfare	68,046	6,825	1,400	0	(59,821)	0	(59,821)
Education	13,115	0	0	0	(13,115)	0	(13,115)
Land conservation	180,000	0	0	0	(180,000)	0	(180,000)
Debt service	245,351	0	0	0	(245,351)	0	(245,351)
Total governmental activities	6,784,983	1,410,608	654,471	153,391	(4,566,513)	0	(4,566,513)
Business-type Activities							
Water	896,351	854,715	0	0	0	(41,636)	(41,636)
Sewer	1,367,047	1,520,169	0	88,237	0	241,359	241,359
Total business-type activities	2,263,398	2,374,884	0	88,237	0	199,723	199,723
Total government	\$ 9,048,381	\$ 3,785,492	\$ 654,471	\$ 241,628	(4,566,513)	199,723	(4,366,790)
General Revenues:							
Property taxes					4,642,608	0	4,642,608
Earnings on investments					83,805	10,493	94,298
Miscellaneous					3,520	22,136	25,656
Total general revenues					4,729,933	32,629	4,762,562
Change in net assets					163,420	232,352	395,772
Net assets - July 1, 2010					10,333,190	8,075,001	18,408,191
Net assets - June 30, 2011					\$ 10,496,610	\$ 8,307,353	\$ 18,803,963

See Notes to Financial Statements.

TOWN OF SHELBURNE, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

EXHIBIT C

	Major Fund		
	General Fund	Nonmajor Funds	Totals
ASSETS			
Cash	\$ 374,179	\$ 1,419,074	\$ 1,793,253
Investments	0	326,791	326,791
Due from State of Vermont	122,610	0	122,610
Due from federal government	27,268	0	27,268
Accounts receivable - other	50,428	175,801	226,229
Delinquent taxes receivable	260,466	0	260,466
Prepaid expenses	150,459	0	150,459
Due from other funds	238,052	727,670	965,722
Loan receivable	0	530,000	530,000
Total assets	\$ 1,223,462	\$ 3,179,336	\$ 4,402,798
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 266,349	\$ 51,930	\$ 318,279
Accrued payroll	65,586	0	65,586
Due to other funds	0	339,574	339,574
Deferred revenue	207,208	530,000	737,208
Total liabilities	539,143	921,504	1,460,647
 Fund Balances			
Nonspendable	150,459	0	150,459
Restricted			
Permanent funds	0	414,074	414,074
Special revenue funds	0	384,698	384,698
Capital project funds	0	389,257	389,257
Committed			
Special revenue funds	0	903,927	903,927
Capital project funds	0	114,746	114,746
Assigned			
FY12 expenses	140,405	0	140,405
Special revenue funds	0	6,166	6,166
Capital project funds	0	81,382	81,382
Unassigned	393,455	(36,418)	357,037
Total fund balances	684,319	2,257,832	2,942,151
Total liabilities and fund balances	\$ 1,223,462	\$ 3,179,336	\$ 4,402,798

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

EXHIBIT D

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,942,151

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$19,695,218, and the accumulated depreciation is \$6,740,743. 12,954,475

Deferred revenues are recognized on an accrual basis in the statement of net assets, not the modified accrual basis. Deferred revenues at year end consist of:

Deferred note revenue	530,000	
Deferred tax revenue	<u>176,997</u>	706,997

Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:

Bonds and notes payable	5,837,417	
Accrued interest on bonds and notes payable	22,512	
Accrued compensated absences	<u>247,084</u>	<u>(6,107,013)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 10,496,610

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT E

	General Fund	Nonmajor Funds	Totals
REVENUES			
Property taxes, net of adjustments	\$ 4,524,062	\$ 0	\$ 4,524,062
Penalties and interest	113,978	0	113,978
Intergovernmental	534,331	173,905	708,236
Contributions and grants	5,767	91,609	97,376
Charges for services	157,461	0	157,461
Investment income	4,483	8,878	13,361
Fees and licenses	816,016	393,874	1,209,890
Building rental and lease	138,451	0	138,451
Other	35,295	70,904	106,199
Total revenues	<u>6,329,844</u>	<u>739,170</u>	<u>7,069,014</u>
EXPENDITURES			
Current			
General government	1,449,423	16,605	1,466,028
Public safety	1,792,590	7,609	1,800,199
Highway/Public Works department	937,779	352	938,131
Land conservation	0	180,000	180,000
Health and welfare	66,360	0	66,360
Education	0	13,115	13,115
Recreation and parks	249,081	23,629	272,710
Library	201,617	18,558	220,175
Employee benefits	938,704	0	938,704
Debt service			
Interest	236,540	17,266	253,806
Principal	360,000	803,607	1,163,607
Capital outlays	193,806	717,246	911,052
Total expenditures	<u>6,425,900</u>	<u>1,797,987</u>	<u>8,223,887</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(96,056)</u>	<u>(1,058,817)</u>	<u>(1,154,873)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	25,000	1,560,000	1,585,000
Operating transfers in	271,446	236,934	508,380
Operating transfers out	(138,204)	(370,176)	(508,380)
Total other financing sources	<u>158,242</u>	<u>1,426,758</u>	<u>1,585,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	62,186	367,941	430,127
FUND BALANCES - JULY 1, 2010	<u>622,133</u>	<u>1,889,891</u>	<u>2,512,024</u>
FUND BALANCES - JUNE 30, 2011	<u>\$ 684,319</u>	<u>\$ 2,257,832</u>	<u>\$ 2,942,151</u>

TOWN OF SHELBURNE, VERMONT EXHIBIT F
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT
 OF ACTIVITIES
 YEAR ENDED JUNE 30, 2011

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 430,127

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$911,052) plus asset donations (\$3,486) minus loss on sale of assets (\$4,436) minus proceeds from sale of assets (\$875) exceeds depreciation expense (\$750,095) in the period. 159,132

Some of the capital assets acquired this year were financed with long-term debt. The amount financed is reported in the governmental funds as an other financing source. On the other hand, the loan proceeds are not revenue in the statement of activities, but rather constitute long-term liabilities in the statement of net assets. (1,585,000)

Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis. The deferred property taxes increased by \$4,568. 4,568

Repayment of bond and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,163,607

In the statement of activities, accrued compensated absences are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences earned exceeded the amounts used by \$17,469. (17,469)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decreased interest reported in the statement of activities is because accrued interest on bonds and notes payable decreased by \$8,455. 8,455

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 163,420

To eliminate the doubling up of internal service charges between the Governmental activities and the Business-type activities on the Statement of Activities, the charges for services were decreased by \$123,354, and the general government expenses were decreased by \$123,354.

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

EXHIBIT G

REVENUES	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Taxes			
Property taxes	\$ 4,547,984	\$ 4,543,026	\$ (4,958)
Special Assessments	25,300	19,900	(5,400)
Penalties and interest on delinquent taxes	94,000	113,978	19,978
Abatements and adjustments	0	(38,864)	(38,864)
Total taxes	4,667,284	4,638,040	(29,244)
Administration			
Liquor licenses	2,400	2,695	295
Animal licenses	4,800	4,834	34
Fish and game licenses	100	122	22
Marriage/Civil Union licenses	450	580	130
Recording fees	40,000	67,071	27,071
Passport fees	5,000	8,890	3,890
Miscellaneous	3,400	1,284	(2,116)
Other fees	9,300	15,800	6,500
Total administration	65,450	101,276	35,826
Police department			
Judicial fees	53,000	60,767	7,767
Special duty reimbursement	49,000	189,900	140,900
COPS police grant	67,000	66,296	(704)
Equipment grants	0	29,025	29,025
Dispatch contracts	130,300	144,097	13,797
E911 operation grant	90,000	90,000	0
Other	18,200	29,002	10,802
Total police department	407,500	609,087	201,587
Highways			
Received for state aid/grant	137,083	136,693	(390)
Construction reimbursements	0	9,494	9,494
Grants	60,000	4,783	(55,217)
Permits	16,100	20,125	4,025
Other	1,000	379	(621)
Total highways	214,183	171,474	(42,709)
Planning and Zoning Fees	44,500	46,462	1,962
Cemeteries	2,100	1,400	(700)
Investment income	15,000	4,483	(10,517)
Recreation department			
Sale of beach stickers	10,050	7,708	(2,342)
Fees & recreation programs	172,920	149,472	(23,448)
Total recreation department	182,970	157,180	(25,790)
Library	0	281	281

