

**TOWN OF READSBORO, VERMONT**

**Financial Statements and Schedules**

**December 31, 2014**

**(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

### Report on the Financial Statements

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 Town of Readsboro, Vermont as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

## 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 of Readsboro, Vermont, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 10 and 31 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2015 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Readsboro, Vermont's internal control over financial reporting and compliance.

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

November 18, 2015

Vt. Reg. #357

Love, Cody & Company, CPAs

TOWN OF READSBORO, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014

As management of the Town of Readsboro, Vermont we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2014. This document has been prepared in accordance with Statement No. 34 of Governmental Accounting Standards Board (GASB 34). GASB 34 has made significant changes to both the contents and the format of the financial statements of governmental agencies. Please read it in conjunction with the Town's financial statements.

### Financial Highlights – Primary Government

#### Government-Wide Highlights:

- *Net Position* – The assets of the Town exceeded its liabilities at the close of the fiscal year by \$6,701,396. Of this amount, \$(47,612) was reported as *unrestricted net position* and may be used to meet the government's ongoing obligations to citizens and creditors, and \$6,466,508 was invested in capital assets.

#### Fund Highlights:

- *Governmental Funds* – Governmental funds include general, special revenue, and permanent funds. As of December 31, 2014, the Town's governmental funds reported a combined ending fund balance of \$1,059,165.

#### Enterprise Funds:

- *Water Fund* – As of December 31, 2014, the Town's Water Fund reported total net position of \$3,263,244; \$(986,024) represents the *unrestricted balance* available for future expenses and \$4,249,268 is the amount invested in capital assets, net of related debt.
- *Sewer Fund* – As of December 31, 2014, the Town's Sewer Fund reported total net position of \$810,718; \$295,504 represents the *unrestricted balance* available for future expenses and \$515,214 is the amount invested in capital assets.

### Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They are comprised of the *statement of net position* and *statement of activities*.

The *statement of net position* presents information of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is

TOWN OF READSBORO, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014  
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improving or deteriorating. This statement, unlike previous financial statements prior to implementing GASB 34, combines and consolidates the governmental funds' current financial resources with capital assets and long-term obligations.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the above government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, parks and recreation, and cemetery. The business-type activities of the Town include the water and sewer departments.

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

The fund financial statements provide detailed information about each of the Town's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining alike funds and presenting them in total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented in a single column. The Town of Readsboro has elected to treat all of its funds as major and present them individually in the fund financial statements.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on short-term inflows and outflows of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Proprietary Funds.** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Town operates *enterprise funds*. An enterprise fund is a proprietary fund category used to report the same functions presented as

TOWN OF READSBORO, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014  
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*business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for the water and sewer departments.

*Notes to the Basic Financial Statements.* The notes provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

*Other Information.* In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information to provide additional financial information not included in the basic financial statements.*

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required financial statements and notes.

The following condensed and reformatted financial information is a condensed version of the government-wide financial statements presented on pages 10 and 11.

<b>Table 1</b>						
<b>Net Position (in Thousands)</b>						
	<b>2014</b>			<b>2013</b>		
	<b>Govern- mental Activities</b>	<b>Business- type Activities</b>	<b>Total Govern- ment</b>	<b>Govern- mental Activities</b>	<b>Business- type Activities</b>	<b>Total Govern- ment</b>
Current and other assets	\$ 2,172	349	2,521	1,825	498	2,323
Capital assets	1,702	4,764	6,466	1,513	4,934	6,447
Total assets	3,874	5,113	8,987	3,338	5,432	8,770
Current liabilities	315	0	315	732	383	1,115
Noncurrent liabilities	932	1,039	1,971	315	821	1,136
Total liabilities	1,247	1,039	2,286	1,047	1,204	2,251
Net position:						
Invested in capital assets, net of debt	1,702	4,765	6,467	1,494	4,934	6,428
Restricted	282	0	282	283	0	283
Unrestricted	643	(691)	(48)	514	(706)	(192)
Total net position	\$ 2,627	4,074	6,701	2,291	4,228	6,519

Unrestricted net position – is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

TOWN OF READSBORO, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

<b>Table 2</b>						
<b>Change in Net Position (in Thousands)</b>						
	2014			2013		
	Govern- mental Activities	Business- type Activities	Total Govern- ment	Govern- mental Activities	Business- type Activities	Total Govern- ment
<b>REVENUES</b>						
General revenues:						
Property taxes	\$ 814	0	814	804	0	804
Other general revenues	12	9	21	39	55	94
Earnings on investments	35	1	36	18	1	19
Program revenues:						
Charges for services	38	202	240	37	202	239
Operating grants and contributions	249	0	249	360	0	360
Capital grants and contributions	342	0	342	59	2	61
Total revenues	1,490	212	1,702	1,317	260	1,577
<b>PROGRAM EXPENSES</b>						
General government	274	0	274	248	0	248
Public safety	70	0	70	72	0	72
Public works	734	0	734	838	0	838
Parks, recreation and library	36	0	36	38	0	38
Cemetery	25	0	25	21	0	21
Interest	14	0	14	16	0	16
Water	0	246	246	0	230	230
Sewer	0	120	120	0	119	119
Total program expenses	1,153	366	1,519	1,233	349	1,582
Transfers	0	0	0	(190)	0	(190)
Increase (decrease) in net position	\$ 337	(154)	183	(106)	(89)	(195)

*Governmental Expenses.* Total governmental activity expenses were \$1,154,002 and \$1,233,274 in 2014 and 2013, respectively. The largest expenses were incurred for general government and public works.

*Governmental Revenues.* Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenues from governmental activities were \$629,837 and \$455,850 in 2014 and 2013, respectively. Governmental program revenues come from *charges for services*, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues, *operating grants and contributions* which include operating-specific and discretionary (either operating or capital) grants and capital grants and contributions.



TOWN OF READSBORO, VERMONT  
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YEAR ENDED DECEMBER 31, 2014  
(Continued)

*General revenues* are all other revenue not categorized as program revenues, and include all taxes, as well as unrestricted grants, contributions, and investment earnings. Total general revenues from governmental activities were \$861,053 and \$860,993 in 2014 and 2013, respectively. Taxes of \$813,815 comprised 95% of the Town's general revenues for the year ended December 31, 2014.

***Business-Type Activities.*** Net position for business-type (Water and Sewer) activities were \$4,073,962 and \$4,228,133 at December 31, 2014 and 2013, respectively. Total revenues for business-type activities were \$211,544 and \$259,942 in 2014 and 2013, respectively. Total expenses for the business-type activities were \$365,715 and \$348,673 in 2014 and 2013, respectively.

