

TOWN OF READSBORO, VERMONT
Financial Statements and Schedules
December 31, 2008
(With Independent Auditors' Report Thereon)

Love, Cody & Company, CPAs

TOWN OF READSBORO, VERMONT

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Independent Auditors' Report

The Select Board
Town of Readsboro, Vermont

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 Readsboro, Vermont as of and for the year ended December 31, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Readsboro, Vermont management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and business-type activities. U.S. generally accepted accounting principles, specifically GASB 34 and GASB 37, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

The Town treats the Water and Sewer Funds as Special Revenue Funds rather than as Enterprise Funds. U.S. generally accepted accounting principles require funds financed with user charges to be treated as Enterprise Funds. This principle requires accounting similar to commercial enterprises, such as capitalization and depreciation of capital assets. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations of the Water and Sewer Funds in conformity with U.S. generally accepted accounting principles.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Town of Readsboro, Vermont, as of December 31, 2008, and the respective changes in financial

position thereof and the budget comparison for the General Fund, Water Fund, Sewer Fund, and Cemetery Fund for the year then ended.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2010 on our consideration of Town of Readsboro, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information as listed in the Table of Contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Love, Cody & Company, CPAs, P.C.

March 23, 2010

Vt. Reg. #357

Love, Cody & Company, CPAs

TOWN OF READSBORO, VERMONT
Balance Sheet
Governmental Funds
December 31, 2008

	General Fund	Special Revenue Funds				Permanent Fund	Total
		Water Fund	Sewer Fund	Cemetery Fund	Library Fund	Trust Fund	
Assets:							
Cash	\$ 1,174,323	36,938	103,674	44,340	0	0	1,359,275
Investments	0	0	0	0	0	549,248	549,248
Delinquent taxes receivable, net	66,326	0	0	0	0	0	66,326
Accounts and notes receivable	282	7,877	10,919	0	0	0	19,078
Prepaid expenses	0	0	0	0	0	0	0
Due from other governments	0	0	0	0	0	0	0
Due from other funds	266,748	6,425	0	0	7,342	0	280,515
Total assets	\$ 1,507,679	51,240	114,593	44,340	7,342	549,248	2,274,442
Liabilities:							
Accounts payable	\$ 38,465	7,596	2,094	0	0	0	48,155
Due to School District	493,639	0	0	0	0	0	493,639
Due to other funds	29,941	0	14,279	0	0	266,748	310,968
Accrued liabilities	11,287	118	138	0	0	0	11,543
Deferred revenue	38,131	0	0	0	7,333	0	45,464
	611,463	7,714	16,511	0	7,333	266,748	909,769
Fund balance:							
Reserved	407,550	43,526	98,082	44,340	0	282,500	875,998
Unreserved	488,666	0	0	0	9	0	488,675
	896,216	43,526	98,082	44,340	9	282,500	1,364,673
Total liabilities and fund balance	\$ 1,507,679	51,240	114,593	44,340	7,342	549,248	2,274,442

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2008

	General Fund	Special Revenue Funds				Permanent Fund	Total
		Water Fund	Sewer Fund	Cemetery Fund	Library Fund	Trust Fund	
Revenues:							
Property taxes	\$ 785,882	0	0	0	0	0	785,882
Licenses and permits	3,852	0	0	0	0	0	3,852
Intergovernmental	122,088	0	0	4,950	9	0	127,047
Charges for services	10,958	60,964	85,510	0	0	0	157,432
Lot sales	0	0	0	2,640	0	0	2,640
Solid waste	14,200	0	0	0	0	0	14,200
Interest and dividend income	11,151	1,680	4,236	1,056	0	27,521	45,644
Investment income	0	0	0	0	0	2,282	2,282
Miscellaneous	8,900	17	0	120	0	0	9,037
	957,031	62,661	89,746	8,766	9	29,803	1,148,016
Expenditures:							
General government	188,776	0	0	0	0	580	189,356
Highways	510,451	0	0	0	0	0	510,451
Solid waste	42,056	0	0	0	0	0	42,056
Fire Department	28,787	0	0	0	0	0	28,787
Library	24,801	0	0	0	0	0	24,801
Appropriations	28,675	0	0	0	0	0	28,675
Water	0	67,063	0	0	0	0	67,063
Sewer	0	0	84,666	0	0	0	84,666
Cemetery	0	0	0	19,749	0	0	19,749
Capital outlays	44,232	0	0	0	0	0	44,232
Debt service:							
Principal	21,813	0	0	0	0	0	21,813
Interest	27,067	0	0	0	0	0	27,067
	916,658	67,063	84,666	19,749	0	580	1,088,716