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

EXHIBIT G

REVENUES (Continued)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous			
Administration - water and sewer	123,354	123,354	0
Planning and zoning grants	7,800	0	(7,800)
Rescue First aid/CPR class fees/Misc.	0	1,108	1,108
Insurance claims	0	2,850	2,850
Fire/Rescue grants	147,250	5,428	(141,822)
Other	6,422	1,368	(5,054)
Street Light Grants	0	53,853	53,853
Stormwater Grants	0	4,267	4,267
FEMA 2011 Flood Grant	0	27,268	27,268
Payment in lieu of taxes	5,500	5,767	267
State current use tax payment	69,300	69,338	38
Act 60 Administration	34,000	37,886	3,886
Cellular tower fees	73,500	82,842	9,342
Mooring fees	38,775	44,685	5,910
CSSU Village center lease	64,000	64,000	0
CSSU building maint. allocation	37,600	35,188	(2,412)
Sale of vehicle & equipment	0	1,696	1,696
Other building rentals/use fees	37,736	39,263	1,527
Total miscellaneous	645,237	600,161	(45,076)
Total revenues	6,244,224	6,329,844	85,620
EXPENDITURES			
Selectboard			
Salaries	6,300	6,300	0
Other	5,900	6,646	(746)
VLCT dues	7,489	7,489	0
Printing/mailing of town reports	4,500	3,116	1,384
Total selectboard	24,189	23,551	638
Town manager office			
Salaries	128,124	130,588	(2,464)
Manager	2,300	312	1,988
Vehicle	2,500	2,548	(48)
Emergency management	1,000	936	64
Total town manager office	133,924	134,384	(460)
Elections			
Salaries	6,000	6,483	(483)
Other	8,000	7,249	751
Total elections	14,000	13,732	268
Finance and Insurance			
Salaries	170,856	173,502	(2,646)
Property and liability insurance	171,750	165,945	5,805
Insurance claims	2,500	7,844	(5,344)
Auditing	15,500	14,200	1,300
Total finance and insurance	360,606	361,491	(885)
Legal services	50,000	52,156	(2,156)

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

EXHIBIT G

EXPENDITURES (Continued)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Administration - Municipal Offices			
Office equipment and repair	1,000	113	887
Office supplies	7,300	7,390	(90)
Copier	7,700	6,142	1,558
Telephone/data	24,000	12,725	11,275
Technical assistance	25,000	25,204	(204)
Training	7,600	1,889	5,711
Computer hardware/software	8,850	5,462	3,388
Postage	15,500	15,754	(254)
Total administration - municipal offices	96,950	74,679	22,271
Town Clerk/Treasurer			
Salaries	117,233	116,956	277
Microfilming	5,500	7,337	(1,837)
Other	3,000	1,351	1,649
Records automation and restoration	60,000	34,787	25,213
Computer hardware/software	1,000	1,226	(226)
Office	4,500	4,022	478
Total town clerk/treasurer	191,233	165,679	25,554
Assessor's Office			
Salaries	56,163	61,579	(5,416)
Reappraisal	17,500	8,223	9,277
Other	4,500	2,762	1,738
Total assessor's office	78,163	72,564	5,599
Zoning and planning			
Salaries	129,685	130,928	(1,243)
Office	8,280	6,277	2,003
Planner assistance	7,000	5,310	1,690
Independent technical review	5,000	0	5,000
Other	1,225	1,233	(8)
Town planning and special projects	11,800	3,000	8,800
Total zoning and planning	162,990	146,748	16,242
Buildings and Grounds			
Salaries	90,300	90,880	(580)
Village Ctr. operating and maintenance	40,100	39,051	1,049
Town Hall operating and maintenance	7,500	6,003	1,497
Village Ctr./Town Hall heat and utilities	86,400	72,706	13,694
Pierson building utilities and maintenance	2,000	1,473	527
Dog Park	0	3,545	(3,545)
Recreation fields maintenance	17,000	12,411	4,589
Total buildings and grounds	243,300	226,069	17,231

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

EXHIBIT G

EXPENDITURES (Continued)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Police department			
Salaries	691,938	680,138	11,800
Overtime salaries	91,445	115,964	(24,519)
Special duty details	25,000	145,693	(120,693)
Office	7,500	11,522	(4,022)
Telephone	8,800	13,864	(5,064)
Radio	10,260	15,065	(4,805)
Travel and conferences	2,500	4,461	(1,961)
Photos	3,200	1,393	1,807
Training	8,000	6,798	1,202
Gasoline	35,000	42,651	(7,651)
Tires	3,300	3,112	188
Vehicle maintenance and repairs	9,500	18,279	(8,779)
General equipment	5,700	8,729	(3,029)
Uniform purchases	8,500	5,887	2,613
Uniform cleaning	5,000	6,202	(1,202)
Capital Improvements	6,700	0	6,700
Building maintenance	2,000	4,350	(2,350)
Matching funds	1,500	1,016	484
Computer use	12,200	4,624	7,576
Computer maintenance	10,760	11,223	(463)
Police/C.U.S.I.	10,695	10,694	1
Equipment Grants	0	4,358	(4,358)
Animal enforcement	4,000	1,846	2,154
Total police department	<u>963,498</u>	<u>1,117,869</u>	<u>(154,371)</u>
Public safety - other			
Dispatch salaries	284,886	317,309	(32,423)
Overtime salaries	43,787	43,317	470
Training	2,500	1,922	578
Radio and other equipment	4,600	2,850	1,750
Capital improvements	2,000	1,337	663
Uniforms/cleaning	2,300	1,321	979
Total public safety - other	<u>340,073</u>	<u>368,056</u>	<u>(27,983)</u>
Fire Department			
Salaries	30,500	29,237	1,263
Office supplies and phones	6,260	5,103	1,157
Building heat and service	9,100	9,506	(406)
Fire prevention - training	5,000	5,055	(55)
Radio maintenance	2,950	2,027	923
Protective clothing	10,750	9,556	1,194
Gas and oil	3,700	4,856	(1,156)
Fire fighting supplies	3,700	2,850	850
Equipment maintenance	12,900	17,133	(4,233)
Building maintenance	3,000	2,430	570
Equipment	6,900	7,834	(934)
Improvements	0	0	0
Other	10,000	7,967	2,033
Total fire department	<u>104,760</u>	<u>103,554</u>	<u>1,206</u>

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

EXHIBIT G

EXPENDITURES (Continued)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Public works			
Salaries	70,030	71,377	(1,347)
Stormwater engineering and planning	1,000	1,421	(421)
Administrative	4,250	3,531	719
Stormwater permits	6,870	7,001	(131)
Stormwater maintenance	9,000	8,258	742
Other	0	5,978	(5,978)
Total public works	<u>91,150</u>	<u>97,566</u>	<u>(6,416)</u>
Public works - highways			
Salaries	232,982	222,798	10,184
Overtime salaries	26,226	27,488	(1,262)
Drainage System/culvert maintenance	10,000	892	9,108
Road Maintenance	25,000	20,995	4,005
Spring 2011 Flooding/FEMA	0	8,005	(8,005)
Interdepartmental assistance	1,835	1,510	325
Construction Projects	52,500	3,201	49,299
Retreatment	315,000	311,127	3,873
Sidewalk/paths engineering	1,000	0	1,000
Garage heating fuel	9,000	7,310	1,690
Engineering services	2,500	237	2,263
Street signs	2,500	3,100	(600)
Winter sand	5,000	4,323	677
Winter salt	85,000	84,837	163
Garage utilities	9,930	9,192	738
Uniforms	3,650	3,535	115
Gas and diesel	29,000	38,269	(9,269)
Equipment repair and maintenance	45,000	50,445	(5,445)
Street and caution lights	33,400	32,521	879
Garage supplies	5,000	10,077	(5,077)
Line striping and crosswalks	7,500	100	7,400
Building maintenance	1,000	0	1,000
Other	0	251	(251)
Total public works - highways	<u>903,023</u>	<u>840,213</u>	<u>62,810</u>
Harbormaster			
Salaries	4,592	4,592	0
Mooring inspections/maintenance	8,100	11,831	(3,731)
Seasonal dock installation/removal	4,438	4,083	355
Capital Improvements	4,660	4,973	(313)
Maintenance/administration	300	330	(30)
Total harbormaster	<u>22,090</u>	<u>25,809</u>	<u>(3,719)</u>
Health and Social Services			
Health officer salary	875	235	640
Health officer expenditures	450	0	450
Visiting Nurse Association	20,000	20,000	0
Social services	10,000	10,000	0
Total health and social services	<u>31,325</u>	<u>30,235</u>	<u>1,090</u>