### **Financial Analysis of Individual Funds**

As noted earlier, the Town used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds.*** The focus of the Town's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,059,165. \$170,420 is unassigned and is available for spending at the government's discretion. \$306,000 is restricted for the trust fund, \$34,446 is assigned for library use and \$548,299 is committed for special revenue funds and other purposes.

***Proprietary Funds.*** The Town's proprietary funds (Water and Sewer) provide the same type of information found in the government-wide financial statements, but in more detail.

### **General Fund Budgetary Highlights**

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund compares actual results for fiscal year 2014 to the approved budget for the General Fund. The most significant variances were as follows:

TOWN OF READSBORO, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014  
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<b>Table 3</b>			
<b>Significant General Fund Budget Variances for the Year Ended December 31, 2014</b>			
REVENUES AND OTHER SOURCES:		EXPENDITURES AND OTHER USES:	
	Favorable (Unfavorable)		Favorable (Unfavorable)
Hazard mitigation grant	\$ 263,760	Tax sale purchases	\$ (34,565)
Other grants and fees	100,159	Summer projects - HMGP Grant	(208,215)
		Fire department - grant expenditures	(86,800)
		Appropriated requests	(37,744)
		Machinery replacement fund	60,000
		Machinery replacement	(145,000)
		Bridges	(41,485)
		FEMA - culvert installation	(67,286)

**Revenues and other sources**

- The variances in hazard mitigation grant was from a reimbursement for the demolition of houses on School Street.
- The variance in other grants and fees was from larger than expected reimbursements from winter plowing and state payments from the Better Back Roads and Assistance to Firefighters grant programs.

**Expenditures and other uses**

- The variance in tax sale purchases is due to the Town entering the minimum bid on several properties at the May 2014 tax sale.
- The variance in summer projects – HMGP grant was from expenditures for the demolition of the house on School Street.
- The variance in fire department grant expenditures relates to a reimbursable grant the Town did not include in the budget.
- The variance in appropriated requests relates to the approved budget article number six to fund the Town Owned Building fund.
- The variance in machinery replacement fund relates to the Select board unable to fund all articles from the Town Meeting.
- The variance in machinery replacement was from the unplanned purchase of a grader.
- The variance in bridges was from the completion of Bridge 32.
- The variance in FEMA – culvert installation was from the completion of PA-01-VT-4022-PW-02112 Ruba Road project.

**Capital Assets and Debt Administration**

*Capital Assets.* The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$6,466,508, net of accumulated depreciation of \$5,765,085. Investment in capital assets includes land, land improvements, buildings, infrastructure, machinery and equipment, lease improvements, software, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the Town such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The total additions to the Town's investment in capital assets for the current year were \$376,779, including water system improvements, equipment and bridge improvements.

TOWN OF READSBORO, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014  
(Continued)

	December 31, 2014			December 31, 2013		
	Govern- mental Activities	Business- type Activities	Total Govern- ment	Govern- mental Activities	Business- type Activities	Total Govern- ment
Land and land improvements	\$ 121,808	233,355	355,163	123,302	233,355	356,657
Construction in progress	18,392	0	18,392	18,392	0	18,392
Distribution & collection systems	0	1,319,517	1,319,517	0	1,341,217	1,341,217
Buildings and improvements	37,363	3,185,031	3,222,394	37,244	3,327,464	3,364,708
Equipment and vehicles	974,253	26,579	1,000,832	885,631	31,660	917,291
Furniture and fixtures	5,352	0	5,352	6,432	0	6,432
Infrastructure	544,858	0	544,858	442,117	0	442,117
<b>Total net assets</b>	<b>\$ 1,702,026</b>	<b>4,764,482</b>	<b>6,466,508</b>	<b>1,513,118</b>	<b>4,933,696</b>	<b>6,446,814</b>

**Debt Administration**

*Long-Term Liabilities* – At the end of the current fiscal year, the Town had \$1,354,078 in long-term liabilities.

	Governmental Activities	Business-type Activities	Total Government
Bonds	\$ 314,567	1,039,511	1,354,078
<b>Total long-term liabilities</b>	<b>\$ 314,567</b>	<b>1,039,511</b>	<b>1,354,078</b>

**Economic Climate**

- The economic slow-down across the region and country has had its effect on our local situation. The lack of new construction in the general area impacts the builders and suppliers in our community.
- Our community continues to suffer the inequities of the Act 60/68 education funding scheme as implemented by the State of Vermont.
- The challenges of educational opportunity for our children, insurance, energy costs, and affordable housing will be with our community for the foreseeable future.
- Attempts are being made to address the increasing number of vacant homes in the village section of Town.

TOWN OF READSBORO, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014  
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- The Town is continuing to pursue grants to soften the financial impact to the Town's taxpayer's for any future projects.

**Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in the report or requests for additional information should be addressed to:

**Town of Readsboro, Vermont**  
**PO Box 187**  
**Readsboro, VT 05350**

**TOWN OF READSBORO, VERMONT**  
**Statement of Net Position**  
**December 31, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash	\$ 1,397,360	183,096	1,580,456
Investments	660,812	0	660,812
Accounts and notes receivable	33,245	44,505	77,750
Delinquent taxes receivable, net	201,479	0	201,479
Inventory	0	361	361
Internal balances	(121,029)	121,029	0
Capital assets:			
Land	97,425	233,355	330,780
Other capital assets, net of accumulated depreciation	1,604,601	4,531,127	6,135,728
<b>Total assets</b>	<b>\$ 3,873,893</b>	<b>5,113,473</b>	<b>8,987,366</b>
<b>Liabilities:</b>			
Accounts payable	\$ 75,996	0	75,996
Accrued liabilities	5,568	0	5,568
Due to School District	818,999	0	818,999
Deferred revenue	31,329	0	31,329
Bonds and notes payable:			
Due within one year	15,792	0	15,792
Due in more than one year	298,775	1,039,511	1,338,286
Total liabilities	1,246,459	1,039,511	2,285,970
<b>Net position:</b>			
Invested in capital assets, net of related debt	1,702,026	4,764,482	6,466,508
Restricted	282,500	0	282,500
Unrestricted	642,908	(690,520)	(47,612)
<b>Total net position</b>	<b>\$ 2,627,434</b>	<b>4,073,962</b>	<b>6,701,396</b>

See accompanying notes to financial statements.

