

TOWN OF EAST MONTPELIER, VERMONT
AUDIT REPORT AND FINANCIAL STATEMENTS
MODIFIED CASH BASIS

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

September 21, 2009

To The Selectboard
Town of East Montpelier
East Montpelier, Vermont

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Montpelier, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

As described in Note 1, the Town of East Montpelier, Vermont, prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Montpelier, as of June 30, 2009, and the respective changes in financial position – modified cash basis and the budgetary comparison for the General Fund – modified cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Montpelier's basic modified cash basis financial statements. The supplementary information in Schedules 1 & 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Fothergill Segale & Valley CPAs
FOTHERGILL SEGAL & VALLEY, CPAs
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TOWN OF EAST MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Our discussion and analysis of the Town of East Montpelier, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009, within the limitations of the Town's modified cash basis of accounting. Please read it in conjunction with the Town's financial statements that begin on Exhibit A.

Financial Highlights

Government-Wide Financial Statements:

- The Town's net assets increased as a result of this year's operations by \$138,274. This is an approximate 9% increase from June 30, 2008.
- The cost of all of the Town's operations for fiscal year 6/30/09 was \$1,549,037 compared to 6/30/08 of \$1,310,252, an 18% increase.

Funds Financial Statements:

- The Town's total General Fund revenues exceeded total expenditures and transfers, on the modified cash basis of accounting, by \$37,241, which was \$119,051 better than budget.
- The unreserved fund balance for the General Fund was \$146,176 as of June 30, 2009, compared to \$70,961 as of June 30, 2008. The special revenue funds decreased by \$91,807, mainly as a result of the reappraisal cost and land conversation cost. The capital project funds increased by \$56,937, mainly due to the capital reserve fund.

Using This Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Town's modified cash basis of accounting. This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (*Exhibit A & B*) provide information about the activities of the Town's government-wide financial statements under the modified cash basis. This reflects cash activity and recognizes capital assets as well as notes payable debt. The fund financial statements (starting on Exhibit C) focus on the individual parts of the Town government based on the cash activity. 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 ("major") funds.

Basis of Accounting

The Town has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the Town's modified cash basis of accounting, revenues, expenses, related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities.

TOWN OF EAST MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(Continued)

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Town as a Whole

The Government-Wide Statement of Net Assets and the Statement of Activities

The financial statements of the Town as a whole are on Exhibit A and B. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's modified cash activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all of the Town's assets and liabilities resulting from the use of the modified cash basis of accounting. These statements also report the Town's net assets and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the Town's net assets - the difference between assets and liabilities - as one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the Town is made up of governmental activities. All of the Town's basic services are reported here, including the general administration, streets and highway, public safety, and cemetery. Property taxes, fines, and state aid finance most of these activities.

Reporting the Town's Most Significant Funds

The Fund Financial Statements

The fund financial statements begin on Exhibit C and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law. However, the Town Selectboard establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

TOWN OF EAST MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

(Continued)

We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation in Exhibit D and F. The Town considers the General Fund, the Capital Reserve Fund, the Cemetery Trust Fund and Emergency Services Facility Fund to be its significant or major governmental funds. All other governmental funds are aggregated in a single column titled nonmajor funds.

The Town as a Whole (Government-Wide Financial Analysis)

The Town's combined net assets increased by \$138,274 as a result of the current year operations. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

Table 1 - Net Assets

	6/30/2009	6/30/2008	Net Change
Current and other assets	\$ 741,637	\$ 707,238	\$ 34,399
Capital assets	1,239,208	1,108,491	130,717
Total assets	<u>1,980,845</u>	<u>1,815,729</u>	<u>165,116</u>
Current liabilities	1,409	15,554	(14,145)
Lease and note payable due within one year	114,239	111,582	2,657
Lease and note payable due after one year	225,338	187,008	38,330
Total liabilities	<u>340,986</u>	<u>314,144</u>	<u>26,842</u>
Net Assets:			
Invested in capital assets, net of related debt	949,631	809,901	139,730
Restricted	500,216	538,913	(38,697)
Unrestricted	190,012	152,771	37,241
Total net assets	<u>\$ 1,639,859</u>	<u>\$ 1,501,585</u>	<u>\$ 138,274</u>