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

EXHIBIT G

EXPENDITURES (Continued)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Rescue			
Compensation	104,309	115,772	(11,463)
Medical	13,500	13,194	306
Uniforms	1,750	1,772	(22)
Operating	7,000	15,196	(8,196)
Oxygen	2,750	2,908	(158)
Training	10,000	4,619	5,381
Office	2,000	3,365	(1,365)
Office equipment	1,500	2,093	(593)
Communications	10,000	4,329	5,671
Vehicle	7,000	13,642	(6,642)
Building maintenance and utilities	17,460	8,445	9,015
Immunizations	250	0	250
Public education	2,000	325	1,675
Transport billing expense	15,600	17,059	(1,459)
Membership incentive	1,000	392	608
Total rescue	<u>196,119</u>	<u>203,111</u>	<u>(6,992)</u>
Cemetery department			
Salaries	26,829	27,356	(527)
Supplies and tools	800	875	(75)
Committee	200	25	175
Repairs and maintenance	350	447	(97)
New equipment	350	0	350
Improvements	4,000	1,479	2,521
Cremation garden	1,000	707	293
Gas	1,000	945	55
Outside services	2,500	4,291	(1,791)
Total cemetery department	<u>37,029</u>	<u>36,125</u>	<u>904</u>
Recreation department			
Administrative salaries	67,208	68,488	(1,280)
Administration	4,325	3,790	535
Public information	6,261	5,862	399
Park maintenance	6,790	9,875	(3,085)
Spring 2011 Flooding Damage/FEMA	0	1,950	(1,950)
Beach related expenditures	21,095	17,249	3,846
Adult sports leagues	125	0	125
Other recreation programs/events	122,176	114,137	8,039
Total recreation department	<u>227,980</u>	<u>221,351</u>	<u>6,629</u>
Library			
Salaries	159,257	151,637	7,620
Materials (Books,Periodicals,Tapes,etc.)	4,986	7,414	(2,428)
Supplies	4,000	4,160	(160)
Building	6,500	2,830	3,670
Utilities	15,270	14,518	752
Equipment purchase and maintenance	1,600	1,946	(346)
Public information	1,250	1,028	222
Administrative	2,800	2,611	189
Computer hardware and software	6,500	9,958	(3,458)
Outside Services	1,000	1,000	0
Programs	3,200	4,515	(1,315)
Total library	<u>206,363</u>	<u>201,617</u>	<u>4,746</u>

See Notes to Financial Statements.

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

EXHIBIT G

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)			
Intergovernmental			
County tax	70,600	71,915	(1,315)
G.B.I.C.	1,200	1,200	0
Chittenden County Regional Planning	9,363	9,363	0
Chittenden County Transit Authority	82,529	82,530	(1)
Metropolitan Planning Organization	8,765	8,765	0
Total intergovernmental	172,457	173,773	(1,316)
Employee benefits			
Retirement	120,922	118,852	2,070
Unemployment compensation	13,325	13,572	(247)
Social security	194,582	201,372	(6,790)
Health insurance	479,916	501,263	(21,347)
Health insurance - admin.	4,000	5,714	(1,714)
Long-term disability insurance	40,327	30,707	9,620
Dental and life insurance	46,818	54,331	(7,513)
Employee assistance program	700	684	16
Employee events/recognition	0	812	(812)
Merit pay	14,796	10,697	4,099
Immunizations	1,000	700	300
Total employee benefits	916,386	938,704	(22,318)
Miscellaneous			
Selectboard discretionary	6,000	3,026	2,974
Committee Support	3,500	344	3,156
Community events	1,500	1,346	154
Tree conservation	1,000	575	425
Other	0	1,227	(1,227)
Total miscellaneous	12,000	6,518	5,482
Debt management			
Interest	239,999	236,540	3,459
Village Center project principal	235,000	235,000	0
Salt/sand shed principal	30,000	30,000	0
Bike/Ped Paths Principal	20,000	20,000	0
Recreation fields project principal	75,000	75,000	0
Total debt management	599,999	596,540	3,459

TOWN OF SHELBURNE, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2011

EXHIBIT G

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (Continued)			
Capital expenditures			
Building/Grounds Truck	5,000	5,000	0
LED Streetlights	0	62,924	(62,924)
Police Fingerprint Machine (Grant)	0	29,025	(29,025)
Harbor Road Sidewalk	0	2,395	(2,395)
Longmeadow Stormwater Project	0	4,267	(4,267)
Hullcrest/Hedgerow Dr. storm drainage	0	23,319	(23,319)
Davis Park Court resurfacing	12,000	783	11,217
Bay Park Path Relocation	0	10,130	(10,130)
Playground Upgrades	20,600	0	20,600
Library collection	27,014	27,014	0
Fire equipment Grant Projects	155,000	5,945	149,055
Highway projects	10,000	10,000	0
Rescue equipment	0	13,004	(13,004)
	<u>229,614</u>	<u>193,806</u>	<u>35,808</u>
Total capital expenditures			
Total expenditures	<u>6,409,221</u>	<u>6,425,900</u>	<u>(16,679)</u>
EXCESS REVENUES OVER EXPENDITURES	<u>(164,997)</u>	<u>(96,056)</u>	<u>68,941</u>
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	0	25,000	25,000
Transfer from Beaver Creek Fund	0	4,094	4,094
Transfer from Records Preservation Fund	60,000	34,787	(25,213)
Transfer from Cemetery Fund	3,000	3,000	0
Transfer from Baseball Fund	0	5,483	5,483
Transfer from L. Bissonnette Fund	0	820	820
Transfer from Reappraisal Fund	17,500	14,918	(2,582)
Transfer from Ambulance Fund	217,612	210,007	(7,605)
Transfer from Special Revenue Funds	0	(1,663)	(1,663)
Transfer from VLCT Health Fund	10,000	10,000	0
Transfer from Davis Park Fund	15,110	8,121	(6,989)
Transfer from Recreation Impact Fees	15,000	15,000	0
Transfer to H//W Equipment Fund	(1,000)	(1,000)	0
Transfer to Police Cruiser	(43,725)	(43,725)	0
Transfer to Dispatch Equipment Fund	(1,900)	0	1,900
Transfer to Equipment Replacement Fund	(115,000)	(115,000)	0
Transfer to Cemetery Tractor Fund	(1,600)	(1,600)	0
Transfer to Open Space Fund	(10,000)	(10,000)	0
	<u>164,997</u>	<u>158,242</u>	<u>(6,755)</u>
Total other financing sources (uses)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 0</u>	<u>62,186</u>	<u>\$ 62,186</u>
FUND BALANCE - JULY 1, 2010		<u>622,133</u>	
FUND BALANCE - JUNE 30, 2011		<u>\$ 684,319</u>	

TOWN OF SHELBURNE, VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

EXHIBIT H

	Sewer	Water	Total
ASSETS			
Current assets:			
Cash and cash equivalents - restricted	\$ 322,063	\$ 665,445	\$ 987,508
User fee receivables:			
Billed user fees	85,902	33,578	119,480
Unbilled user fees	338,818	189,380	528,198
Allowance for doubtful accounts	(10,000)	0	(10,000)
Accounts receivable - other	36,308	10,114	46,422
Inventories	0	2,500	2,500
Due from other funds	13,481	0	13,481
Prepaid expenses	20,194	4,362	24,556
Total current assets	806,766	905,379	1,712,145
Noncurrent assets:			
Capital assets, not depreciated			
Land	11,000	0	11,000
Capital assets, depreciated			
Buildings and improvements	18,495,790	4,262,803	22,758,593
Vehicles and equipment	71,959	99,261	171,220
Accumulated depreciation	(5,596,029)	(1,417,597)	(7,013,626)
Total noncurrent assets	12,982,720	2,944,467	15,927,187
 Total assets	 13,789,486	 3,849,846	 17,639,332
 LIABILITIES			
Current liabilities:			
Accounts payable	151,595	31,283	182,878
Due to other funds	0	639,629	639,629
Deferred revenue	0	5,075	5,075
Bonds and notes payable due within one year	777,398	107,800	885,198
Total current liabilities	928,993	783,787	1,712,780
Noncurrent liabilities:			
Bonds and notes payable due after one year	6,858,765	720,500	7,579,265
Compensated absences	26,242	13,692	39,934
Total noncurrent liabilities	6,885,007	734,192	7,619,199
 Total liabilities	 7,814,000	 1,517,979	 9,331,979
 NET ASSETS			
Restricted for:			
Sewer capital improvements	5,354	0	5,354
Route 7 sewer project	4,568	0	4,568
Sewer telemetry	16,773	0	16,773
Sewer expansion	264,554	0	264,554
Water projects	0	111,667	111,667
Unrestricted	337,680	104,033	441,713
Invested in capital assets, net of related debt	5,346,557	2,116,167	7,462,724
 Total net assets	 \$ 5,975,486	 \$ 2,331,867	 \$ 8,307,353