TOWN OF READSBORO, VERMONT  
Statement of Activities  
December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities		Total
						Governmental Activities	Business-type Activities	
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 274,165	38,249	81,193	55,692	(99,031)	0	(99,031)	
Public safety	69,855	0	0	0	(69,855)	0	(69,855)	
Public works	734,157	0	168,108	286,336	(279,713)	0	(279,713)	
Parks, recreation and library	36,387	0	0	0	(36,387)	0	(36,387)	
Cemetery	25,395	259	0	0	(25,136)	0	(25,136)	
Interest	14,043	0	0	0	(14,043)	0	(14,043)	
<b>Total governmental activities</b>	<b>1,154,002</b>	<b>38,508</b>	<b>249,301</b>	<b>342,028</b>	<b>(524,165)</b>	<b>0</b>	<b>(524,165)</b>	
<b>Business-type activities:</b>								
Water	245,757	98,878	0	0	0	(146,879)	(146,879)	
Sewer	119,958	103,454	0	0	0	(16,504)	(16,504)	
<b>Total business-type activities</b>	<b>365,715</b>	<b>202,332</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(163,383)</b>	<b>(163,383)</b>	
<b>Total primary government</b>	<b>\$ 1,519,717</b>	<b>240,840</b>	<b>249,301</b>	<b>342,028</b>	<b>(524,165)</b>	<b>(163,383)</b>	<b>(687,548)</b>	
<b>General revenues:</b>								
Property taxes	813,815				813,815	0	813,815	
Investment earnings	34,733				34,733	700	35,433	
Miscellaneous	12,505				12,505	8,512	21,017	
<b>Total general revenues and transfers</b>	<b>861,053</b>				<b>861,053</b>	<b>9,212</b>	<b>870,265</b>	
<b>Change in net position</b>	<b>336,888</b>				<b>336,888</b>	<b>(154,171)</b>	<b>182,717</b>	
<b>Net position - beginning</b>	<b>2,290,546</b>				<b>2,290,546</b>	<b>4,228,133</b>	<b>6,518,679</b>	
<b>Net position - ending</b>	<b>\$ 2,627,434</b>				<b>\$ 2,627,434</b>	<b>4,073,962</b>	<b>6,701,396</b>	

See accompanying notes to financial statements.

**TOWN OF READSBORO, VERMONT**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2014**

	General Fund	Special Revenue Funds		Permanent Fund	Total
		Cemetery Fund	Library Fund	Trust Fund	
<b>Assets:</b>					
Cash	\$ 1,395,179	2,181	0	0	1,397,360
Investments	0	32,456	0	628,356	660,812
Delinquent taxes receivable, net	201,479	0	0	0	201,479
Accounts and notes receivable	33,247	0	0	0	33,247
Due from other funds	843,357	809	879	0	845,045
<b>Total assets</b>	<b>\$ 2,473,262</b>	<b>35,446</b>	<b>879</b>	<b>628,356</b>	<b>3,137,943</b>
<b>Liabilities:</b>					
Accounts payable	\$ 75,996	0	0	0	75,996
Due to School District	818,999	0	0	0	818,999
Due to other funds	663,517	0	0	302,557	966,074
Accrued liabilities	660	0	0	0	660
Deferred revenue	209,218	1,000	6,831	0	217,049
Total liabilities	1,768,390	1,000	6,831	302,557	2,078,778
<b>Fund balance:</b>					
Restricted	0	0	0	306,000	306,000
Committed	548,299	0	0	0	548,299
Assigned	0	34,446	0	0	34,446
Unassigned	156,573	0	(5,952)	19,799	170,420
Total fund balance	704,872	34,446	(5,952)	325,799	1,059,165
<b>Total liabilities and fund balance</b>	<b>\$ 2,473,262</b>	<b>35,446</b>	<b>879</b>	<b>628,356</b>	<b>3,137,943</b>

See accompanying notes to financial statements.

**TOWN OF READSBORO, VERMONT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2014**

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Total fund balances - governmental funds, page 13		\$ 1,059,165
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Governmental capital assets	\$ 2,717,506	
Less accumulated depreciation	(1,015,480)	1,702,026
<p>Other long-term assets (property taxes receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.</p>		
		186,111
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds</p>		
		(319,868)
<hr/>		
Net assets - governmental activities, page 11		\$ 2,627,434

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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, 2014**

	General Fund	Special Revenue Funds		Permanent Fund	Total
		Cemetery Fund	Library Fund	Trust Fund	
<b>Revenues:</b>					
Property taxes	\$ 814,011	0	0	0	814,011
Licenses and permits	2,403	0	0	0	2,403
Intergovernmental	601,715	0	0	0	601,715
Charges for services	10,411	0	0	0	10,411
Lot sales	0	9	0	0	9
Solid waste	18,098	0	0	0	18,098
Interest and dividend income	124	328	0	16,620	17,072
Investment income	0	(892)	0	18,554	17,662
Miscellaneous	208,215	0	0	0	208,215
<b>Total revenues</b>	<b>1,654,977</b>	<b>(555)</b>	<b>0</b>	<b>35,174</b>	<b>1,689,596</b>
<b>Expenditures:</b>					
General government	236,842	0	0	0	236,842
Highways	711,476	0	0	0	711,476
Solid waste	47,134	0	0	0	47,134
Fire Department	130,800	0	0	0	130,800
Library	25,780	0	0	0	25,780
Appropriations	127,344	0	0	0	127,344
Cemetery	24,595	0	0	0	24,595
Capital outlays	207,057	0	0	0	207,057
Debt service	28,154	0	0	0	28,154
FEMA Expense	67,286	0	0	0	67,286
<b>Total expenditures</b>	<b>1,606,468</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,606,468</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>48,509</b>	<b>(555)</b>	<b>0</b>	<b>35,174</b>	<b>83,128</b>
<b>Other financing sources (uses):</b>					
Operating transfers in (out)	16,635	0	0	(16,635)	0
	16,635	0	0	(16,635)	0
<b>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</b>	<b>65,144</b>	<b>(555)</b>	<b>0</b>	<b>18,539</b>	<b>83,128</b>
<b>Beginning fund balance</b>	<b>639,728</b>	<b>35,001</b>	<b>(5,952)</b>	<b>307,260</b>	<b>976,037</b>
<b>Ending fund balance</b>	<b>\$ 704,872</b>	<b>34,446</b>	<b>(5,952)</b>	<b>325,799</b>	<b>1,059,165</b>

See accompanying notes to financial statements.