(continued)

TOWN OF READSBORO, VERMONT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds (continued)
Year Ended December 31, 2008

	General Fund	Special Revenue Funds				Permanent Fund	Total
		Water Fund	Sewer Fund	Cemetery Fund	Library Fund	Trust Fund	
<i>Excess (deficiency) of revenues over expenditures</i>	40,373	(4,402)	5,080	(10,983)	9	29,223	59,300
<i>Other financing sources (uses):</i>							
Operating transfers in (out)	17,742	0	0	10,606	0	(28,348)	0
	17,742	0	0	10,606	0	(28,348)	0
<i>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</i>	58,115	(4,402)	5,080	(377)	9	875	59,300
<i>Fund balance, January 1, 2008</i>	838,101	47,928	93,002	44,717	0	281,625	1,305,373
<i>Fund balance, December 31, 2008</i>	\$ 896,216	43,526	98,082	44,340	9	282,500	1,364,673

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Net Assets
Proprietary Fund
December 31, 2008

	Enterprise Fund	
		Electric Fund
Assets:		
Current assets:		
Cash	\$	17,789
Due from other funds		30,453
Accounts receivable		45,357
Deposits and other assets		12,251
Investments		13,200
Inventory		30,835
Total current assets		149,885
Capital assets:		
Distribution and collection systems		195,492
Buildings and equipment		91,651
Less accumulated depreciation		(125,504)
Total non-current assets		161,639
Total assets	\$	311,524
Liabilities:		
Current liabilities:		
Accounts payable	\$	26,051
Accrued liabilities		316
Due to other funds		0
Deferred revenue		2,261
Total current liabilities		28,628
Net Assets:		
Invested in capital assets, net of related debt		161,639
Unrestricted - designated		121,257
Total net assets		282,896
Total liabilities and net assets	\$	311,524

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended December 31, 2008

	Enterprise Fund
	Electric Fund
Operating revenues:	
Charges for services	\$ 313,120
Interest on delinquent accounts	1,124
Miscellaneous	41,335
	355,579
Operating expenses:	
Personnel services	28,406
Taxes	5,099
Professional services	24,376
Purchased power	237,337
Depreciation and amortization	6,075
Other	22,494
Total operating expenses	323,787
Operating income	31,792
Nonoperating revenues (expenses):	
Investment income	4,455
Interest expense	(175)
	4,280
Change in net assets	36,072
Total net assets - beginning	246,824
Total net assets - ending	\$ 282,896

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2008

	Enterprise Fund	
		Electric Fund
Cash flows from operating activities:		
Cash receipts from customers	\$	306,955
Cash payments to suppliers of goods or services		(273,821)
Cash payments to employees for services		(32,222)
Net cash provided by operating activities		912
Cash flows from non-capital financing activities:		
Interest on meter deposits		(175)
Net cash used in non-capital financing activities		(175)
Cash flows from investing activities:		
Interest on cash investments		4,455
Purchase of capital assets		(1,196)
Net cash provided by investing activities		3,259
Net increase in cash		3,996
Cash, beginning		13,793
Cash, ending	\$	17,789
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	31,792
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		6,075
Change in current assets and liabilities:		
Increase in accounts receivable		(2,272)
Increase in due from other funds		(5,017)
Increase in inventory		(2,086)
Increase in deposits and other assets		(4,642)
Decrease in accounts payable		(24,221)
Increase in accrued expenses and other liabilities		1,283
Net cash used in operating activities	\$	912

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies**

(a) **Introduction**

The Town of Readsboro, Vermont (the "Town") is a unit of local government chartered in 1786. The Town operates under a Select Board form of government and provides services as outlined in its charter.

The accompanying financial statements of the Town of Readsboro, Vermont include all of the financial activity of the general government, special revenue funds, and enterprise fund. All these components are included because they are under the direct control of the Select Board. The Town exercises significant oversight and financial interdependence exists.

The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (including Statements and Interpretations). 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.

GASB unanimously approved Statements No. 34 and 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- The financial statements would include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Town's activities.
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 38 establishes and modifies certain financial statement note disclosure requirements to make the financial statements more useful in the context of GASB Statement No. 34 reporting model. The Statement had an impact on the presentation of the notes to the financial statements, but no impact on net assets.