TOWN OF SHELBURNE, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT I

	Sewer	Water	Totals
OPERATING REVENUES:			
Usage fees	\$ 1,493,327	\$ 782,529	\$ 2,275,856
Cut-in fees & tank space rent	0	43,930	43,930
Interest and penalties	26,842	12,228	39,070
Meter reading contract	0	16,028	16,028
Miscellaneous	7,418	9,718	17,136
Total operating revenues	1,527,587	864,433	2,392,020
OPERATING EXPENSES:			
Personnel services and benefits	367,615	241,249	608,864
Administrative expenses	61,677	61,677	123,354
Water supply/engineering	0	292,431	292,431
Sludge removal	74,460	0	74,460
Facility maintenance and utilities	203,133	137,111	340,244
Electricity	154,453	0	154,453
Meter reading contract	16,028	0	16,028
General insurance	25,820	10,000	35,820
Depreciation	392,438	100,387	492,825
Other	51,885	16,329	68,214
Total operating expenses	1,347,509	859,184	2,206,693
INCOME (LOSS) FROM OPERATIONS	180,078	5,249	185,327
NONOPERATING REVENUES (EXPENSES)			
Interest and dividend revenue	3,157	7,336	10,493
Gain on sale of asset	0	5,000	5,000
Interest expense	(19,538)	(37,167)	(56,705)
Net nonoperating revenues (expenses)	(16,381)	(24,831)	(41,212)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	163,697	(19,582)	144,115
Capital contributions			
Capacity fees	88,237	0	88,237
Total capital contributions	88,237	0	88,237
CHANGE IN NET ASSETS	251,934	(19,582)	232,352
NET ASSETS - JULY 1, 2010	5,723,552	2,351,449	8,075,001
NET ASSETS - JUNE 30, 2011	\$ 5,975,486	\$2,331,867	\$ 8,307,353

TOWN OF SHELBURNE, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT J

	Sewer	Water	Totals
CASH FLOWS FROM (TO) OPERATING ACTIVITIES			
Cash received from customers	\$ 1,504,493	\$ 832,660	\$ 2,337,153
Other operating cash receipts	(21,433)	43,440	22,007
Cash payments to employees and related benefits	(367,615)	(241,249)	(608,864)
Cash payments to suppliers for goods and services	(525,982)	(521,064)	(1,047,046)
Net cash from operating activities	589,463	113,787	703,250
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from (to) other funds	(49,132)	(37,665)	(86,797)
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(116,630)	(72,874)	(189,504)
Proceeds from sale of capital assets	0	5,000	5,000
Decrease in construction payable	(197,963)	0	(197,963)
Proceeds from long term debt	191,435	23,300	214,735
Interest paid on bonds	(19,538)	(37,167)	(56,705)
Retirement of bonds	(606,100)	(112,200)	(718,300)
Capital contributions	88,237	0	88,237
Net cash to capital and related financing activities	(660,559)	(193,941)	(854,500)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES			
Interest and dividend income	3,157	7,336	10,493
Net cash from investing activities	3,157	7,336	10,493
NET DECREASE IN CASH AND CASH EQUIVALENTS			
	(117,071)	(110,483)	(227,554)
CASH AND CASH EQUIVALENTS - JULY 1, 2010	439,134	775,928	1,215,062
CASH AND CASH EQUIVALENTS - JUNE 30, 2011	\$ 322,063	\$ 665,445	\$ 987,508
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES			
Income (loss) from operations	\$ 180,078	\$ 5,249	\$ 185,327
Adjustments to reconcile income (loss) from operations to net cash flow from (to) operating activities:			
Depreciation	392,438	100,387	492,825
Change in assets and liabilities:			
(Increase)/decrease in accounts receivable	(15,676)	5,365	(10,311)
Increase in other receivables	(28,851)	5,466	(23,385)
Increase in prepaid expenses	(15,468)	86	(15,382)
Increase/(Decrease) in trade accounts payable	76,942	(3,602)	73,340
Decrease in deposits	0	836	836
Net cash from operating activities	\$ 589,463	\$ 113,787	\$ 703,250

TOWN OF SHELBURNE, VERMONT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

EXHIBIT K

JUNE 30, 2011

	<u>Escrow Account</u>
ASSETS	
Cash	<u>\$ 65,710</u>
LIABILITIES	
Liabilities:	
Due to other organizations	<u>\$ 65,710</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

The Town of Shelburne, Vermont (the Town), was chartered in 1763. The Town operates under a Selectboard-Manager form of government. The Town's major operations include police and fire protection, parks, library and recreation, public works and general administrative services. In addition, the Town owns and operates a water and sewer system.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). Business-type activities and proprietary funds of governments are also required to follow the Statements and Interpretations of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Town has elected to apply FASB Statements and Interpretations issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in GASB 14 as amended by GASB 39 and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on the criteria, the Town has no component units.

Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). The government-wide financial statements categorize primary activities as either governmental or business-type. The Town's police and fire protection, parks, library and recreation, public works, and general administrative services are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating and capital grants. Program revenue must be directly associated with the governmental function (police, public works, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town does not allocate indirect costs. An administrative service fee is charged by the General Fund to the Water and Sewer Funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of the General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

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

Basic Financial Statements – Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds in either the governmental category or enterprise type. GASB No. 34 and No. 37 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category/type or the governmental and enterprise funds combined) for the determination of major funds. The General Fund is shown as a major governmental fund. The Sewer and Water Funds are major proprietary funds. All other funds are nonmajor and are combined in a single column in each of the respective fund financial statements.

The following funds are used by the Town:

Governmental Funds

The Town reports on the following major governmental funds:

General Fund is the main operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

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

Sewer Fund is used to account for the operations of the Sewer Department.

Water Fund is used to account for the operations of the Water Department.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

Basis of Accounting

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

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenue is recognized when transactions occur and expenses are recognized when liabilities are incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end for property taxes and six months for other revenue. 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, are recognized when due.

Budgetary Accounting

The Town approves a budget for the General Fund at an annual Town Meeting and the Selectboard based on the budget and Grand List determines the tax rate. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

Net Assets

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

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose by the voters. Formal action must be taken prior to the end of the fiscal year (e.g. capital projects, compensated absences). The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the Selectboard (e.g. encumbrances, subsequent budgets). Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balances - Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, the Town will consider applicable restrictions, time-constraints and conditions specified in grants or otherwise when determining the order of spending from each fund category.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the Town's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

Investments

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price, or the best available estimate).

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more and infrastructure improvements with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land improvements	10 – 20 years
Buildings and facilities	10 – 100 years
Vehicles and equipment	5 – 20 years
Water and sewer system	30 – 50 years
Infrastructure	20 – 50 years
Library collection	10 years

GASB No. 34 requires the Town to report and depreciate new general infrastructure assets effective with the beginning of fiscal year 2004 and is not required to report these assets retroactively. General infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

Prepaid Expenses

The Town uses the allocation method to account for prepaid expenses. The prepaids are established at the date of payment and subsequently amortized over the accounting periods that are expected to benefit from the initial payment.

Accrued Compensated Absences

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements.

Fund Financial Statements - Vested or accumulated vacation leave that has matured is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts.

Interfund Activities

Interfund activities are reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activities are treated as transfers. Transfers between funds are netted in the preparation of the government-wide financial statements, except for the net amounts due between governmental and business-type activities, which are reported as “Internal Balances”.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The Treasurer invests excess cash according to policies established by the Selectboard.

Deposits

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. Of the Town's June 30, 2011 bank balance of \$3,200,531, none of it is exposed to custodial credit risk. \$926,739 is covered through FDIC insurance, and \$2,273,792 is collateralized but uninsured.

Investment Securities

Investments securities at June 30, 2011 are as follows:

Investment Type:	
Mutual Funds	\$ 132,028
VT Community Foundation	101,625
Common Stock	93,138
	<u>\$ 326,791</u>

Credit Risk – Investments. The Town has an investment policy that limits its investment choices to policies set by the Selectboard.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The \$101,625 held by the Vermont Community Foundation is exposed to custodial credit risk.

NOTE 3 – LOANS RECEIVABLE

The loans receivable consist of the following:

Due from Shelburne Housing Ltd. Partnership, 0% interest, due December 31, 2033	<u>\$ 530,000</u>
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The repayment of this loan is required to be placed in a Revolving Loan Fund managed by the Town for support of future activities eligible under Title I of the Federal Housing and Community Development Act of 1974, as amended. The loan is offset by deferred revenue in the fund financial statements and recorded as restricted net assets under the government-wide financial statements.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at June 30, 2011 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 238,052	\$ 0
Nonmajor Funds		
Education impact fees fund	17,199	0
Recreation related fund	112,958	0
Ambulance fund	0	124,818
Act 60 reappraisal fund	58,512	0
Open land trust fund	157,168	0
Other special revenue funds	46,204	0
Bay Park fund	28,759	0
Bike Path Grant	5,311	0
Webster Road Upgrade	61,660	0
Highway equipment fund	58,487	0
Police Fund	85,987	0
Police HSU Fund	0	162,938
Fire Truck Fund	0	3,688
Escrow funds	25,322	0
Recreation Spear St. shoulder fund	0	473
Recreation field fund	0	35,973
Cemetery fund	70,103	0
Lillian Davis Memorial	0	11,684
Total Nonmajor Funds	<u>727,670</u>	<u>339,574</u>
Proprietary Funds		
Sewer Fund	13,481	0
Water Fund	0	639,629
Total Proprietary Funds	<u>13,481</u>	<u>639,629</u>
Total	<u>\$ 979,203</u>	<u>\$ 979,203</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 5 - CAPITAL ASSETS

Governmental Activities

The summary of capital assets as of June 30, 2011 is as follows:

	Balance June 30, 2010	Additions/ Reclasses	Disposals	Depreciation	Balance June 30, 2011
Capital assets not depreciated					
Land	\$ 1,107,971	\$ 0	\$ 0	\$ 0	\$ 1,107,971
Construction in progress	132,550	266,921	0	0	399,471
Total capital assets not depreciated	<u>1,240,521</u>	<u>266,921</u>	<u>0</u>	<u>0</u>	<u>1,507,442</u>
Capital assets being depreciated					
Buildings and improvements	9,187,009	27,186	0	0	9,214,195
Vehicles and equipment	3,403,686	567,953	(16,450)	0	3,955,189
Infrastructure	4,809,651	23,319	0	0	4,832,970
Library collection	169,499	30,500	(14,577)	0	185,422
Total capital assets depreciated	<u>17,569,845</u>	<u>648,958</u>	<u>(31,027)</u>	<u>0</u>	<u>18,187,776</u>
Less accumulated depreciation for:					
Buildings and improvements	3,983,044	0	0	346,239	4,329,283
Vehicles and equipment	1,728,789	0	(14,566)	274,077	1,988,300
Infrastructure	251,964	0	0	109,929	361,893
Library collection	51,226	0	(9,809)	19,850	61,267
Accumulated depreciation	<u>6,015,023</u>	<u>0</u>	<u>(24,375)</u>	<u>750,095</u>	<u>6,740,743</u>
Total capital assets, net	<u>\$ 12,795,343</u>	<u>\$ 915,879</u>	<u>\$ (6,652)</u>	<u>\$ (750,095)</u>	<u>\$ 12,954,475</u>

Proprietary Funds

The following is a summary of the changes in capital assets of the Water and Sewer Funds for the year:

	Balance June 30, 2010	Additions/ Reclasses	Disposals	Depreciation	Balance June 30, 2011
Water Fund					
Buildings and improvements	\$ 4,218,252	\$ 44,551	\$ 0	\$ 0	\$ 4,262,803
Vehicles and equipment	90,999	28,323	(20,061)	0	99,261
Accumulated depreciation - equipment	(76,330)	0	20,061	(10,533)	(66,802)
Accumulated depreciation - buildings	(1,260,941)	0	0	(89,854)	(1,350,795)
	<u>\$ 2,971,980</u>	<u>\$ 72,874</u>	<u>\$ 0</u>	<u>\$ (100,387)</u>	<u>\$ 2,944,467</u>
Sewer Fund					
Land	\$ 11,000	\$ 0	\$ 0	\$ 0	\$ 11,000
Construction in progress	25,228	(25,228)	0	0	0
Buildings and improvements	18,353,932	141,858	0	0	18,495,790
Vehicles and equipment	71,959	0	0	0	71,959
Accumulated depreciation - equipment	(54,873)	0	0	(6,835)	(61,708)
Accumulated depreciation - buildings	(5,148,718)	0	0	(385,603)	(5,534,321)
	<u>\$ 13,258,528</u>	<u>\$ 116,630</u>	<u>\$ 0</u>	<u>\$ (392,438)</u>	<u>\$ 12,982,720</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation expense in the Governmental Activities was charged to functions as follows:

General government	\$ 242,686
Public safety	166,146
Highway	204,624
Health and welfare	1,686
Recreation and parks	91,092
Library	43,861
	<hr/>
Total	\$ 750,095

NOTE 6 - LONG-TERM DEBT

Long-term debt at June 30, 2011 consists of the following:

<i>Governmental Funds</i>	<u>Total</u>	<u>Due in one year</u>
Town Center payable to Vermont Municipal Bond Bank, annual principal payments of \$235,000 plus semi-annual interest payments at 3.62% to 5.18%, due December 1, 2021.	\$ 2,585,000	\$ 235,000
Capital improvement (bike/pedestrian path, Spear Street) note payable, Vermont Municipal Bond Bank, annual principal payments of \$20,000, interest at 3.964%, matures November 15, 2023.	260,000	20,000
Capital equipment (truck) note payable to the Vermont Municipal Equipment Loan Fund, interest at 2.0%, annual principal payments of \$17,900, matures December 31, 2011.	17,900	17,900
Capital equipment (highway truck) note payable to the Vermont Municipal Equipment Loan Fund, interest at 2.0%, annual principal payments of \$13,728, matures December 31, 2013.	41,184	13,728
Capital equipment (truck) note payable to the Vermont Municipal Equipment Loan Fund, interest at 2.0%, annual principal payments of \$9,429, matures December 31, 2012.	18,857	9,429
Capital equipment (truck) note payable to the Vermont Municipal Equipment Loan Fund, interest at 2.0%, annual principal payments of \$27,238, matures December 31, 2012.	54,476	27,238

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

	Total	Due in one year
Recreation facilities and sand/salt shed payable to Vermont Municipal Bond Bank, annual principal payments of \$135,000 to \$75,000, plus semi-annual interest payments at 3% to 4.58%, due December 1, 2025.	1,275,000	105,000
Capital improvement (Fire truck, Beach seawall, Webster Road Path) note payable, Vermont Municipal Bond Bank, annual principal payments of \$15,000 to \$85,000, interest at 1.033% to 3.426%, matures November 15, 2030.	985,000	85,000
Special assessment debt, Beaver Creek Infrastructure, Vermont Municipal Bond Bank, annual principal payments of \$30,000, plus semi-annual interest payments at 1.54% to 5.05%, due November 15, 2030.	600,000	30,000
Total long-term bonds and notes payable	5,837,417	543,295
Accrued compensated absences	247,084	0
Total governmental funds	\$ 6,084,501	\$ 543,295
<i>Sewer Funds</i>		
Sewer upgrade note payable to State of Vermont revolving loan fund, total available \$7,783,835, non-interest-bearing, annual principal payments of \$384,817.	\$ 4,617,807	\$ 384,817
Sewer upgrade note payable to State of Vermont revolving loan fund, total available \$120,000, 2% admin fee, annual payments of \$7,339.	99,633	4,362
Sewer upgrade note payable to State of Vermont revolving loan fund, total available \$1,620,247, non-interest-bearing, annual principal payments of \$85,979.	1,203,700	85,979
Shelburne Heights sewer upgrade note payable to State of Vermont revolving loan fund, total available \$1,030,000 non-interest-bearing, annual principal payments of \$50,522.	607,646	50,522
Sewer bond payable to the Vermont Municipal Bond Bank, annual principal payments currently at \$45,000 with \$5,000 increase in 2011, interest at 6.927% before refunding, matures December 1, 2011.	50,000	50,000
Sewer bond payable to State of Vermont Revolving Loan Fund, total available \$909,200, annual payments of principal and interest of \$42,715, interest at 2%, matures July 1, 2027.	579,971	31,116

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

	Total	Due in one year
Bond payable - Vermont Municipal Bond Bank, interest of 2.0%, maturing January, 2031, with annual principal and interest payments of \$7,500, after debt forgiveness through ARRA.	277,895	159,065
Sewer upgrade note payable to State of Vermont revolving loan fund, total available \$224,200, interest at 2.0%, annual principal payments of \$13,301 beginning November, 2010.	199,511	11,537
Total sewer funds long-term bond and notes payable	7,636,163	777,398
<i>Water Funds</i>		
Water bond payable to the Vermont Municipal Bond Bank, annual principal payments of between \$35,000 and \$45,000 plus interest at 6.929% before refunding, matures December 1, 2011.	45,000	40,000
Water bond payable to the Vermont Municipal Bond Bank, annual principal payments of \$55,000 interest at 3.930%, matures December 1, 2023.	710,000	55,000
Capital equipment (truck) note payable to People's United Bank, interest at 2.25%, annual principal payments of \$7,800, renewable annually.	23,300	7,800
Water bond payable to the Vermont Municipal Bond Bank, annual principal payments of between \$5,000 and \$10,000 plus interest at 3.0% - 4.38%, matures December 1, 2020.	50,000	5,000
Total water fund long-term bond and notes payable	828,300	107,800
Accrued compensated absences	39,934	0
Total proprietary funds	\$ 8,504,397	\$ 885,198

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

Long-term debt will mature approximately as follows:

	Governmental Funds			Water and Sewer Fund		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2012	\$ 543,295	\$ 229,200	\$ 772,495	\$ 885,198	\$ 51,900	\$ 937,098
June 30, 2013	525,400	211,000	736,400	642,800	48,000	690,800
June 30, 2014	488,700	193,000	681,700	643,800	44,600	688,400
June 30, 2015	475,000	174,500	649,500	637,200	41,100	678,300
June 30, 2016	475,000	155,500	630,500	638,300	37,600	675,900
June 30, 2017-2021	2,180,000	217,000	2,397,000	3,208,900	132,800	3,341,700
June 30, 2022-2026	920,000	127,800	1,047,800	1,709,800	42,600	1,752,400
June 30, 2027-2030	230,022	25,000	255,022	98,465	5,300	103,765
Total	5,837,417	\$1,333,000	\$7,170,417	8,464,463	\$ 403,900	\$ 8,868,363
Due within one year	(543,295)			(885,198)		
Due after one year	<u>\$5,294,122</u>			<u>\$ 7,579,265</u>		

Total interest paid in the year ended June 30, 2011 was \$253,806 in the Governmental Funds, and \$56,705 in the Proprietary Funds.