**TOWN OF READSBORO, VERMONT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended December 31, 2014**

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Net change in fund balances - governmental funds, page 15	\$	83,128
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets	\$ 341,398	
Less: current year depreciation and amortization	<u>(103,255)</u>	238,143
<p>When recognizing the sale of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported on the Statement of Activities. This represents the net book value of assets sold or disposed during the year.</p>		
		(49,235)
<p>Proceeds from long-term financing provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Repayment of principal on bonds and capital lease		34,683
<p>Revenues in the statement of activities that do not provide current financial resources (property taxes not collected within 60 days of fiscal year end) are not reported as revenues in the funds. This amount represents an increase in deferred property taxes.</p>		
		30,169
<hr/>		
Change in net position - governmental activities, page 12	\$	<u>336,888</u>

See accompanying notes to financial statements.

**TOWN OF READSBORO, VERMONT**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2014**

	Water Fund	Sewer Fund	Total
<b>Assets:</b>			
Current assets:			
Cash	\$ 10,000	173,096	183,096
Due from other funds	22,987	98,042	121,029
Accounts receivable	20,139	24,366	44,505
Inventory	361	0	361
<b>Total current assets</b>	<b>53,487</b>	<b>295,504</b>	<b>348,991</b>
Capital assets:			
Land	215,140	18,215	233,355
Distribution and collection systems	1,079,570	1,084,245	2,163,815
Buildings and equipment	6,378,867	738,050	7,116,917
Less accumulated depreciation	(3,424,309)	(1,325,296)	(4,749,605)
<b>Total non-current assets</b>	<b>4,249,268</b>	<b>515,214</b>	<b>4,764,482</b>
<b>Total assets</b>	<b>\$ 4,302,755</b>	<b>810,718</b>	<b>5,113,473</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 0	0	0
<b>Total current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
Notes and bonds payable, less current portion	1,039,511	0	1,039,511
<b>Total liabilities</b>	<b>1,039,511</b>	<b>0</b>	<b>1,039,511</b>
<b>Net position:</b>			
Invested in capital assets, net of related debt	4,249,268	515,214	4,764,482
Unrestricted - designated	(986,024)	295,504	(690,520)
<b>Total net position</b>	<b>3,263,244</b>	<b>810,718</b>	<b>4,073,962</b>
<b>Total liabilities and net position</b>	<b>\$ 4,302,755</b>	<b>810,718</b>	<b>5,113,473</b>

See accompanying notes to financial statements.

**TOWN OF READSBORO, VERMONT**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2014**

	Water Fund	Sewer Fund	Total
<b><i>Operating revenues:</i></b>			
Charges for services	\$ 98,878	103,454	202,332
Interest on delinquent accounts	3,833	4,360	8,193
Miscellaneous	319	0	319
<b>Total operating revenues</b>	<b>103,030</b>	<b>107,814</b>	<b>210,844</b>
<b><i>Operating expenses:</i></b>			
Personnel services	41,479	35,784	77,263
Taxes	2,430	2,007	4,437
Professional services	7,109	7,316	14,425
Utilities and telephone	7,488	13,041	20,529
Insurance	2,841	2,917	5,758
Operating supplies and equipment	8,640	18,595	27,235
Office supplies and expenses	2,595	1,988	4,583
Depreciation and amortization	166,631	37,964	204,595
Other	3,840	346	4,186
Water project expenses	2,704	0	2,704
<b>Total operating expenses</b>	<b>245,757</b>	<b>119,958</b>	<b>365,715</b>
<b><i>Operating income (loss)</i></b>	<b>(142,727)</b>	<b>(12,144)</b>	<b>(154,871)</b>
<b><i>Nonoperating revenues (expenses):</i></b>			
Investment income	0	700	700
<b>Total nonoperating revenues (expenses)</b>	<b>0</b>	<b>700</b>	<b>700</b>
<b><i>Change in net position</i></b>	<b>(142,727)</b>	<b>(11,444)</b>	<b>(154,171)</b>
<b><i>Total net position - beginning</i></b>	<b>3,405,971</b>	<b>822,162</b>	<b>4,228,133</b>
<b><i>Total net position - ending</i></b>	<b>\$ 3,263,244</b>	<b>810,718</b>	<b>4,073,962</b>

See accompanying notes to financial statements.

**TOWN OF READSBORO, VERMONT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2014**

	Water Fund	Sewer Fund	Total
<b>Cash flows from operating activities:</b>			
Cash receipts from customers	\$ 103,470	110,318	213,788
Other cash receipts	319	0	319
Cash payments to:			
Suppliers of goods or services	(59,592)	(74,723)	(134,315)
Employees for services	(41,479)	(35,784)	(77,263)
<b>Net cash provided by (used in) operating activities</b>	<b>2,718</b>	<b>(189)</b>	<b>2,529</b>
<b>Cash flows from non-capital financing activities:</b>			
Interest on meter deposits	0	700	700
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>0</b>	<b>700</b>	<b>700</b>
<b>Cash flows from capital financing activities:</b>			
Advance from short-term lending	45,000	0	45,000
Payment on short-term lending	(221,000)	0	(221,000)
Advance from bonds	218,663	0	218,663
<b>Net cash provided by (used in) capital financing activities</b>	<b>42,663</b>	<b>0</b>	<b>42,663</b>
<b>Cash flows from investing activities:</b>			
Purchase of capital assets	(35,381)	0	(35,381)
<b>Net cash provided by (used in) investing activities</b>	<b>(35,381)</b>	<b>0</b>	<b>(35,381)</b>
<b>Net increase (decrease) in cash</b>	<b>10,000</b>	<b>511</b>	<b>10,511</b>
<b>Cash, beginning</b>	<b>0</b>	<b>172,585</b>	<b>172,585</b>
<b>Cash, ending</b>	<b>\$ 10,000</b>	<b>173,096</b>	<b>183,096</b>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (142,727)	(12,144)	(154,871)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	166,631	37,964	204,595
(Increase) decrease in current assets			
Accounts receivable	759	2,504	3,263
Due from other funds	184,753	(28,513)	156,240
Inventory	0	0	0
Increase (decrease) in current liabilities			
Accounts payable	(206,698)	0	(206,698)
Accrued expenses and other liabilities	0	0	0
Due to other funds	0	0	0
Deferred revenue	0	0	0
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,718</b>	<b>(189)</b>	<b>2,529</b>

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, permanent fund, and enterprise funds. 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 Town is not a component unit of another reporting entity.

The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

#### (b) **Basis of Presentation**

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements.

#### **Government-wide Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the Town. Eliminations have been made to minimize the effect of internal transactions between funds. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### **Fund Financial Statements**

The fund statements provide information about the Town's funds. Separate statements for each fund category (governmental and proprietary) are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. Management has elected to treat all of the Town's governmental funds as major funds.