Table 2 - Change in Net Assets

	6/30/09	6/30/08	Net Change
REVENUES			
General revenue:			
Property taxes	\$ 1,144,585	\$ 1,220,041	\$ (75,456)
Earnings on investments	20,309	50,423	(30,114)
Other general revenue	8,305	5,030	3,275
Program revenue:			
Charges for services	85,804	68,871	16,933
Operating & Capital grants and contributions	428,308	287,590	140,718
Total revenues	<u>1,687,311</u>	<u>1,631,955</u>	<u>55,356</u>
PROGRAM EXPENSES			
Highways and roads	620,432	593,908	26,524
General government	579,771	396,829	182,942
Public safety	245,232	224,967	20,265
Culture and recreation	64,303	49,814	14,489
Health and welfare	15,541	21,211	(5,670)
Community development	15,187	20,540	(5,353)
Interest on long-term debt	8,571	2,983	5,588
Total program expenses	<u>1,549,037</u>	<u>1,310,252</u>	<u>238,785</u>
Increase (decrease) in net assets	<u>\$ 138,274</u>	<u>\$ 321,703</u>	<u>\$ (183,429)</u>

TOWN OF EAST MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

(Continued)

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from a \$152,771 surplus at June 30, 2008, to a \$190,012 surplus at June 30, 2009 for the governmental activities.

Total expenses for governmental activities, resulting from modified cash basis transactions, increased 18% from 06/30/08 to 6/30/09. Of these total expenses in fiscal year ending 6/30/09, taxpayers and other general revenues funded 74% of total expenses compared to 93% in 2008.

Table 3 presents the cost of each of the Town's five largest programs – highway and roads, general government, public safety, culture and recreation, and health and welfare – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Governmental Activities

	6/30/2009		6/30/2008	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Highways and roads	\$ 620,432	\$ 278,320	\$ 593,908	\$ 404,392
General government	579,771	415,950	396,829	241,044
Public safety	245,232	245,232	224,967	224,967
Culture and recreation	64,303	60,624	49,814	43,154
Health and welfare	15,541	15,541	21,211	21,211
Other cost	23,758	19,258	23,523	19,023
Total	\$ 1,549,037	\$ 1,034,925	\$ 1,310,252	\$ 953,791

The Town's Funds (*Fund Financial Statement Analysis*)

As the Town completed the fiscal year June 30, 2009, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$690,228, which is approximate the same as fiscal year ended June 30, 2008 total fund balance of \$691,684.

General Fund Budgetary Highlights

Monthly financial reports reviewed by the Select Board served as the vehicle for monitoring the actual results compared to budget for the year. Over the course of the year, the Town's management did not adjust the budget.

Exhibit G compares actual to budget which shows the favorable and unfavorable variances that arose during the fiscal year in the General Fund. The net revenues were greater than expenditures by \$37,241 which is \$119,051 better than budget.

TOWN OF EAST MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009
(Continued)

The larger variances are as follows:

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues and other sources:			
Property Taxes	\$ 1,128,675	\$ 1,144,585	\$ 15,910
Current use hold harmless taxes	75,051	62,494	(12,557)
FEMA grant	0	23,667	23,667
Muddy Brook Road grant	0	94,932	94,932
Paving Towne Hill grant	110,000	0	(110,000)
Investment interest	20,000	2,315	(17,685)
Loan proceeds	0	102,569	102,569
Expenditures:			
Town officers	127,448	137,797	(10,349)
Accounting and legal fees	24,000	78,350	(54,350)
Highway & roads operations	324,240	278,733	45,507
Muddy Brook grant project	0	10,682	(10,682)
Paving Towne Hill grant	115,000	0	115,000
2008 Volvo Wheel Loader	0	105,769	(105,769)

The reasons for these variances are as follows:

Revenues:

Property Taxes – The actual number includes both current year taxes received and delinquent taxes collected. The favorable variance is a result of higher than expected tax collection.

Current use hold harmless – The amount of this payment was lower than projected. A review of the past few year's payments show that the number is difficult to project accurately and the prior year's payment was unexpectedly high leading to a higher projection.

FEMA grant – Un-budgeted revenue reimbursement from FEMA for flooding and water damage occur within the town.

Muddy Brook Road grant – Timing difference with most of the expenditures in the prior year and grant funds arriving in the current year.

Paving Towne Hill grant – Grant award application not approved, therefore no funds received.

Investment Interest – Investments performed worse than expected due to a decline in investment interest rates available for tax anticipation notes.