Changes in long-term debt were as follows:

	Total	General Bonds, Notes	Proprietary Bonds, Notes	Accrued Absences
Balance - June 30, 2010	\$ 14,653,601	\$ 5,416,024	\$ 8,968,028	\$ 269,549
Increase in accrued absences	30,402	0	0	30,402
Decrease in accrued absences	(12,933)	0	0	(12,933)
Principal payments	(1,881,907)	(1,163,607)	(718,300)	0
Loan proceeds	1,799,735	1,585,000	214,735	0
Balance - June 30, 2011	\$ 14,588,898	\$ 5,837,417	\$ 8,464,463	\$ 287,018

NOTE 7 – SHORT-TERM DEBT

The Town had several lines of credit available during the year. No funds were drawn on these lines. At June 30, 2011, there were two short-term loans available.

In the General Fund, a Line of Credit opened June 16, 2011 with People’s United Bank, of \$195,000, for the Longmeadow Project, at 1.95% interest. Principal and interest are due in full on September 30, 2011.

In the Sewer Fund, a Line of Credit opened June 29, 2011 with People’s United Bank, of \$36,000, for Sewer projects, at 1.95% interest. Principal and interest are due in full on June 28, 2012.

TOWN OF SHELBURNE, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 8 – DEFERRED REVENUE

Deferred revenue in the fund financial statements at June 30, 2011 consists of the following:

	<u>General Fund</u>	<u>Nonmajor Funds</u>
Amount of delinquent property taxes not collected within 60 days from the balance sheet date	\$ 176,997	\$ 0
Assessments received in advance	0	0
Registrations received in advance	22,634	0
Rental security deposit	7,577	0
Community development loans	0	530,000
Total deferred revenue	\$ 207,208	\$ 530,000

NOTE 9 - PENSION PLAN

All eligible employees of the Town are enrolled for coverage by the Vermont Municipal Employees' Retirement System (VMERS) immediately upon employment. VMERS has a defined benefit plan and a defined contribution plan that the Town participates in as follows:

Defined Benefit Plan

VMERS defined benefit plan is a cost sharing multiple-employer public employees' retirement system. Vermont State statutes provide the authority under which benefit provisions and the obligation to contribute are established. The Town and the employees make required contributions to the System based upon a valuation report prepared by the System's actuary.

There are four levels of contributions and benefits in the System called Group A, Group B, Group C and Group D. The Town participates in Group B and Group C.

Of the Town's total payroll of \$3,165,861, \$1,246,920 was covered under the VMERS defined benefit plan. The total employer contribution to this plan was \$66,674 for fiscal year 2011, \$61,104 for fiscal year 2010 and \$60,683 for fiscal year 2009.

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

Defined Contribution Plan

The State of Vermont authorized VMERS to establish a new defined contribution (DC) plan available to members on July 1, 2000. The DC plan is a tax-sheltered money purchase plan under IRC 401(a). The plan includes a 5% employee contribution and a 5.125% employer contribution. 100% vesting occurs after one year of municipal service.

Of the Town's total payroll of \$3,165,861, \$1,424,769 was covered under the VMERS defined contribution plan. The total contributions to this plan by the employer were \$73,019 and by the employees were \$71,239.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 10 - PROPERTY TAXES

The Town is responsible for assessing and collecting property taxes for both the Town and Town School District. Property taxes are assessed based on valuations as of April 1, annually. Property taxes were due in three equal installments on August 15, November 15, and March 15. All late payments are subject to an 8.0% penalty, and interest is calculated at 1.5% per month. Town property tax revenue is recognized for the period for which the tax is levied to the extent they result in current receivables, which will be collected within 60 days of the fiscal year end.

The tax rate for fiscal year 2011 was:

	Residential	Non-Residential
General Fund	\$ 0.3203	\$ 0.3203
School	1.2920	1.3791
Total Tax Rate	\$ 1.6123	\$ 1.6994

NOTE 11 – FUND BALANCES

At June 30, 2011, the Fund Balances were restricted, committed and assigned as follows:

Special Revenue Funds, Restricted

Community Development Fund	\$ 1,000
Recreation Related Funds	257,497
Act 60 reappraisal grants	95,469
Library - Freeman Fund Grant	224
Other Special Revenue Funds	
Fisher Cemetery Fund	1,613
Ireland Stone Gate Fund	2,898
Repar. Justice Grant Fund	9,377
Smardon Garden	458
H. Holland IV Path Fund	11,672
Historical Fund	2,413
Fire Department Operations Fund	823
Vietnam Vet Memorial	1,254
<i>Total special revenue funds, restricted</i>	\$ 384,698

Capital Projects Funds, Restricted

Bike Path Grant	\$ 5,311
Webster Road Upgrade	354,389
Recreation Path Shoulder Project Fund	29,557
<i>Total capital projects funds, restricted</i>	\$ 389,257

Permanent Funds, Restricted

Pierson Library Fund	\$ 128,010
Cemetery Fund	204,610
Lillian Davis Memorial Fund	81,454
<i>Total permanent funds, restricted</i>	\$ 414,074

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 11 – FUND BALANCES (Continued)

Special Revenue Funds, Committed

Ambulance Fund	\$	571,502
Record Preservation Fund		162,495
Open Land Trust Fund		157,168
Other Special Revenue Funds		
VLCT Health Leader Fund		12,762
<i>Total special revenue funds, committed</i>	\$	903,927

Capital Projects Funds, committed

Bay Park Fund	\$	28,759
Police Fund		85,987
<i>Total capital projects funds, committed</i>	\$	114,746

General Fund assigned for FY12 expenditures

	\$	140,405
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Special Revenue Funds, assigned

Cemetery Tractor Fund	\$	6,166
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Capital Projects Funds

Highway Equipment Fund	\$	58,487
Highway Salt/Sand Shed Fund		22,895
<i>Total capital projects funds, assigned</i>	\$	81,382

In addition, the Police HSU Fund has a deficit balance of \$32,738, and the Fire Truck Fund has a deficit balance of \$3,680, which will be recovered with anticipated grant funds and the sale of equipment.

NOTE 12 - INTERFUND TRANSFERS

During the year, several interfund transfers occurred between funds. The various operating transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2011 are as follows:

		Transfer from		Totals
		General Fund	Nonmajor Funds	
Transfer to	General Fund	\$ 0	\$ 271,446	\$ 271,446
	Nonmajor Funds	138,204	98,730	236,934
	Totals	\$ 138,204	\$ 370,176	\$ 508,380

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 13 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2011, expenditures exceeded appropriations in the General Fund by \$16,679. The excess expenditures were funded by excess revenues.

NOTE 14 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Town maintains insurance coverage from the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund that covers each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three (3) fiscal years.

NOTE 15 – CONTINGENCY

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2011 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 31, 2012, the date which the financial statements were available for issue.

In July 2011, the Town obtained a \$250,000 tax anticipation note Line of Credit from People's United Bank expiring September, 2011. The interest rate was 1.95%, but the line was not needed.

In July 2011, the Town refunded a \$15,500 capital equipment note from People's United Bank for the purchase of a truck for the Water Department. The interest rate being charged is 1.95%, due in July 2012.

In July 2011, the Town received a \$36,000 capital equipment note from People's United Bank for the purchase of an emergency generator for the sewer plant. The interest rate being charged is 1.95%, due in June, 2012.

In December, 2011 the Town received a \$110,000 capital equipment note from the State of Vermont Municipal Equipment Loan Fund for the purchase of a highway truck. The interest rate being charged is 2%, due in annual installments through June 2016.