*(continued)*

# TOWN OF READSBORO, VERMONT

## Notes to Financial Statements

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

(b) **Basis of Presentation (continued)**

**Fund Financial Statements (continued)**

The financial activities of the Town that are reported in the accompanying financial statements have been classified in the major funds described in the following paragraphs.

**Governmental Funds**

**General Governmental Activities Fund** – The General Governmental Activities Fund is used to account for all revenues and expenditures applicable to the general operations of the governmental agencies of the Town. All general operating revenues which are not restricted as to use by sources external to the town are recorded in the General Governmental Activities Fund.

**Special Revenue Funds** – The Special Revenue Funds are operating funds, for which the use of revenues is restricted, generally by Federal and State governments. The Town uses two Special Revenue Funds: the Cemetery Fund and the Library Fund.

**Permanent Funds** – Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the programs. The one Permanent Fund used by the Town is the Trust Fund.

**Proprietary Funds**

**Enterprise 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 three enterprise funds, the Electric Fund, the Water Fund, and the Sewer Fund.

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

The Government-wide and 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)**

(c) **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.

(d) **Budgets and Budgetary Accounting**

The Town approves budgets for the General 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.

(e) **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.

(f) **Investments**

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

(g) **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.

(h) **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)**

**(h) 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.

**(i) Governmental Fund Balance / Net Assets**

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 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 balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance is either not in spendable form (such as inventory), or is required to be maintained intact legally or contractually.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e., Select Board). To be reported as committed, amounts cannot be used for any other purpose unless the Select Board takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the Town intends to use for a specific purpose. Intent can be expressed by the Select Board or by an official or body to which the Select Board delegates the authority. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Select Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Select Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

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.

(continued)

# TOWN OF READSBORO, VERMONT

## Notes to Financial Statements

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

#### (i) **Governmental Fund Balance / Net Assets (continued)**

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted resources are used first to fund appropriations when there are both restricted and unrestricted resources available.

Unrestricted – This category includes both designated and undesignated net assets of the Town. Designated net assets include reserves that were established by the Board, which are considered internally designated. Undesignated net assets are not restricted for any project or other purpose.

#### (j) **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 but 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.

#### (k) **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, 2014, the carrying amount of the Town's deposits was \$1,580,456 and the bank balance was \$1,612,580. Of the bank balance, \$451,031 was covered by Federal depository insurance and \$1,161,549 was uninsured and uncollateralized.

#### 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.

# TOWN OF READSBORO, VERMONT

## Notes to Financial Statements

### (3) **Investments**

Investments at December 31, 2014 are as follows:

	Fair Value	Investment Maturities (Years)	
		Less Than 1	1-5
Cash equivalents	\$ 8,219	N/A	N/A
Mutual funds - equities	149,587	N/A	N/A
Mutual funds - fixed income	503,006	N/A	N/A
	\$ 660,812	-	-

#### 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) **Fair Value Measurements**

The Fair Value Measurement Topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of fair value are as follows:

- Level 1 – Unadjusted quoted prices in active market for identical assets.
- Level 2 – Inputs other than quoted prices in Level 1 that are observable for the assets, either directly or indirectly.
- Level 3 – Significant unobservable inputs for the assets where there is little or no market activity for the assets at the measurement date.

The Town's Level 1 assets include all investments in cash equivalents, mutual funds, and bonds. It has no Level 2 or Level 3 assets. Investments are classified within the level of the lowest significant input considered in determining fair value.

The inputs and methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

**TOWN OF READSBORO, VERMONT**

**Notes to Financial Statements**

**(5) Capital Assets**

Capital assets and activity for the year ended December 31, 2014 are as follows:

Governmental Funds	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
<b>Cost</b>				
Non-depreciable Assets				
Land	\$ 79,033	0	0	79,033
Construction in Process	18,392	0	0	18,392
	97,425	0	0	97,425
Depreciable Assets				
Land Improvements	51,980	0	0	51,980
Buildings	56,714	0	0	56,714
Building Improvements	53,370	3,000	0	56,370
Infrastructure	486,434	124,692	0	611,126
Vehicles and Equipment	1,707,764	213,706	(86,000)	1,835,470
Furniture and Fixtures	8,421	0	0	8,421
	2,364,683	341,398	(86,000)	2,620,081
<b>Accumulated Depreciation</b>				
Land Improvements	(7,711)	(1,494)	0	(9,205)
Buildings	(50,881)	(843)	0	(51,724)
Building Improvements	(21,959)	(2,038)	0	(23,997)
Infrastructure	(44,317)	(21,951)	0	(66,268)
Vehicles and Equipment	(822,133)	(75,849)	36,765	(861,217)
Furniture and Fixtures	(1,989)	(1,080)	0	(3,069)
	(948,990)	(103,255)	36,765	(1,015,480)
<b>Property and equipment, net</b>	<b>\$ 1,513,118</b>			<b>1,702,026</b>

Proprietary Funds	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
<b>Cost</b>				
Non-depreciable Assets				
Land	\$ 233,355	0	0	233,355
Construction in Process	0	0	0	0
	233,355	0	0	233,355
Depreciable Assets				
Buildings	7,050,460	0	0	7,050,460
Building Improvements	14,246	0	0	14,246
Distribution/Collection Systems	2,128,434	35,381	0	2,163,815
Vehicles and Equipment	52,211	0	0	52,211
	9,245,351	35,381	0	9,280,732

*(continued)*

**TOWN OF READSBORO, VERMONT**

**Notes to Financial Statements**

**(5) Capital Assets (continued)**

Proprietary Funds	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Accumulated Depreciation				
Buildings	(3,731,318)	(141,009)	0	(3,872,327)
Building Improvements	(5,924)	(1,424)	0	(7,348)
Distribution/Collection Systems	(787,217)	(57,081)	0	(844,298)
Vehicles and Equipment	(20,551)	(5,081)	0	(25,632)
	(4,545,010)	(204,595)	0	(4,749,605)
Property and equipment, net	\$ 4,933,696			4,764,482

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,727
Public safety	25,005
Public works	73,686
Culture and recreation	1,037
Cemetery	800
	\$ 103,255

**(6) Notes Payable**

Long term liabilities at December 31, 2014 consist of the following:

***Governmental Funds***

Note payable to the USDA for water system improvements. Semiannual payments are due in May and November, with an annual debt service amount totaling \$28,154. Payments include principal and interest, which is charged at 3.930%. The final payment is due in November 2029.

	\$ 314,567
Total governmental activities debt	\$ 314,567

***Proprietary Funds***

Water bond payable to the Vermont Municipal Bond Bank, annual principal payments of between \$24,000 and \$57,000 plus interest at - 3.0% (annual debt service of \$23,046), matures January 1, 2044.