The Town's management has elected to present only the financial statements of the major funds. Government-wide financial statements that include accounting for capital assets and notes payable are not included in the financial statements. Therefore, the financial statements are not prepared in accordance with U.S. GAAP. The Town treats the Water and Sewer Funds as Special Revenue Funds rather than enterprise funds. U.S. generally accepted accounting principles require funds financed with user charges to be treated as enterprise funds. This principle requires accounting similar to commercial enterprises, such as capitalization and depreciation of capital assets. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations of the Water and Sewer Funds in conformity with U.S. generally accepted accounting principles.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(b) **Reporting Entity**

The Town's basic financial statements include the accounts of all Town's 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 aforementioned criteria, the Town has no component units.

(c) **Basis of Presentation**

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 funds within the financial statements.

Governmental Funds

The emphasis in fund financial statements is on the major funds. GASB No. 34 and No. 37 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise funds combined) for the determination of major funds. Management has elected to treat all to the Town's governmental funds as major funds.

Proprietary Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town uses one enterprise fund, the Electric Fund.

(d) **Measurement Focus and Basis of Accounting**

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(d) **Measurement Focus and Basis of Accounting (continued)**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues other than property taxes reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year. Property taxes are recognized to the extent collected within sixty days of fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(e) **Budgets and Budgetary Accounting**

The Town approves budgets for the General Fund, Electric Fund, Water Fund, Sewer Fund and the Cemetery Fund at an annual Town Meeting. The Select Board determines the tax rate based on the budgets and Grand List. Formal budgetary accounting is employed as a management control device during the year.

(f) **Cash**

For purposes of the statement of cash flows presented for the proprietary funds, cash equivalents include all short-term highly liquid investments which are readily convertible to known amounts of cash and have original maturities of three months or less.

(g) **Investments**

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

(h) **Inventory**

Inventory is valued at cost using the first-in first-out method. Inventory in the Proprietary Fund consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed.

(i) **Capital Assets**

Property and equipment is stated at known or estimated historical cost. Net interest costs are capitalized on projects during the construction period. Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows: office furniture and equipment – 5 to 10 years, motor vehicles and heavy equipment – 5 to 15 years, buildings and building improvements – 10 to 40 years, and infrastructure – 10 to 40 years.

(continued)

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

(i) **Capital Assets (continued)**

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

(j) **Fund Balances**

Equity is classified in the following categories:

Reserved – Indicates the portion of equity that has been legally segregated or encumbered for specific future uses or not available for appropriation.

Unreserved – Indicates the portion of fund equity that is available for appropriation and expenditure in future periods.

(k) **Interfund Receivables and Payables**

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditure or expense (transfers out) in the reimbursing fund and as reductions of the expenditure or expense (transfers in) in the fund that is reimbursed.

(l) **Use of Accounting Estimates**

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

(2) **Cash**

At December 31, 2008 the carrying amount of the Town's deposits was \$1,377,064 and the bank balance was \$1,419,972. Of the bank balance, \$739,701 was covered by Federal depository insurance and \$680,271 was collateralized with securities held in the Town's name.

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. During the year the Town had deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits resulting in uninsured, uncollateralized deposits subject to custodial credit risk. The FDIC increased its deposit insurance limit from \$100,000 to \$250,000 on October 3, 2008. At year-end, none of the Town's deposits were subject to custodial credit risk.

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(3) Investments

Investments by fund at December 31, 2008 are as follows:

	Fair Value	Investment Maturities (Years)	
		Less Than 1	1-5
Cash equivalents	\$ 56,644	0	0
Mutual funds - fixed income	373,023	0	0
U.S. Government bonds	94,235	66,252	27,983
Corporate bonds	25,346	0	25,346
	\$ 549,248	66,252	53,329

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. At year end, none of the Town's investments were subject to custodial credit risk.

Credit Risk

Credit risk is defined as the risk that an issuer of an investment in debt securities will not fulfill its obligation. All of the Town's investments in corporate bonds have an A rating. U.S. Government bonds are not considered to have credit risk and do not require disclosure of credit quality.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While no policy is in place, a majority of the Town's investments are in short-term holdings and are not subject to this risk.