Expenditures:

Town Officers – Due to changes in personnel, costs were higher than anticipated.

Accounting and legal fees – This variance is primarily due to the forensic audit and lawsuit that were concluded this fiscal year as well as the payment of the legal fee settlement as voted in March 2009.

Highway & roads operations – Guardrails, crack sealing and road fabric budgets were not spent due to other projects. The use of chloride was also significantly lower than expected.

Muddy Brook grant project – Project completed this fiscal year with grant revenue to off-set.

Paving Towne Hill grant – Project was not done since funds were not awarded for the project. See revenue variance above.

TOWN OF EAST MONTPELIER, VERMONT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2009
 (Continued)

Capital Assets and Debt Administration

Capital Assets

At June 30, 2009, the Town had \$1,239,208 invested in capital assets, net of depreciation, including buildings, equipment, vehicles and infrastructure (See table below). This represents a net increase of \$130,717 compared to June 30, 2008.

Capital Assets at Year-End
 (Net of depreciation)

	Governmental Activities	
	6/30/2009	6/30/2008
Land	\$ 30,600	\$ 30,600
Buildings	240,852	246,590
Equipment and vehicles	656,782	613,479
Infrastructure	310,974	217,822
Totals	\$ 1,239,208	\$ 1,108,491

The capital asset changes during the fiscal year were equipment and vehicle purchases of a wheel loader, trade-in of a wheel loader and the purchase of vault shelving, along with infrastructure improvements to the Muddy Brook road, and the installation of a box culvert on Center Road.

Debt

At June 30, 2009, the Town had \$339,577 in notes outstanding versus \$298,590 on June 30, 2008 – an increase of \$40,987. One new loader purchase was financed and two short-term notes were issued in fiscal year 2009.

Economic Factors and Next Year's Budget and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2010 budget for Town operations. The most important factor was the economy. It was not certain, at the time of setting the budget, whether our townspeople would be able to pay their taxes. If not, the Town's delinquent taxes would most likely rise and fiscal year 2009 might end up with a deficit. As a result, a very conservative position was taken in establishing the fiscal year 2010 budget. Salaries and wage rates were minimally increased. As usual, other factors considered were the past year's actual cost, known cost changes due to current trends (i.e., insurance increases, fuel increases, etc.) and current condition of roads.

Contacting the Town's Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at Town of East Montpelier, Vermont.

STATEMENT OF NET ASSETS
MODIFIED CASH BASIS

JUNE 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 741,637
Property, equipment, and infrastructure (net of allowance for depreciation of \$381,885)	<u>1,239,208</u>
Total assets	<u>1,980,845</u>
LIABILITIES	
Fees collected on behalf of the State	1,409
Note payable due within one year	114,239
Note payable due after one year	<u>225,338</u>
Total liabilities	<u>340,986</u>
NET ASSETS	
Unrestricted	190,012
Restricted	500,216
Invested in capital assets, net of related debt	<u>949,631</u>
Total net assets	<u><u>\$ 1,639,859</u></u>

TOWN OF EAST MONTPELIER, VERMONT

EXHIBIT B

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS

FISCAL YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
Governmental Activities:					
Highways and roads	\$ 620,432	\$ 0	\$ 144,110	\$ 198,002	\$ (278,320)
General government	579,771	82,125	81,696	0	(415,950)
Public safety	245,232	0	0	0	(245,232)
Culture and recreation	64,303	3,679	0	0	(60,624)
Health and welfare	15,541	0	0	0	(15,541)
Community development	15,187	0	4,500	0	(10,687)
Interest on long-term debt	8,571	0	0	0	(8,571)
Total governmental activities	<u>\$ 1,549,037</u>	<u>\$ 85,804</u>	<u>\$ 230,306</u>	<u>\$ 198,002</u>	<u>(1,034,925)</u>

General Revenues:

Property taxes	1,144,585
Interest revenue	20,309
Other general revenue	8,305
Total general revenues	<u>1,173,199</u>