	\$ 1,039,511
Total proprietary funds debt	\$ 1,039,511

Interest paid for the year ended December 31, 2014 was \$16,840.

**TOWN OF READSBORO, VERMONT**

**Notes to Financial Statements**

**(6) Notes Payable (continued)**

The following is a summary of the changes in long-term debt.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
Bonds payable	\$ 329,762	0	(15,195)	314,567	15,195
	<b>\$ 329,762</b>	<b>0</b>	<b>(15,195)</b>	<b>314,567</b>	<b>15,195</b>
<b>Business-type Activities:</b>					
Line of credit	\$ 176,000	45,000	(221,000)	0	0
Bonds payable	820,848	218,663	0	1,039,511	0
	<b>\$ 996,848</b>	<b>263,663</b>	<b>(221,000)</b>	<b>1,039,511</b>	<b>0</b>

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

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 15,792	12,362	28,154	-	-	-
2016	16,412	11,742	28,154	57,472	(34,426)	23,046
2017	17,057	11,097	28,154	55,748	(32,702)	23,046
2018	17,728	10,427	28,155	54,076	(31,030)	23,046
2019	18,424	9,730	28,154	52,453	(29,407)	23,046
2020-2024	103,569	37,202	140,771	239,584	(124,354)	115,230
2025-2029	125,585	15,187	140,772	205,738	(90,508)	115,230
2030-2034	0	0	0	176,673	(61,443)	115,230
2035-2039	0	0	0	151,715	(36,485)	115,230
2040-2044	0	0	0	130,282	(15,052)	115,230
2045-2049	0	0	0	23,759	(713)	23,046
	<b>\$ 314,567</b>	<b>107,747</b>	<b>422,314</b>	<b>1,147,500</b>	<b>(456,120)</b>	<b>691,380</b>

The amortization presented for the business-type activities reflects total anticipated borrowings upon completion of the water system improvements.

**TOWN OF READSBORO, VERMONT**

**Notes to Financial Statements**

**(7) Fund Balances**

At December 31, 2014, the Town's fund balances were restricted, committed or assigned as follows:

**General Fund, Committed:**

Bridge repair	\$	20,405
Machinery sinking fund		231,521
Gravel Fund		51,430
Landfill closure		9,520
Legal fees		24,066
Reappraisal		41,436
Restoration		4,369
Computerization		8,032
Tax sale escrow		5,881
Town office reserve		17,425
Town owned building fund		28,346
Communications		7,641
Ambulance		4,000
Cemetery		5,000
FD protective equipment		1,227
Energy efficiency		<u>88,000</u>
Total general fund, committed	\$	<u><u>548,299</u></u>

**Permanent Fund, Restricted:**

Trust	\$	<u><u>306,000</u></u>
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**(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 2014 was:

		Residential	Non-Residential
Municipal	\$	0.9251	0.9251
Local agreement		0.0095	0.0095
Education		1.0052	1.4020
	\$	<u>1.9398</u>	<u>2.3366</u>

## 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 \$347,784, \$218,982 was covered under the Vermont Municipal Employees' Retirement System.

Total employer contributions made to the System for the year ended December 31, 2014 was \$10,722.

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 November 18, 2015, the date on which the financial statements were available to be issued.



**TOWN OF READSBORO, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>Taxes</b>			
Property taxes	\$ 786,697	783,645	(3,052)
Delinquent interest	15,000	17,095	2,095
Delinquent penalty	0	13,021	13,021
Tax sales	0	250	250
<b>Total taxes</b>	<b>801,697</b>	<b>814,011</b>	<b>12,314</b>
<b>Licenses and Permits</b>			
Dog licenses	300	318	18
Liquor licenses	300	285	(15)
Zoning permits	2,000	1,800	(200)
Dog fines	50	0	(50)
<b>Total licenses and permits</b>	<b>2,650</b>	<b>2,403</b>	<b>(247)</b>
<b>Intergovernmental</b>			
Highway aid	62,000	65,454	3,454
State aid - bridges	0	22,576	22,576
Hazard Mitigation Grant	0	263,760	263,760
Other grants and fees	63,500	163,659	100,159
SRTS bulb out revenue	0	55,692	55,692
Disaster aid	0	22,554	22,554
Re-appraisal	0	8,020	8,020
<b>Total intergovernmental</b>	<b>125,500</b>	<b>601,715</b>	<b>476,215</b>
<b>Charges for Services</b>			
Copier/fax use	1,200	1,182	(18)
Recording fees	5,000	4,800	(200)
Civil fines	100	0	(100)
Restoration fund fees	0	1,381	1,381
Computerization fund fees	0	1,423	1,423
Rental	1,600	1,625	25
<b>Total charges for services</b>	<b>7,900</b>	<b>10,411</b>	<b>2,511</b>
<b>Solid Waste</b>			
Tipping fees	14,000	15,154	1,154
Car stickers	1,700	2,170	470
Metal sales	750	774	24
<b>Total solid waste</b>	<b>16,450</b>	<b>18,098</b>	<b>1,648</b>
<b>Miscellaneous Income</b>			
Interest income	0	124	124
Other miscellaneous income	0	25,000	25,000
General reimbursement	8,000	35,471	27,471
Appropriations received:			
Machinery Sinking Fund	0	50,000	50,000
Bridge fund	0	10,000	10,000
Gravel Fund	0	10,000	10,000
Fire Equipment Fund	0	30,000	30,000
Town Owned Building Fund	0	37,744	37,744
Cemetery Capital Fund	0	10,000	10,000
<b>Total miscellaneous income</b>	<b>8,000</b>	<b>208,339</b>	<b>200,339</b>
<b>Total revenues</b>	<b>962,197</b>	<b>1,654,977</b>	<b>692,780</b>

(continued)