TOWN OF SHELburnE, VERMONT
 COMBINING BALANCE SHEET
 ALL NONMAJOR FUNDS
 JUNE 30, 2011

SCHEDULE 1

	Special Revenue Funds									
	Community Development Fund	Education Impact Fees Fund	Recreation Related Funds	Ambulance Fund	Act 60 Reappraisal Fund	Library Freeman Fund	Open Land Trust Fund	Record Preservation Fund	Other	
ASSETS										
Cash	\$ 1,000	\$ 0	\$ 145,361	\$ 650,719	\$ 36,957	\$ 224	\$ 0	\$ 162,495	\$ 3,232	
Investments	0	0	0	0	0	0	0	0	0	
Other receivables	0	0	0	45,601	0	0	0	0	0	
Loan receivable	530,000	0	0	0	0	0	0	0	0	
Due from other funds	0	17,199	112,958	0	58,512	0	157,168	0	46,204	
Total assets	\$ 531,000	\$ 17,199	\$ 258,319	\$ 696,320	\$ 95,469	\$ 224	\$ 157,168	\$ 162,495	\$ 49,436	
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ 0	\$ 17,199	\$ 822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Due to other funds	0	0	0	124,818	0	0	0	0	0	
Deferred revenue	530,000	0	0	0	0	0	0	0	0	
Total liabilities	530,000	17,199	822	124,818	0	0	0	0	0	
Fund Balances										
Restricted	1,000	0	257,497	0	95,469	224	0	0	30,508	
Committed	0	0	0	571,502	0	0	157,168	162,495	12,762	
Assigned	0	0	0	0	0	0	0	0	6,166	
Unassigned	0	0	0	0	0	0	0	0	0	
Total fund balances	1,000	0	257,497	571,502	95,469	224	157,168	162,495	49,436	
Total liabilities and fund balances	\$ 531,000	\$ 17,199	\$ 258,319	\$ 696,320	\$ 95,469	\$ 224	\$ 157,168	\$ 162,495	\$ 49,436	

TOWN OF SHELburnE, VERMONT
 COMBINING BALANCE SHEET
 ALL NONMAJOR FUNDS
 JUNE 30, 2011

SCHEDULE 1

	Capital Project Funds												Permanent Funds			Total all Nonmajor Funds		
	Bay Park Fund	Bike Path Grant	Webster Road Upgrade	Highway Equipment Fund	Highway Salt/Sand Shed Fund	Police Fund	Police HSU Fund	Fire Truck Fund	Escrow Funds	Recreation Shoulder Fund	Recreation Field Fund	Pierson Library Fund	Cemetery Fund	Lillian Davis Memorial Fund				
ASSETS																		
Cash	\$ 0	\$ 0	\$ 301,062	\$ 0	\$ 22,895	\$ 0	\$ 0	\$ 8	\$ 0	\$ 30,030	\$ 36,227	\$ 26,385	\$ 2,479	\$ 0	\$ 1,419,074			
Investments	0	0	0	0	0	0	0	0	0	0	0	101,625	132,028	93,138	326,791			
Other receivables	0	0	0	0	0	0	130,200	0	0	0	0	0	0	0	175,801			
Loan receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	530,000			
Due from other funds	28,759	5,311	61,660	58,487	0	85,987	0	0	25,322	0	0	0	70,103	0	727,670			
Total assets	\$ 28,759	\$ 5,311	\$ 362,722	\$ 58,487	\$ 22,895	\$ 85,987	\$ 130,200	\$ 8	\$ 25,322	\$ 30,030	\$ 36,227	\$ 128,010	\$ 204,610	\$ 93,138	\$ 3,179,336			
LIABILITIES AND FUND BALANCES																		
Liabilities																		
Accounts payable	\$ 0	\$ 0	\$ 8,333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,322	\$ 0	\$ 254	\$ 0	\$ 0	\$ 0	\$ 51,930			
Due to other funds	0	0	0	0	0	0	162,938	3,688	0	473	35,973	0	0	11,684	339,574			
Deferred revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	530,000			
Total liabilities	0	0	8,333	0	0	0	162,938	3,688	25,322	473	36,227	0	0	11,684	921,504			
Fund Balances																		
Restricted	0	5,311	354,389	0	0	0	0	0	0	29,557	0	128,010	204,610	81,454	1,188,029			
Committed	28,759	0	0	0	0	85,987	0	0	0	0	0	0	0	0	1,018,673			
Assigned	0	0	0	58,487	22,895	0	0	0	0	0	0	0	0	0	87,548			
Unassigned	0	0	0	0	0	0	(32,738)	(3,680)	0	0	0	0	0	0	(36,418)			
Total fund balances	28,759	5,311	354,389	58,487	22,895	85,987	(32,738)	(3,680)	0	29,557	0	128,010	204,610	81,454	2,257,832			
Total liabilities and fund balances	\$ 28,759	\$ 5,311	\$ 362,722	\$ 58,487	\$ 22,895	\$ 85,987	\$ 130,200	\$ 8	\$ 25,322	\$ 30,030	\$ 36,227	\$ 128,010	\$ 204,610	\$ 93,138	\$ 3,179,336			

TOWN OF SHELburnE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL NONMAJOR FUNDS
 YEAR ENDED JUNE 30, 2011

	Special Revenue Funds									
	Community Development Fund	Education Impact Fees	Recreation Related Funds	Ambulance Fund	Act 60 Reappraisal Fund	Library Freeman Grant	Planning Grants	Open Land Trust Fund	Record Preservation Fund	Other
REVENUES										
Intergovernmental grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,904	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,432
Contributions and grants	0	0	57,502	25,817	0	0	0	0	0	1,153
Fees and licenses	0	0	61,249	281,299	0	0	0	0	42,820	0
Interest on investments	0	0	422	4,672	156	0	0	464	0	52
Other	0	0	0	0	0	0	0	0	0	0
Total revenues	0	0	119,173	311,788	28,060	0	0	464	42,820	11,637
EXPENDITURES										
General government	0	0	0	0	12,500	0	0	0	0	728
Land conservation/open land	0	0	0	0	0	0	180,000	0	0	0
Public safety	0	0	0	783	0	0	0	0	0	2,056
Education	0	13,115	0	0	0	0	0	0	0	0
Recreation	0	0	23,629	0	0	0	0	0	0	0
Library	0	0	0	0	0	0	0	0	0	0
Highway	0	0	0	0	0	0	0	0	0	0
Debt Service - interest	0	0	0	0	0	0	0	0	0	0
Debt Service - principal	0	0	0	0	0	0	0	0	0	0
Capital outlays	0	0	16,273	0	0	0	0	0	0	6,199
Total expenditures	0	13,115	39,902	783	12,500	0	180,000	0	0	8,983
EXCESS REVENUES (EXPENDITURES)	0	(13,115)	79,271	311,005	15,560	0	(179,536)	42,820	2,654	2,654
OTHER FINANCING SOURCES (USES)										
Loan proceeds	0	0	0	0	0	0	0	0	0	0
Operating transfers in	0	0	42,362	0	0	0	10,000	0	0	1,600
Operating transfers out	0	0	(84,319)	(210,007)	(14,917)	0	(73)	0	(34,787)	(10,664)
Total other financing sources (uses)	0	0	(41,957)	(210,007)	(14,917)	0	(73)	10,000	(34,787)	(9,064)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	0	(13,115)	37,314	100,998	643	0	(73)	(169,536)	8,033	(6,410)
FUND BALANCES - JULY 1, 2010	1,000	13,115	220,183	470,504	94,826	224	73	326,704	154,462	55,846
FUND BALANCES - JUNE 30, 2011	\$ 1,000	\$ 0	\$ 257,497	\$ 571,502	\$ 95,469	\$ 224	\$ 0	\$ 157,168	\$ 162,495	\$ 49,436

TOWN OF SHELburnE, VERMONT

SCHEDULE 2

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL NONMAJOR FUNDS

YEAR ENDED JUNE 30, 2011

Capital Projects Funds

	Bay Park Fund	Bike Path Grant	Webster Road Upgrade	Beaver Creek Upgrade	Beach Seawall Fund	Highway Equipment Fund	Highway Salt/Sand Shed Fund	Police Fund	Police HSU Fund	Fire Truck Fund	Escrow Funds	Recreation Shoulder Fund	Recreation Field Fund
REVENUES													
Intergovernmental grants	\$ 0	\$ 5,311	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58	\$ 130,200	\$ 0	\$ 0	\$ 0	\$ 0
Contributions and grants	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and licenses	0	0	0	0	0	1,681	0	0	0	0	0	0	0
Interest on investments	49	0	1,063	0	0	85	118	184	0	1,613	0	0	0
Other	0	0	0	0	0	460	0	0	0	0	0	0	0
Total revenues	49	5,311	1,063	0	0	2,226	118	242	130,200	1,613	0	0	0
EXPENDITURES													
General government	0	0	2,089	0	0	0	0	0	0	0	0	0	0
Land conservation/open land	0	0	0	0	0	0	0	0	0	0	0	0	0
Public safety	0	0	0	0	0	0	0	4,582	188	0	0	0	0
Education	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation	0	0	0	0	0	0	0	0	0	0	0	0	0
Library	0	0	0	0	0	0	0	0	0	0	0	0	0
Highway	0	0	0	352	0	0	0	0	0	0	0	0	0
Debt Service - interest	0	0	0	9,639	1,908	5,719	0	0	0	0	0	0	0
Debt Service - principal	0	0	0	561,003	134,909	107,695	0	0	0	0	0	0	0
Capital outlays	0	0	24,585	0	0	0	0	72,146	162,750	435,293	0	0	0
Total expenditures	0	0	26,674	570,994	136,817	113,414	0	76,728	162,938	435,293	0	0	0
EXCESS REVENUES (EXPENDITURES)	49	5,311	(25,611)	(570,994)	(136,817)	(111,188)	118	(76,486)	(32,738)	(433,680)	0	0	0
OTHER FINANCING SOURCES (USES)													
Loan proceeds	0	0	380,000	600,000	150,000	0	0	0	0	430,000	0	0	0
Operating transfers in	0	0	0	0	7,587	116,000	0	43,725	0	0	0	0	15,660
Operating transfers out	0	0	0	(4,094)	0	0	0	(194)	0	0	0	0	0
Total other financing sources (uses)	0	0	380,000	595,906	157,587	116,000	0	43,531	0	430,000	0	0	15,660
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	49	5,311	354,389	24,912	20,770	4,812	118	(32,955)	(32,738)	(3,680)	0	0	15,660
FUND BALANCES - JULY 1, 2010	28,710	0	0	(24,912)	(20,770)	53,675	22,777	118,942	0	0	0	29,557	(15,660)
FUND BALANCES - JUNE 30, 2011	\$ 28,759	\$ 5,311	\$ 354,389	\$ 0	\$ 0	\$ 58,487	\$ 22,895	\$ 85,987	\$ (32,738)	\$ (3,680)	\$ 0	\$ 29,557	\$ 0