(4) Capital Assets

Capital assets and activity for business-type activities for the year ended December 31, 2008 are as follows:

	Beginning Balance	Additions	Ending Balance
Cost			
Distribution systems	\$ 195,246	246	195,492
Equipment & vehicles	90,701	950	91,651
Accumulated Depreciation			
Distribution systems	(63,537)	(3,064)	(66,601)
Equipment & vehicles	(55,892)	(3,011)	(58,903)
Property and equipment, net	166,518		161,639

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(5) Notes Payable

Long term liabilities at December 31, 2008 consist of the following:

Note payable to the USDA for water system improvements. Semiannual payments of \$16,040 are due in March and September, with the final payment due in September 2029. Payments include principal and interest, which is charged at 5.75%.	\$ 378,968
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Interest paid for the year ended December 31, 2008 was \$27,067. The following is a summary of the changes in long-term debt.

	Beginning Balance	Reductions	Ending Balance	Due within One Year
Governmental Activities:				
Bonds payable	\$ 410,592	(31,624)	378,968	10,081

Maturities of long-term debt are as follows for the years ending December 31:

	Governmental Activities		
	Principal	Interest	Total
2009	\$ 10,081	21,999	32,080
2010	10,670	21,410	32,080
2011	11,292	20,788	32,080
2012	11,950	20,130	32,080
2013	12,648	19,432	32,080
2014-2018	75,202	85,198	160,400
2019-2023	99,846	60,554	160,400
2024-2028	132,564	27,836	160,400
2029-2033	14,715	774	15,489
	\$ 378,968	278,121	657,089

(6) Capital Leases

The Town entered into a capital lease agreement in order to acquire a new fire truck. Future payments under this agreement for the years ending December 31 are as follows:

2009	\$ 20,572
2010	20,572
2011	20,571
2012	20,572
2013	20,571
Thereafter	20,572
Total minimum lease payments	123,430
Less amount representing interest	(20,859)
Present value of minimum lease payments	\$ 102,571

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(7) Reserved Fund Equity

Reservations of fund equity indicate amounts which are either legally restricted for specific uses or are not appropriate for expenditure.

Reserved fund equity is as follows:

General Fund		
Bridge repair	\$ 305,282	
Reappraisal	42,473	
Timber sales	16,709	
Gravel	219	
Landfill closure	9,076	
Restoration	1,330	
Town owned building fund	15,036	
Town office reserve	17,425	
Total general fund reservations		407,550
Special Revenue Funds		
Water	43,526	
Sewer	98,082	
Cemetery	44,340	
Total special revenue fund reservations		185,948
Permanent Fund		
Trust		282,500
Total reserved fund balance		875,998

(8) Property Taxes

The Town is responsible for assessing and collecting property taxes for the Readsboro School District, as well as for the Town itself. Property taxes are assessed based upon the assessed values as of April 1. The tax is payable in one installment due September 1. All delinquent taxes are charged a penalty of 8% of the unpaid balance. Interest of 1% per month is charged for overdue taxes from the due date for the first three months and 1.5% per month thereafter.

The tax rate per \$100 of property value for 2008 was:

	Residential	Non-Residential
Municipal	\$ 1.3729	1.3729
Local agreement	0.0084	0.0084
Education	1.1939	1.8663
	\$ 2.5752	3.2476

TOWN OF READSBORO, VERMONT

Notes to Financial Statements

(9) Risk Management

The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, employee health and accident and environmental liability. The Town obtains coverage for the risks of losses to which it is exposed through participation in Property and Casualty Intermunicipal Fund, Inc. (PACIF), a self-insurance program sponsored by the Vermont League of Cities and Towns. PACIF is a non-profit corporation owned by the participating municipalities.

(10) Contingencies

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of such audits is not believed to be material.

(11) Deferred Compensation and Pension Plans

The Town contributes to the Vermont Municipal Employees Retirement System (VMERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Vermont. Vermont State statutes provide the authority under which benefit provisions and the obligation to contribute are established. The Town and employees make required contributions to the System based upon a valuation report prepared by the System's actuary.

The Town participates in the Group A and Group B levels of contributions and benefits of the System. Under Group A, the employee contributions are 2.5% of gross pay and employer contributions are 4% of gross pay. Under Group B, the employee contributions are 4.5% of gross pay and employer contributions are 5% of gross pay. Of the Town's total payroll of \$362,796, \$328,595 was covered under the Vermont Municipal Employees' Retirement System.

Total employer contributions made to the System for the year ended December 31, 2008 was \$15,892.

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

(12) Subsequent Events

The Town has evaluated subsequent events through March 23, 2010, the date on which the financial statements were available to be issued. There were no reportable subsequent events.