**TOWN OF READSBORO, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended December 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures</b>			
<b>General Government</b>			
<i>Selectmen</i>			
Salaries	10,216	5,386	4,830
Clerk salaries	4,200	4,103	97
Payroll taxes	755	865	(110)
Unemployment compensation	1,000	6	994
Office supplies	500	433	67
Projects	15,000	14,291	709
Tax bill expenses	1,750	1,333	417
Tax sale purchases	0	34,565	(34,565)
Town agent	100	15	85
Travel	100	0	100
Postage	500	94	406
Professional services	2,500	3,464	(964)
911 Project	1,000	0	1,000
Beautification Fund	200	200	0
<i>Total selectmen</i>	37,821	64,755	(26,934)
<i>Clerk</i>			
Salary	9,500	11,361	(1,861)
Asst. clerk salary	8,736	7,348	1,388
Ballot clerk salaries	1,000	1,167	(167)
BCA member	1,500	356	1,144
BCA meeting expense	250	6	244
Moderator salary	120	50	70
Payroll taxes	1,723	1,630	93
Retirement	572	602	(30)
Travel	100	0	100
Office supplies	1,500	738	762
Postage	500	446	54
Town meeting expense	250	279	(29)
Town reports	1,800	1,998	(198)
Equipment	3,500	1,240	2,260
Dog expense	75	73	2
Telecommunications	750	605	145
Professional services	500	445	55
Training	250	0	250
Membership dues	1,709	1,709	0
Copier	500	559	(59)
Records restoration	4,000	3,004	996
<i>Total clerk</i>	38,835	33,616	5,219

(continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund (continued)  
 Year Ended December 31, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Expenditures (continued)</i>			
<i>General Government (continued)</i>			
<i>Treasurer</i>			
Salary	9,500	11,107	(1,607)
Asst. treasurer salary	2,000	1,582	418
Payroll taxes	869	894	(25)
Retirement	572	583	(11)
Travel	300	13	287
Office supplies	500	1,134	(634)
Small equipment	1,000	899	101
Telephone	750	605	145
Audit	13,000	6,400	6,600
Professional services	3,000	505	2,495
Training	250	0	250
Copier contract	500	657	(157)
Postage	1,700	1,321	379
Bank charges	10	40	(30)
<i>Total treasurer</i>	33,951	25,740	8,211
<i>Delinquent Tax Collector</i>			
Salary	0	15,603	(15,603)
Payroll taxes	1,200	1,194	6
Office supplies	200	167	33
<i>Total delinquent tax collector</i>	1,400	16,964	(15,564)
<i>Listers</i>			
Salaries	8,415	4,686	3,729
Payroll taxes	644	402	242
Travel	250	142	108
Postage	500	190	310
Office supplies	250	76	174
Equipment	1,200	1,053	147
Contracted services	5,900	5,833	67
Telephone	1,750	1,676	74
Electricity, water and sewer	725	823	(98)
Professional services	4,250	5,139	(889)
Training	500	0	500
<i>Total listers</i>	24,384	20,020	4,364
<i>911 Coordinator</i>			
Salary	100	100	0
Payroll taxes	9	0	9
<i>Total 911 coordinator</i>	109	100	9

(continued)

**TOWN OF READSBORO, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended December 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued)</b>			
<b>General Government (continued)</b>			
<i>Planning / Zoning</i>			
Zoning administrator	1,550	1,789	(239)
Payroll taxes	125	137	(12)
Zoning miscellaneous	400	0	400
WRC	1,328	1,391	(63)
Development Review Board	350	39	311
Office supplies	210	0	210
Postage	175	115	60
Public hearings - Town plan	200	34	166
Community Development Com.	200	0	200
Other	150	51	99
<i>Total planning / zoning</i>	4,688	3,556	1,132
<i>Dog Officer</i>			
Salary	600	600	0
Payroll taxes	46	46	0
Travel expense	100	0	100
Dog expense	125	0	125
<i>Total dog officer</i>	871	646	225
<i>Public Safety</i>			
Contracted sevicees	13,000	12,224	776
<i>Town Administrator</i>			
Salary	37,235	31,725	5,510
Payroll taxes	2,851	2,386	465
Retirement	0	63	(63)
Travel expense	300	60	240
Office supplies	750	622	128
Telephone	1,052	876	176
Professional development	250	415	(165)
Membership dues	225	225	0
Copier contract	420	562	(142)
	43,083	36,934	6,149
<i>Miscellaneous</i>			
Electricity (Streets)	20,000	14,145	5,855
Electricity (Lions Park)	1,300	899	401
SRTS bulb out grant expenditures	0	1,617	(1,617)
Sidewalk expenditures	0	3,290	(3,290)
Historical Society Electricity	250	217	33
Historical Society Sewer	400	342	58
Historical Society Water	410	456	(46)
Bandstand	300	257	43
Ballfield	250	309	(59)
Windham Regional Planning	0	59	(59)
Legal Fees	0	158	(158)

(continued)

**TOWN OF READSBORO, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended December 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued)</b>			
<b>General Government (continued)</b>			
<i>Miscellaneous (continued)</i>			
Health Officer	300	300	0
Payroll taxes	21	23	(2)
Postage	50	0	50
Workshop	110	0	110
Junk Officer	300	200	100
Payroll taxes	21	15	6
Travel expenses	100	0	100
<i>Total miscellaneous</i>	23,812	22,287	1,525
<b>Total general government</b>	221,954	236,842	(14,888)
<b>Highway</b>			
<i>Winter Roads</i>			
Salaries	70,000	76,807	(6,807)
Payroll taxes	5,355	5,767	(412)
Retirement	3,675	2,864	811
Health insurance	19,057	17,669	1,388
Travel	150	46	104
Outside equipment	9,850	4,925	4,925
New equipment	500	575	(75)
Uniforms	1,150	816	334
Sand	26,000	30,166	(4,166)
Salt	14,000	17,503	(3,503)
Miscellaneous	0	86	(86)
<i>Total winter roads</i>	149,737	157,224	(7,487)
<i>Winter Garage</i>			
Office supplies	1,500	1,490	10
Supplies	6,000	5,978	22
Telephone	1,000	667	333
Electricity	2,500	2,408	92
Sewer / Water	650	1,088	(438)
<i>Total winter garage</i>	11,650	11,631	19
<i>Summer Roads</i>			
Salaries	90,000	82,963	7,037
Summer help	5,000	7,788	(2,788)
Payroll taxes	7,515	6,911	604
Retirement	4,725	4,120	605
Health insurance	19,057	18,625	432
Insurance	17,600	15,439	2,161
Workers compensation insurance	14,209	12,907	1,302
Travel	250	300	(50)
Postage	50	0	50
Professional services	2,000	398	1,602
Outside equipment	5,000	10,505	(5,505)

(continued)