TOWN OF SHELBURNE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL NONMAJOR FUNDS
 YEAR ENDED JUNE 30, 2011

	Permanent Funds				Total all Nonmajor Funds
	Pierson Library Fund	Cemetery Fund	Lillian Davis Memorial Fund		
REVENUES					
Intergovernmental grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 173,905
Contributions and grants	7,137	0	0	0	91,609
Fees and licenses	0	6,825	0	0	393,874
Interest on investments	0	0	0	0	8,878
Other	18,898	21,617	29,929		70,904
Total revenues	<u>26,035</u>	<u>28,442</u>	<u>29,929</u>		<u>739,170</u>
EXPENDITURES					
General government	0	1,288	0	0	16,605
Land conservation/open land	0	0	0	0	180,000
Public safety	0	0	0	0	7,609
Education	0	0	0	0	13,115
Recreation	0	0	0	0	23,629
Library	18,558	0	0	0	18,558
Highway	0	0	0	0	352
Debt Service - interest	0	0	0	0	17,266
Debt Service - principal	0	0	0	0	803,607
Capital outlays	0	0	0	0	717,246
Total expenditures	<u>18,558</u>	<u>1,288</u>	<u>0</u>	<u>0</u>	<u>1,797,987</u>
EXCESS REVENUES (EXPENDITURES)	<u>7,477</u>	<u>27,154</u>	<u>29,929</u>		<u>(1,058,817)</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	0	0	0	0	1,560,000
Operating transfers in	0	0	0	0	236,934
Operating transfers out	0	(3,000)	(8,121)		(370,176)
Total other financing sources (uses)	<u>0</u>	<u>(3,000)</u>	<u>(8,121)</u>		<u>1,426,758</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>7,477</u>	<u>24,154</u>	<u>21,808</u>		<u>367,941</u>
FUND BALANCES - JULY 1, 2010	<u>120,533</u>	<u>180,456</u>	<u>59,646</u>		<u>1,889,891</u>
FUND BALANCES - JUNE 30, 2011	<u>\$ 128,010</u>	<u>\$ 204,610</u>	<u>\$ 81,454</u>		<u>\$ 2,257,832</u>

TOWN OF SHELBURNE, VERMONT
SCHEDULE OF INCOME
BUDGET AND ACTUAL - WATER FUND (BUDGET BASIS)
YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual (Budget Basis)	Variance Favorable (Unfavorable)
REVENUES AND TRANSFERS			
Water sales	\$ 765,730	\$ 782,529	\$ 16,799
Cut-ins	9,000	20,700	11,700
Interest income	8,000	7,097	(903)
Tank space rent	23,230	23,230	0
Interest & penalties	14,500	12,228	(2,272)
Transfer from Sewer Fund	16,028	16,028	0
Transfer from General Fund	5,000	5,000	0
Other	8,100	9,718	1,618
	<u>849,588</u>	<u>876,530</u>	<u>26,942</u>
EXPENDITURES AND TRANSFERS			
Accounting/auditing	2,100	2,100	0
Building upkeep	1,000	21	979
Computer services	1,000	225	775
Debt service	149,367	149,367	0
Engineering	5,000	11,166	(6,166)
Equipment and large tools	2,000	1,572	428
Equipment rental and subcontractors	33,000	88,687	(55,687)
Hydrant replacement	4,000	1,775	2,225
Insurance - dental, disability and life	7,312	7,053	259
Insurance - general	10,000	10,000	0
Insurance - health	45,148	41,206	3,942
Legal	1,000	2,898	(1,898)
Materials	3,000	5,027	(2,027)
Meter replacement	7,500	9,205	(1,705)
Mileage	800	1,005	(205)
Miscellaneous	3,000	1,695	1,305
Outside labor	800	0	800
Office supplies	1,500	1,477	23
Postage	2,100	2,214	(114)
Pump station	8,900	7,913	987
Radio maintenance	500	0	500
Rent/administration	61,677	61,677	0
Retirement	8,534	8,870	(336)
Salaries - regular	152,665	155,400	(2,735)
Salaries - overtime	15,239	15,968	(729)
Small tools	800	951	(151)
Social security	12,845	12,752	93
State water quality fee	6,329	6,321	8
Tank maintenance	1,500	0	1,500
Telephones/pagers	3,170	2,864	306
Training	2,500	675	1,825
Uniforms	2,400	2,181	219
Valve Replacemen/Maint.	3,000	5,299	(2,299)
Vehicle Purchase (down pmt)	5,000	5,025	(25)
Vehicle gas and oil	6,000	6,760	(760)
Vehicle repair and maintenance	1,500	2,575	(1,075)
Water purchases	274,402	281,265	(6,863)
Transfer to Capital Improvement Fund	3,000	3,000	0
	<u>849,588</u>	<u>916,189</u>	<u>(66,601)</u>
EXCESS REVENUES	<u>\$ 0</u>	<u>(39,659)</u>	<u>\$ (39,659)</u>

This schedule is presented using the basis of accounting used for budgeting purposes which is different than generally accepted accounting principles. The above schedule presents principal payments on long-term debt as an expenditure and does not reflect depreciation expense. In addition, transactions related to the Water capital projects including state construction aid are not consolidated into the totals.

TOWN OF SHELBURNE, VERMONT
 SCHEDULE OF INCOME
 BUDGET AND ACTUAL - SEWER FUND (BUDGET BASIS)
 YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual (Budget Basis)	Variance Favorable (Unfavorable)
REVENUES AND TRANSFERS			
User fees	\$ 1,414,863	\$ 1,493,327	\$ 78,464
Interest and penalties	27,000	26,842	(158)
Other	1,250	7,418	6,168
Transfer from Sewer Expansion Fund	220,000	220,000	0
Total revenues and transfers	<u>1,663,113</u>	<u>1,747,587</u>	<u>84,474</u>
EXPENDITURES AND TRANSFERS			
Wages - regular	232,034	239,267	(7,233)
Wages - overtime	22,628	20,716	1,912
Administration	61,677	61,677	0
Health and dental insurance	63,346	62,240	1,106
Social security	19,418	20,177	(759)
Employee retirement	13,011	13,892	(881)
Other employee benefits	17,101	11,323	5,778
Electricity	152,190	154,453	(2,263)
Heating fuel and utilities	42,087	36,817	5,270
Plant maintenance	63,000	90,203	(27,203)
Facility Improvements	0	14,160	(14,160)
Collection system maintenance	90,000	53,636	36,364
Chemicals	38,200	34,958	3,242
Meter reading contract	16,028	16,028	0
Lab testing and equipment	21,000	19,239	1,761
Property and liability insurance	26,500	25,820	680
Truck expense	19,600	16,145	3,455
Training/travel	5,000	4,235	765
Sludge disposal	66,500	74,460	(7,960)
Safety equipment	1,500	2,048	(548)
SCADA system maintenance	10,000	4,964	5,036
Debt service	662,993	646,420	16,573
Office	4,500	4,768	(268)
Professional services	11,600	22,371	(10,771)
Other	3,200	2,318	882
Total expenditures and transfers	<u>1,663,113</u>	<u>1,652,335</u>	<u>10,778</u>
EXCESS REVENUES AND TRANSFERS	<u>\$ 0</u>	<u>\$ 95,252</u>	<u>\$ 95,252</u>

This schedule is presented using the basis of accounting used for budgeting purposes which is different than generally accepted accounting principles. The above schedule presents principal payments on long-term debt as an expenditure and does not reflect depreciation expense. In addition, transactions related to the Sewer expansion project including state construction aid are not consolidated into the totals.

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



John E. (Jeff) Fothergill, CPA
Michael L. Segale, CPA
Sheila R. Valley, CPA
Teresa H. Kajenski, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

January 31, 2012

Selectboard Members
Town of Shelburne
Shelburne, VT 05482

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Shelburne, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the Town in a separate letter dated January 31, 2012.

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

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
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