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property taxes	\$ 698,129	743,139	45,010
Delinquent interest	7,500	10,925	3,425
Delinquent penalty	0	11,466	11,466
Tax sales	5,000	20,352	15,352
Total taxes	710,629	785,882	75,253
Licenses and Permits			
Dog licenses	500	412	(88)
Liquor licenses	200	330	130
Zoning	2,000	3,110	1,110
Dog fines	100	0	(100)
Total licenses and permits	2,800	3,852	1,052
Intergovernmental			
Highway aid	88,000	63,245	(24,755)
Current use	0	9,711	9,711
PILOT	0	13,102	13,102
FEMA	0	2,754	2,754
Fines and legal fees	0	751	751
Other grants and fees	0	32,525	32,525
Total intergovernmental	88,000	122,088	34,088
Charges for Services			
Copier/fax use	100	116	16
Recording fees	0	8,570	8,570
Rental	1,500	2,272	772
Total charges for services	1,600	10,958	9,358
Solid Waste			
Tipping fees	12,000	11,838	(162)
Car stickers	2,500	2,150	(350)
Metal sales	1,000	212	(788)
Total solid waste	15,500	14,200	(1,300)
Miscellaneous Income			
Interest income	12,000	11,151	(849)
General reimbursements	1,000	1,605	605
Other miscellaneous income	500	7,295	6,795
Total miscellaneous income	13,500	20,051	6,551
Total revenues	832,029	957,031	125,002