Change in net assets

138,274

Net assets - June 30, 2008

1,501,585

Net assets - June 30, 2009

\$ 1,639,859

BALANCE SHEET
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS

JUNE 30, 2009

	Major Funds				Nonmajor Funds	
	General Fund	Capital Reserve Fund	Cemetery Trust Fund	Emergency Services Facility Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$198,088	\$266,996	\$ 96,402	\$ 32,979	\$ 147,172	\$ 741,637
Due from other funds	0	0	0	0	6,667	6,667
Total assets	<u>\$198,088</u>	<u>\$266,996</u>	<u>\$ 96,402</u>	<u>\$ 32,979</u>	<u>\$ 153,839</u>	<u>\$ 748,304</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Fees collected on behalf of the State	\$ 1,409	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,409
Notes payable	0	0	0	50,000	0	50,000
Due to other funds	6,667	0	0	0	0	6,667
Total liabilities	<u>8,076</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>58,076</u>
Fund Balances						
Reserved :						
Permanent:						
Non-expendable	0	0	74,325	0	50,000	124,325
Expendable	0	0	22,077	0	157	22,234
FY 2010 expenditures	43,836	0	0	0	0	43,836
Unreserved:						
General fund	146,176	0	0	0	0	146,176
Special revenue funds	0	0	0	0	95,857	95,857
Capital project funds	0	266,996	0	(17,021)	7,825	257,800
Total fund balances	<u>190,012</u>	<u>266,996</u>	<u>96,402</u>	<u>(17,021)</u>	<u>153,839</u>	<u>690,228</u>
Total liabilities and fund balances	<u>\$198,088</u>	<u>\$266,996</u>	<u>\$ 96,402</u>	<u>\$ 32,979</u>	<u>\$ 153,839</u>	<u>\$ 748,304</u>

RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
MODIFIED CASH BASIS

JUNE 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 690,228
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$1,621,093, and the accumulated depreciation is \$381,885.	1,239,208
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Note payable	<u>(289,577)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 1,639,859</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

FISCAL YEAR ENDED JUNE 30, 2009

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Reserve Fund	Cemetery Trust Fund	Emergency Services Facility Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 1,144,585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,144,585
Licenses and fees	54,560	0	0	0	3,679	58,239
Intergovernmental	412,513	0	0	0	15,795	428,308
Fines and penalties	27,565	0	0	0	0	27,565
Interest	13,749	2,287	1,232	7	3,034	20,309
Other revenue	5,152	0	1,608	0	1,545	8,305
Total revenues	<u>1,658,124</u>	<u>2,287</u>	<u>2,840</u>	<u>7</u>	<u>24,053</u>	<u>1,687,311</u>
EXPENDITURES						
Current expenditures						
General government	484,321	0	0	0	94,110	578,431
Health and welfare	9,285	0	5,706	0	0	14,991
Culture and recreation	49,483	0	0	0	14,820	64,303
Public safety	228,204	0	0	17,028	0	245,232
Highways and roads	509,591	0	0	0	0	509,591
Community Development	0	0	0	0	15,187	15,187
Debt service						
Principal	46,582	65,000	0	0	0	111,582
Interest	8,571	0	0	0	0	8,571
Capital outlay	236,848	0	6,600	0	0	243,448
Total expenditures	<u>1,572,885</u>	<u>65,000</u>	<u>12,306</u>	<u>17,028</u>	<u>124,117</u>	<u>1,791,336</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>85,239</u>	<u>(62,713)</u>	<u>(9,466)</u>	<u>(17,021)</u>	<u>(100,064)</u>	<u>(104,025)</u>
OTHER FINANCING SOURCES (USES)						
Loan Proceeds	102,569	0	0	0	0	102,569
Transfers in	0	130,000	10,900	0	9,667	150,567
Transfers out	(150,567)	0	0	0	0	(150,567)
Total other financing sources (uses)	<u>(47,998)</u>	<u>130,000</u>	<u>10,900</u>	<u>0</u>	<u>9,667</u>	<u>102,569</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>37,241</u>	<u>67,287</u>	<u>1,434</u>	<u>(17,021)</u>	<u>(90,397)</u>	<u>(1,456)</u>
FUND BALANCES - June 30, 2008	<u>152,771</u>	<u>199,709</u>	<u>94,968</u>	<u>0</u>	<u>244,236</u>	<u>691,684</u>
FUND BALANCES - June 30, 2009	<u>\$ 190,012</u>	<u>\$ 266,996</u>	<u>\$ 96,402</u>	<u>\$ (17,021)</u>	<u>\$ 153,839</u>	<u>\$ 690,228</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS

FISCAL YEAR ENDED JUNE 30, 2009

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	(1,456)
Amounts reported for governmental activities in the statement of activities are different because:		
Payment of note payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		111,582
Long-term loan proceeds are reported as revenue on the fund financial statements, but these proceeds increase long-term liabilities in the statement of net assets.		(102,569)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays net of disposals and adjustments \$243,448 exceeds depreciation expense \$112,731 in the period.		<u>130,717</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>138,274</u></u>

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
MODIFIED CASH BASIS

FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,128,675	\$ 1,144,585	\$ 15,910
Licenses and fees:			
Recording fees	20,000	23,707	3,707
School services fee	8,500	8,500	0
Education retention fees	4,000	6,817	2,817
Other fees	14,650	15,536	886
Intergovernmental:			
Current use hold harmless taxes	75,051	62,494	(12,557)
Highway aid	125,246	120,443	(4,803)
Center Road grant	93,500	103,070	9,570
Pilot program grant	3,800	5,912	2,112
Paving Towne Hill grant	110,000	0	(110,000)
FEMA grant	0	23,667	23,667
Muddy Brook road grant	0	94,932	94,932
Various miscellaneous grants	0	1,995	1,995
Interest:			
Delinquent tax interest	10,500	11,434	934
Investment interest	20,000	2,315	(17,685)
Fines and penalties:			
Traffic fines	12,000	15,516	3,516
Delinquent tax penalties	12,000	12,049	49
Miscellaneous	725	5,152	4,427
Total revenues	<u>1,638,647</u>	<u>1,658,124</u>	<u>19,477</u>
EXPENDITURES			
Current Expenditures			
General government			
Town officers	127,448	137,797	(10,349)
Employee benefits	118,548	123,087	(4,539)
Town meeting and elections	10,900	9,199	1,701
Accounting & legal fees	24,000	78,350	(54,350)
Municipal building	25,449	17,825	7,624
Municipal operations	43,941	46,483	(2,542)
Computer equipment & services	7,000	5,418	1,582
Planning and zoning	26,464	26,085	379

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
MODIFIED CASH BASIS

FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Lister	27,560	28,698	(1,138)
Education and seminars	3,870	4,178	(308)
Education tax reconciliation payment	8,064	0	8,064
Vermont League of Cities and Towns	2,752	2,752	0
Central Vermont Regional Planning Comm.	2,556	2,556	0
Miscellaneous other	900	1,893	(993)
Total general government	<u>429,452</u>	<u>484,321</u>	<u>(54,869)</u>
Health and welfare			
CV Solid Waste District	8,367	8,410	(43)
Northern Vt Resource	75	75	0
Displaced canine services	1,040	800	240
Total health and welfare	<u>9,482</u>	<u>9,285</u>	<u>197</u>
Culture and recreation			
Four Corners School Assoc	3,000	3,000	0
Kellogg Hubbard Library	31,054	31,054	0
Wrightsville Beach Recreation	1,357	1,329	28
Historical society books	3,000	0	3,000
Various other funding requests	14,100	14,100	0
Total culture and recreation	<u>52,511</u>	<u>49,483</u>	<u>3,028</u>
Public safety			
Law enforcement	30,361	21,715	8,646
Washington County expense	29,450	29,450	0
Ambulance service	67,262	67,262	0
Fire Department	107,859	107,859	0
Fire Department facility planning	0	1,918	(1,918)
Total public safety	<u>234,932</u>	<u>228,204</u>	<u>6,728</u>
Highways and roads			
Operations	324,240	278,733	45,507
Ancient roads grant project	0	85	(85)
Town garage cost	22,082	12,639	9,443
Repairs and maintenance	40,000	49,344	(9,344)
Highway labor	171,756	168,790	2,966
Total highways and roads	<u>558,078</u>	<u>509,591</u>	<u>48,487</u>