**TOWN OF READSBORO, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended December 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b><i>Expenditures (continued)</i></b>			
<i>Summer Roads (continued)</i>			
Small equipment	1,500	0	1,500
Uniforms	1,150	1,484	(334)
Road materials	85,000	75,035	9,965
Gravel and stone	5,000	0	5,000
Miscellaneous	0	12,690	(12,690)
<i>Total summer roads</i>	258,056	249,165	8,891
<i>Summer Garage</i>			
Supplies	3,000	4,629	(1,629)
Telephone	1,000	960	40
Electricity	1,800	2,030	(230)
Sewer / Water	850	592	258
Siding, windows and repairs	1,300	1,137	163
Special summer projects (HMGP grant)	0	208,215	(208,215)
<i>Total summer garage</i>	7,950	217,563	(209,613)
<i>Fuels</i>			
Heating oil	12,000	12,089	(89)
Gas	750	428	322
Diesel	32,000	34,768	(2,768)
<i>Total fuels</i>	44,750	47,285	(2,535)
<i>Parts and Supplies</i>			
Truck 1 and plow	4,000	4,692	(692)
Truck 2 and plow	3,000	0	3,000
Truck 3 and plow	3,000	1,263	1,737
Truck 10 and plow	4,000	2,931	1,069
Truck 20 and plow	4,000	6,208	(2,208)
Truck 22 and plow	5,000	2,564	2,436
Backhoes	3,000	2,141	859
Loaders	2,000	356	1,644
Grader	5,000	2,500	2,500
Chainsaws	500	86	414
Mower	4,500	1,708	2,792
Compressor	150	42	108
Brush cutter	250	748	(498)
Chipper	250	0	250
Supplies	0	3,369	(3,369)
<i>Total parts and supplies</i>	38,650	28,608	10,042
<b><i>Total highway</i></b>	<b>510,793</b>	<b>711,476</b>	<b>(200,683)</b>

(continued)

**TOWN OF READSBORO, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended December 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b><i>Expenditures (continued)</i></b>			
<b><i>Solid Waste</i></b>			
Salaries	9,000	8,999	1
Payroll taxes	650	688	(38)
Retirement	0	4	(4)
Insurance	996	996	0
Travel	0	140	(140)
Office supplies	275	249	26
Electricity	1,500	1,281	219
Professional services	500	0	500
Container rental/pickup	26,000	24,893	1,107
WSWD assessment	10,000	9,884	116
Repairs	500	0	500
<b><i>Total solid waste</i></b>	<b>49,421</b>	<b>47,134</b>	<b>2,287</b>
<b><i>Fire Department</i></b>			
Fire warden	500	501	(1)
Insurance	6,775	6,942	(167)
Telephone	1,400	1,533	(133)
Electricity	1,850	2,059	(209)
Sewer / Water	838	873	(35)
Heating oil	2,250	3,079	(829)
Equipment	1,500	1,510	(10)
Fire equipment replacement fund exp.	0	2,039	(2,039)
Training	1,000	300	700
Training officer	1,900	2,302	(402)
Membership dues	12,000	11,863	137
Gas	500	0	500
Diesel	1,200	45	1,155
Radio repairs	1,500	2,486	(986)
Equipment repairs	4,500	6,900	(2,400)
Miscellaneous	500	586	(86)
PPE expense	0	982	(982)
Grant expenditures	0	86,800	(86,800)
<b><i>Total fire department</i></b>	<b>38,213</b>	<b>130,800</b>	<b>(92,587)</b>
<b><i>Library</i></b>			
Salaries	18,106	17,464	642
Payroll taxes	1,397	1,280	117
Programs	750	829	(79)
Insurance	410	408	2
Travel	300	403	(103)
Office supplies	300	437	(137)
Postage	200	166	34
Books	1,500	1,692	(192)
Periodicals	200	144	56
Audio / Visual	800	806	(6)
Telephone	500	268	232

(continued)

**TOWN OF READSBORO, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended December 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued)</b>			
<b>Library (continued)</b>			
Technology	1,000	1,576	(576)
Membership dues	200	142	58
Miscellaneous	300	165	135
<b>Total library</b>	<b>25,963</b>	<b>25,780</b>	<b>183</b>
<b>Appropriations</b>			
Appropriated requests	0	37,744	(37,744)
Machinery replacement fund	75,000	15,000	60,000
County tax	6,300	6,110	190
Historical Society building	500	500	0
Ambulance	0	0	0
Council on Aging	900	900	0
Visiting Nurses Association	2,150	2,150	0
Green Up Day	50	0	50
Emergency Mngmt/Cell Phone	1,000	310	690
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	0	5,000	(5,000)
Miscellaneous appropriations	0	600	(600)
Wings program	0	2,000	(2,000)
Transfer form General Fund	0	45,000	(45,000)
Bridge Fund	0	10,000	(10,000)
<b>Total appropriations</b>	<b>87,930</b>	<b>127,344</b>	<b>(39,414)</b>
<b>Capital Outlays</b>			
Fire truck	20,571	20,572	(1)
Machinery replacement	0	145,000	(145,000)
Bridges	0	41,485	(41,485)
<b>Total capital outlays</b>	<b>20,571</b>	<b>207,057</b>	<b>(186,486)</b>
<b>Cemeteries:</b>			
Salaries	0	12,274	(12,274)
Payroll taxes	0	939	(939)
Contracted Services	11,100	8,726	2,374
Parts and supplies	1,900	2,656	(756)
<b>Total cemeteries</b>	<b>13,000</b>	<b>24,595</b>	<b>(11,595)</b>
<b>Debt Service</b>			
Water bond	28,200	28,154	46
<b>Total debt service</b>	<b>28,200</b>	<b>28,154</b>	<b>46</b>
<b>FEMA Expense</b>			
Culvert installation	0	67,286	(67,286)
<b>Total FEMA Expense</b>	<b>0</b>	<b>67,286</b>	<b>(67,286)</b>
<b>Total expenditures</b>	<b>996,045</b>	<b>1,606,468</b>	<b>(610,423)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(33,848)</b>	<b>48,509</b>	<b>82,357</b>

(continued)



TOWN OF READSBORO, VERMONT  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual - General Fund (continued)  
Year Ended December 31, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Other financing sources (uses):</i>			
Operating transfer (to) from:			
Trust Fund	15,000	16,635	1,635
<b><i>Total other financing sources (uses)</i></b>	<b>15,000</b>	<b>16,635</b>	<b>1,635</b>
<b><i>Excess (deficiency) of revenues over expenditures and other financing uses</i></b>	<b>(18,848)</b>	<b>65,144</b>	<b>83,992</b>
<b><i>Fund balance January 1, 2014</i></b>		<b>639,728</b>	
<b><i>Fund balance December 31, 2014</i></b>		<b>\$ 704,872</b>	



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

To the Select Board  
Town of Readsboro, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Readsboro, Vermont, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Town of Readsboro, Vermont's basic financial statements, and have issued our report thereon dated November 18, 2015.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

November 18, 2015

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