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
General Government			
<i>Selectmen</i>			
Salaries	13,680	5,986	7,694
Clerk salaries	5,000	4,309	691
Administrative assistant	3,000	0	3,000
Payroll taxes	1,570	1,245	325
Unemployment compensation	1,500	1,544	(44)
Office supplies	300	1,085	(785)
Projects	6,000	7,659	(1,659)
Town agent	120	135	(15)
Travel	200	33	167
Professional services	1,000	1,955	(955)
Miscellaneous	50	68	(18)
Total selectmen	32,420	24,019	8,401
<i>Clerk</i>			
Salary	5,630	16,497	(10,867)
Asst. clerk salary	250	810	(560)
Ballot clerk salaries	800	1,832	(1,032)
BCA member	700	390	310
Moderator salary	80	120	(40)
Payroll taxes	625	1,641	(1,016)
Retirement	1,000	1,063	(63)
Travel	100	48	52
Office supplies	1,100	1,054	46
Postage	500	298	202
Town meeting expense	1,500	818	682
Equipment	1,000	816	184
Dog expense	200	89	111
Telecommunications	800	700	100
Professional services	500	485	15
Training	250	0	250
Membership dues	1,152	1,177	(25)
Equipment repair	500	125	375
Copier	1,500	1,558	(58)
Records restoration	3,000	5,141	(2,141)
Miscellaneous	100	1,316	(1,216)
Total clerk	21,287	35,978	(14,691)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
General Government (continued)			
<i>Treasurer</i>			
Salary	6,300	9,047	(2,747)
Asst. treasurer salary	100	26	74
Payroll taxes	715	691	24
Retirement	500	0	500
Travel	400	175	225
Office supplies	750	1,019	(269)
Small equipment	2,000	2,145	(145)
Telephone	800	773	27
Audit	7,000	4,150	2,850
Professional services	2,500	18,078	(15,578)
Training	300	1,085	(785)
Copier contract	1,500	1,138	362
Postage	1,000	1,381	(381)
Bank charges	150	0	150
Miscellaneous	100	88	12
Total treasurer	24,115	39,796	(15,681)
<i>Delinquent Tax Collector</i>			
Salary	0	11,466	(11,466)
Payroll taxes	1,085	877	208
Office supplies	150	252	(102)
Total delinquent tax collector	1,235	12,595	(11,360)
<i>Listers</i>			
Salaries	12,000	12,766	(766)
Payroll taxes	1,000	2,739	(1,739)
Travel	500	338	162
Postage	500	460	40
Office supplies	1,000	464	536
Equipment	1,000	373	627
Contracted services	1,000	0	1,000
Telephone	250	807	(557)
Professional services	1,000	36,947	(35,947)
Training	1,500	216	1,284
Revaluation tax maps	350	0	350
Miscellaneous	100	245	(145)
Total listers	20,200	55,355	(35,155)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
General Government (continued)			
<i>Planning / Zoning</i>			
Zoning administrator	1,500	1,500	0
Payroll taxes	125	115	10
Zoning miscellaneous	500	110	390
Development Review Board	200	291	(91)
Planning Commission	200	0	200
Community Development Comm.	200	0	200
Office supplies	1,150	152	998
911 Project	500	0	500
Beautification Fund	150	61	89
Total planning / zoning	4,525	2,229	2,296
<i>911 Coordinator</i>			
Salary	100	0	100
Payroll taxes	10	0	10
Total 911 coordinator	110	0	110
<i>Dog Officer</i>			
Dog Officer	525	525	0
Travel expense	100	108	(8)
Dog expense	500	0	500
Total dog officer	1,125	633	492
<i>Public Safety</i>			
Contracted sevicees	12,500	8,022	4,478
<i>Miscellaneous</i>			
Electricity (Streets)	8,000	7,896	104
Electricity (Lions Park)	1,100	800	300
Historical Society Electricity	250	135	115
Historical Society Sewer	300	275	25
Historical Society Water	200	240	(40)
Bandstand	200	138	62
Windham Regional Planning	1,125	0	1,125
Ballfield	300	417	(117)
Health Officer	275	231	44
Payroll taxes	25	17	8
Total miscellaneous	11,775	10,149	1,626
Total general government	129,292	188,776	(59,484)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
<i>Highway</i>			
<i>Winter Roads</i>			
Salaries	80,000	97,840	(17,840)
Payroll taxes	6,200	6,941	(741)
Retirement	3,600	6,049	(2,449)
Health insurance	21,850	41,114	(19,264)
Travel	250	200	50
Outside equipment	500	0	500
Equipment	1,000	836	164
Uniforms	1,500	758	742
Sand	22,000	24,156	(2,156)
Salt	15,000	16,418	(1,418)
Miscellaneous	100	0	100
<i>Total winter roads</i>	152,000	194,312	(42,312)
<i>Winter Garage</i>			
Office supplies	250	115	135
Supplies	2,000	4,613	(2,613)
Telephone	800	806	(6)
Electricity	1,550	1,610	(60)
Sewer / Water	520	428	92
<i>Total winter garage</i>	5,120	7,572	(2,452)
<i>Summer Roads</i>			
Salaries	105,000	108,871	(3,871)
Summer help	7,500	5,372	2,128
Payroll taxes	8,600	7,255	1,345
Retirement	4,800	5,330	(530)
Health insurance	29,550	19,817	9,733
Insurance	24,700	29,849	(5,149)
Travel	150	534	(384)
Postage	25	0	25
Professional services	750	371	379
Outside equipment	5,500	7,218	(1,718)
Small equipment	1,000	0	1,000
Uniforms	1,200	1,378	(178)
Road materials	65,000	12,002	52,998
Gravel	15,000	6,595	8,405
Stone	0	2,700	(2,700)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Highway (continued)			
<i>Summer Roads (continued)</i>			
Bridge repair	5,000	0	5,000
Miscellaneous	250	185	65
Total summer roads	274,025	207,477	66,548
<i>Summer Garage</i>			
Supplies	4,000	1,706	2,294
Telephone	600	1,177	(577)
Electricity	700	734	(34)
Sewer / Water	620	670	(50)
Miscellaneous	100	0	100
Total summer garage	6,020	4,287	1,733
<i>Special Summer Projects</i>	0	20,032	(20,032)
<i>Fuels</i>			
Heating oil	7,500	12,799	(5,299)
Gas	1,000	629	371
Diesel	30,000	46,510	(16,510)
Total fuels	38,500	59,938	(21,438)
<i>Parts and Supplies</i>			
Truck 1 and plow	3,500	2,019	1,481
Truck 2 and plow	1,500	1,678	(178)
Truck 10 and plow	1,000	1,257	(257)
Truck 20 and plow	2,000	2,294	(294)
Truck 21 and plow	2,500	3,285	(785)
Truck 22 and plow	2,500	199	2,301
Backhoes	1,000	1,628	(628)
Loaders	1,500	551	949
Grader	3,000	682	2,318
Chainsaws	250	38	212
Mower	750	844	(94)
Compressor	250	0	250
Brush cutter	500	1,116	(616)
Chipper	500	53	447
Supplies	500	1,049	(549)
Total parts and supplies	21,250	16,693	4,557
<i>Miscellaneous</i>	500	140	360
Total highway	497,415	510,451	(13,036)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Solid Waste			
Salaries	8,500	8,510	(10)
Payroll taxes	680	653	27
Travel	50	0	50
Office supplies	50	341	(291)
Electricity	1,500	1,008	492
Professional services	200	0	200
Container rental/pickup	30,000	24,534	5,466
WSWD assessment	7,240	6,871	369
Repairs	500	0	500
Miscellaneous	500	139	361
Total solid waste	49,220	42,056	7,164
Fire Department			
Fire warden	500	0	500
Insurance	2,300	2,285	15
Telephone	970	1,364	(394)
Electricity	1,000	811	189
Sewer / Water	660	575	85
Heating oil	4,300	7,845	(3,545)
Equipment	3,000	1,250	1,750
Training	500	0	500
Training officer	1,200	1,171	29
Membership dues	7,500	4,882	2,618
Gas	100	358	(258)
Diesel	500	1,239	(739)
Radio repairs	2,000	3,742	(1,742)
Equipment repairs	4,000	2,437	1,563
Miscellaneous	500	828	(328)
Total fire department	29,030	28,787	243
Library			
Salaries	15,588	15,153	435
Payroll taxes	1,250	1,133	117
Programs	600	600	0
Insurance	400	395	5
Travel	300	557	(257)
Office supplies	400	374	26
Postage	325	185	140
Books	1,857	1,180	677