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
MODIFIED CASH BASIS

FISCAL YEAR ENDED JUNE 30, 2009

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Debt service			
Principal payments	46,582	46,582	0
Interest payments	7,978	8,571	(593)
Total debt service	<u>54,560</u>	<u>55,153</u>	<u>(593)</u>
Capital outlays			
Muddy Brook grant paving project	0	10,682	(10,682)
Center Road grant project	110,000	114,522	(4,522)
Paving Towne Hill grant	115,000	0	115,000
2008 Volvo Wheel Loader	0	105,769	(105,769)
Vault Shelving	5,875	5,875	0
Total capital outlays	<u>230,875</u>	<u>236,848</u>	<u>(5,973)</u>
Total expenditures	<u>1,569,890</u>	<u>1,572,885</u>	<u>(2,995)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>68,757</u>	<u>85,239</u>	<u>16,482</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	0	102,569	102,569
Transfer to capital reserve fund	(130,000)	(130,000)	0
Transfer to recreation committee fund	(3,000)	(3,000)	0
Transfer to cemetery commission fund	(10,900)	(10,900)	0
Transfer to fire station #1 repair fund	(6,667)	(6,667)	0
Total other financing sources (uses)	<u>(150,567)</u>	<u>(47,998)</u>	<u>102,569</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (81,810)</u>	37,241	<u>\$ 119,051</u>
FUND BALANCE - JUNE 30, 2008		<u>152,771</u>	
FUND BALANCE - JUNE 30, 2009		<u>\$ 190,012</u>	

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

The Town of East Montpelier (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a five-member Select Board. The Town provides various services as authorized and funded by State government or Town voters.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U.S. generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements to the extent they are applicable to the modified cash basis of accounting. The more significant accounting policies established in GAAP and used by the Town are discussed below.

The Reporting Entity

The Town's modified cash basis 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 criteria, the Town has no component units.

Government-Wide Financial Statements

The Town's modified cash basis financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). All of the activities of the Town are governmental activities.

In the government-wide Statement of Net Assets, the governmental funds (a) are presented on a consolidated basis by column, (b) and are reported on a modified cash basis, which, in addition to cash activity, recognizes capital assets as well as notes and bond payable debt. The Town's net assets are reported in three parts – investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions. The functions are also supported by general government revenue (property taxes and other local revenue). The Statement of Activities reduces gross expenditures by related program revenue, including operating and capital grants. Program revenue must be directly associated with the governmental function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by governmental function) are normally covered by general revenue (property taxes, interest income, or miscellaneous income).

This government-wide focus is more on the change in the Town's net assets resulting from the current year's modified cash basis activities.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009
(Continued)**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, debt, fund equity, revenues and expenditures as reported on a modified cash basis. An emphasis is placed on major funds within the governmental category. GASB No. 34 and No. 37 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category/type) for the determination of major funds. The General Fund, Capital Reserve Fund, Cemetery Trust Fund and Emergency Services Facility Fund are shown as major governmental funds. All other funds are nonmajor and are combined in a single column in the fund financial statements.

The Governmental funds of the financial reporting entity are described below:

General Fund is the main operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Town.

Permanent funds account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Basis of Accounting

Basis of accounting refers to the point at which revenue or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the management focus applied. In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements; note payable activity is not reflected on the fund financial statements but is reflected on the government-wide statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting and all government-wide financials would be presented on the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Capital Assets*

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Equipment and vehicles	5-20 years
Infrastructure (roads, bridges, traffic signals, etc.)	10-50 years

Interfund Activities

Interfund activity is reported as loans. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Net Assets

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

Fund Balances

Fund balances of governmental fund types are classified as follows:

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

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

TOWN OF EAST MONTPELIER, VERMONT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Accounting

The Town approves a budget for the General Fund at an annual Town Meeting and the Board, based on the budget and Grand List, determines the tax rate. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a modified cash basis.

The Town is not legally required to adopt a budget for the Capital Reserve Fund, Cemetery Trust Fund, Emergency Services Facility Fund and Other Governmental Funds. Therefore, a budgetary comparison is not presented for these funds.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis method requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Cash and investments are comprised of the following:

Cash	\$ 433,686
Investments - Certificates of deposit with maturities greater than three months	<u>307,951</u>
Total	<u><u>\$ 741,637</u></u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The table below shows the custodial credit risk of the Town's deposits.

Insured by FDIC	\$ 315,895
Uninsured - collateralized	464,989
Uninsured	<u>0</u>
Total	<u><u>\$ 780,884</u></u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 3 - NOTES RECEIVABLE

Notes receivable are not reflected on the financial statements since the statements are reflected under the modified cash method of accounting which reflects revenue when received.