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Library (continued)			
Periodicals	400	375	25
Audio / Visual	500	497	3
Telephone	1,000	1,087	(87)
Technology	500	485	15
Membership dues	250	280	(30)
Miscellaneous	2,500	2,500	0
Total library	25,870	24,801	1,069
Appropriations			
County tax	5,500	6,043	(543)
Historical Society building	500	500	0
Ambulance	14,400	14,052	348
Council on Aging	900	900	0
Visiting Nurses Association	2,150	2,150	0
Green Up Day	50	0	50
Emergency management	500	0	500
VT Center for Independent Living	230	230	0
VT Association for the Blind	300	300	0
Memorial Day	1,500	1,500	0
Fourth of July	1,500	1,500	0
Miscellaneous	0	1,500	(1,500)
Total appropriations	27,530	28,675	(1,145)
Capital Outlays			
Fire truck	20,572	20,572	0
Fire Department TM	0	15,000	(15,000)
Machinery replacement	50,000	0	50,000
Bridges	0	8,660	(8,660)
Total capital outlays	70,572	44,232	26,340
Debt Service			
<i>Principal</i>			
Sewer bond	19,000	14,400	4,600
Water bond	32,100	7,413	24,687
Total principal	51,100	21,813	29,287
<i>Interest</i>			
Sewer bond	0	2,400	(2,400)
Water bond	0	24,667	(24,667)
Total interest	0	27,067	(27,067)
Total debt service	51,100	48,880	2,220

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Total expenditures	880,029	916,658	(36,629)
Excess (deficiency) of revenues over expenditures	(48,000)	40,373	88,373
Other financing sources (uses)			
Operating transfer from Trust Fund	60,000	28,348	(31,652)
Operating transfer to Cemetery Fund	(12,000)	(10,606)	1,394
Total other financing uses	48,000	17,742	(30,258)
Excess of revenues over expenditures and other financing uses	<u>0</u>	58,115	<u>58,115</u>
Fund Balance January 1, 2008		838,101	
Fund Balance December 31, 2008	\$	896,216	

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Water Fund
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Meter rentals	\$ 58,728	58,283	(445)
Delinquent rentals	350	2,681	2,331
Interest and penalties on delinquencies	500	1,386	886
Interest	200	294	94
Miscellaneous	50	0	(50)
Total revenues	59,828	62,644	2,816
Expenditures			
Personnel			
Chief operator salary	500	0	500
Assistant operator salary	13,000	14,401	(1,401)
Utility clerk salary	3,500	3,699	(199)
Summer help	500	0	500
Extra labor	2,000	244	1,756
Payroll taxes	1,600	1,482	118
Retirement	850	1,020	(170)
Health insurance	7,008	8,840	(1,832)
Travel	1,500	1,302	198
Total personnel	30,458	30,988	(530)
Miscellaneous			
Equipment	2,000	0	2,000
Office supplies	150	904	(754)
Postage	750	685	65
Town reports	200	0	200
Audit	1,000	0	1,000
Telephone	250	749	(499)
Electric	3,000	5,111	(2,111)
Sewer	330	366	(36)
Water	240	240	0
Heat	1,500	540	960
Training	200	83	117
Membership dues	150	150	0
Contracted services	4,000	20,705	(16,705)
Operating license	350	378	(28)
Parts and supplies	4,000	3,068	932
Repairs	5,000	349	4,651
Copier contract	250	393	(143)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Water Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Expenditures (continued)</i>			
<i>Miscellaneous (continued)</i>			
Chemicals	2,500	2,255	245
Lab supplies	2,500	14	2,486
Other	500	68	432
<i>Total miscellaneous</i>	28,870	36,058	(7,188)
<i>Capital Outlay</i>	500	0	500
<i>Total expenditures</i>	59,828	67,046	(7,218)
<i>Excess (deficiency) of revenues over expenditures</i>	0	(4,402)	(4,402)
<i>Fund Balance January 1, 2008</i>		47,928	
<i>Fund Balance December 31, 2008</i>	\$	43,526	

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Sewer Fund
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sewer rentals	\$ 77,600	80,088	2,488
Delinquent rentals	500	5,422	4,922
Interest and penalties on delinquencies	900	1,452	552
Interest	300	2,784	2,484
Total revenues	79,300	89,746	10,446
Expenditures			
Personnel			
Chief operator salary	325	0	325
Assistant operator salary	25,000	20,361	4,639
Labor	2,000	0	2,000
Utility clerk salary	3,500	3,699	(199)
Summer help	1,000	0	1,000
Payroll taxes	2,500	1,630	870
Retirement	1,400	1,520	(120)
Health insurance	13,515	12,500	1,015
Travel	1,500	1,302	198
Uniforms	0	28	(28)
Total personnel	50,740	41,040	9,700
Miscellaneous			
Professional services	300	0	300
Office supplies	400	880	(480)
Postage	700	363	337
Town reports	200	0	200
Audit	1,500	0	1,500
Telephone	810	1,125	(315)
Electric	6,350	6,487	(137)
G/M pump	180	149	31
Heater tapes	1,000	412	588
Treatment plant	15,000	14,471	529
Sewer	600	665	(65)
Water	450	440	10
Gas	50	24	26
Small equipment	500	1,028	(528)
Uniforms	350	49	301
Training	100	113	(13)
Membership dues	100	0	100
Contracted services	1,000	9,654	(8,654)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Sewer Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)			
Miscellaneous (continued)			
Copier contract	250	330	(80)
Operating license	225	210	15
Parts and supplies	2,000	4,457	(2,457)
Repairs	1,500	926	574
Lab supplies	600	0	600
Chemicals	1,000	1,843	(843)
Other	100	0	100
Total miscellaneous	35,265	43,626	(8,361)
Total expenditures	86,005	84,666	1,339
Excess (deficiency) of revenues over expenditures	(6,705)	5,080	11,785
Fund Balance January 1, 2008		93,002	
Fund Balance December 31, 2008	\$	98,082	

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Cemetery Fund
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Lot sales	\$ 0	2,640	2,640
Interest	0	1,056	1,056
Grant	0	4,950	4,950
Miscellaneous	0	120	120
Total revenues	0	8,766	8,766
Expenditures			
General cemeteries			
Supplies	0	142	(142)
Total general cemeteries	0	142	(142)
Village Cemetery			
Professional services	0	1,900	(1,900)
Contracted services	3,000	1,990	1,010
Supplies	0	30	(30)
Total Village Cemetery	3,000	3,920	(920)
North Hill Cemetery			
Contracted services	1,600	2,030	(430)
Total North Hill Cemetery	1,600	2,030	(430)
South Hill Cemetery			
Professional services	0	9,654	(9,654)
Contracted services	1,600	1,950	(350)
Repairs	0	103	(103)
Materials	200	0	200
Total South Hill Cemetery	1,800	11,707	(9,907)
Heartwellville Cemetery			
Contracted services	1,600	1,950	(350)
Total Heartwellville Cemetery	1,600	1,950	(350)
Total expenditures	8,000	19,749	(11,749)
Excess (deficiency) of revenues over expenditures	(8,000)	(10,983)	(2,983)
Other financing sources:			
Transfer from General Fund	12,000	10,606	(1,394)

(continued)

TOWN OF READSBORO, VERMONT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Cemetery Fund (continued)
Year Ended December 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Excess (deficiency) of revenues and other financing sources over expenditures</i>	4,000	(377)	(4,377)
<i>Fund Balance January 1, 2008</i>		44,717	
<i>Fund Balance December 31, 2008</i>	\$	44,340	