The Town has a note receivable at June 30, 2009 with The Housing Foundation, Inc. The Town has obtained a federal grant through the Vermont Community Development Program and has loaned these funds to The Housing Foundation, Inc. for a septic system upgrade at Sandy Pines. The Town holds a \$318,900 note receivable with 3% interest, with terms, as amended in 2005, of monthly installments of \$1,319 from September 1, 2004 through October 1, 2005; deferral for five and a half (5.5) years, then continuation of monthly installments of \$1,319 until December 1, 2027 with a balloon payment due on December 1, 2027 for the remaining balance due at that time. The balance due on this loan at June 30, 2009 was \$311,472.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at June 30, 2009 were:

	<u>Interfund Receivable</u>	<u>Interfund Payables</u>
General Fund		<u>\$ 6,667</u>
Nonmajor Funds:		
Fire station #1 repair fund	<u>\$ 6,667</u>	

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

NOTE 5 - INTERFUND TRANSFERS

During the year, five interfund transfers occurred between funds. The following operating transfers were made in accordance with budgetary authorizations. Interfund transfers for the fiscal year ended June 30, 2009 consisted of the following funds receiving a transfer of: Capital Reserve Fund \$130,000, Cemetery Trust Fund \$10,900, and two Non-major fund transfers totaling \$9,667. A transfer of \$1,879 was made from the C. Smith Recreation Fund to the Recreation Committee per Selectboard authorization.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 6 – CAPITAL ASSETS

The summary of capital assets as of June 30, 2009 is as follows:

	Balance 06/30/08	Additions/ Trade-ins	Depreciation	Balance 06/30/09
Capital assets not depreciated - Land	\$ 30,600	\$ 0	\$ 0	\$ 30,600
Capital assets being depreciated				
Buildings	287,674	0	0	287,674
Equipment and vehicles	821,357	64,631	0	885,988
Infrastructure	291,625	125,204	0	416,829
Total capital assets being depreciated	<u>1,400,656</u>	<u>189,835</u>	<u>0</u>	<u>1,590,491</u>
Less accumulated depreciation for:				
Buildings	41,084	0	5,738	46,822
Equipment and vehicles	207,878	(53,613)	74,942	229,207
Infrastructure	73,803	0	32,051	105,854
Total accumulated depreciation	<u>322,765</u>	<u>(53,613)</u>	<u>112,731</u>	<u>381,883</u>
Total capital assets, net	<u>\$ 1,108,491</u>	<u>\$ 243,448</u>	<u>\$ (112,731)</u>	<u>\$ 1,239,208</u>

Above additions reflects trade in with reduction of original cost of \$69,553 and accumulated depreciation of \$53,613.

Depreciation was charged as follows:

Governmental Activities:	
General Government	\$ 1,340
Highway and roads	110,841
Health & Welfare (Cemetery)	550
Total	<u>\$ 112,731</u>

NOTE 7 – SHORT TERM DEBT

On July 9, 2008, the Town signed a tax anticipation note line of credit with Chittenden Bank for \$225,000 at 2.75% per annum. Principal and interest were paid in full December 3, 2008.

On April 22, 2009, the Town signed a bond anticipation note line of credit with Chittenden Bank for \$200,000 at 2.40% per annum due 8/15/09. The outstanding balance as of June 30, 2009 was \$50,000. On August 15, 2009, this line of credit was reissued for \$100,000 at 2.2% per annum, due October 15, 2009.

TOWN OF EAST MONTPELIER, VERMONT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 7 – SHORT TERM DEBT (Continued)

The following is a summary of the changes in short-term debt:

Balance June 30, 2008	\$ 0
Proceeds from tax anticipation note	100,000
Proceeds from bond anticipation note	50,000
Principal payments	<u>(100,000)</u>
Balance June 30, 2009	<u>\$ 50,000</u>

NOTE 8 – LONG-TERM LIABILITIES

Long-term debt at June 30, 2009 consisted of the following:

	<u>Total</u>	<u>Due in one year</u>
Dump truck note payable to the State of Vermont, annual principal payments of \$8,000 plus interest payments at 1.97%, due June 30, 2012.	\$ 24,000	\$ 8,000
Two plow/dump truck note payable to Kansas State Bank, initial principal payment of \$65,000 paid, then annual principal and interest payments of \$45,460 at 4.69% interest, due July 15, 2012.	163,008	37,931
Bucket loader note payable to Kansas State Bank, Annual principal and interest payments of \$24,143 at 5.525% interest, due June 1, 2014.	<u>102,569</u>	<u>18,308</u>
Total long-term note/lease payable	<u>\$ 289,577</u>	<u>\$ 64,239</u>

Changes in long-term debt are as follows:

	<u>June 30, 2008</u>	<u>Addition</u>	<u>Reduction</u>	<u>June 30, 2009</u>
Note payable	<u>\$ 298,590</u>	<u>\$ 102,569</u>	<u>\$ (111,582)</u>	<u>\$ 289,577</u>

TOWN OF EAST MONTPELIER, VERMONT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 8 – LONG-TERM LIABILITIES (Continued)

The maturity of the long-term debt is as follows:

Year ending:	Principal	Interest	Total
June 30, 2010	\$ 64,239	\$ 14,145	\$ 78,384
June 30, 2011	67,103	11,122	78,225
June 30, 2012	70,113	7,951	78,064
June 30, 2013	65,278	4,627	69,905
June 30, 2014	22,844	1,300	24,144
Total	<u>\$ 289,577</u>	<u>\$ 39,145</u>	<u>\$ 328,722</u>

NOTE 9 – RESTRICTED / RESERVED FUNDS

The restricted and reserved funds consist of the following as of June 30, 2009:

	Reserved Fund Balance	Restricted Net Assets
General Fund:		
FY 2010 expenditures	\$ 43,836	\$ 0
Special Revenue:		
Capital reserve	0	266,996
Emergency Services Facility	0	(17,021)
Bridge & culvert projects	0	1,158
Town Forest	0	25,986
Veterans' Memorial	0	435
Land conservation	0	26,690
Reappraisal reserve	0	27,482
Community development (Sandy Pines)	0	10,928
Fireworks fund	0	308
Sesqui-Centennial fund	0	937
Recreation Committee	0	3,091
Fire Station #1 repairs	0	6,667
Permanent:		
Cemetery Trust	96,402	96,402
C. Smith Recreation	50,157	50,157
Total	<u>\$ 190,395</u>	<u>\$ 500,216</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 10 – DEFICIT FUND BALANCE

The deficit fund balance of (\$17,021) in the Emergency Services Facility Fund is expected to be covered by a future bond issuance.

NOTE 11 - PROPERTY TAXES

The Town is responsible for assessing and collecting property taxes for both the Town and Town School District. Property taxes are assessed based on valuations as of April 1, annually. Property taxes for the fiscal year ended June 30, 2009 were due on November 17, 2008 and May 15, 2009. All late payments are subject to a 1% per month interest if paid after the previously noted due dates; an 8% penalty after the May 15, 2009 due date.

The Town tax rate for the fiscal year ended June 30, 2009 was \$.7275.

NOTE 12 - PENSION PLAN

Vermont Municipal Employees' Retirement System

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

There are three levels of contributions and benefits in the System called Group A, Group B and Group C. The Town's members participate in Group B. Under Group B the employee contributions are 4.5% and employer contributions are 5.0% of gross pay.

Of the Town's total payroll of \$376,461, \$262,073 was covered under the Vermont Municipal Employees' Retirement System. Total employer contributions to the Vermont Municipal Employees' Retirement Plan were \$13,104 for fiscal year 6/30/09, \$11,244 for fiscal year 06/30/08, and \$5,481 for the six month period ended 6/30/07.

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009
(Continued)

NOTE 12 - PENSION PLAN (Continued)

Defined Contribution Plan

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

Of the Town's total payroll of \$376,461, \$26,120 was covered under the VMERS defined contribution plan. The total contributions to this plan by the employer were \$1,306 and by the employees were \$1,306.

NOTE 13 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the General Fund, the expenditures exceeded appropriations by \$2,995. The excess expenditures were funded by additional intergovernmental revenue and property tax revenues.

NOTE 14 - RISK MANAGEMENT

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

NOTE 15 – COMMITMENTS

On March 3, 2009, the Town approved to Bond up to \$2,100,000 for the purpose of financing the cost of constructing an Emergency Services Facility, the cost thereof to be shared by the Town of East Montpelier (2/3) and the Town of Calais (1/3) in accordance with the Interlocal Agreement.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 21, 2009, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure except as noted below.

On August 18, 2009, the Town acquired a tax anticipation note for the amount of \$100,000 from Chittenden Bank. The full principal plus 2.2% interest is due on December 14, 2009.

See reissued bond anticipation line of credit in Note 7 – Short term debt.

TOWN OF EAST MONTPELIER, VERMONT

SCHEDULE 1

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MODIFIED CASH BASIS

JUNE 30, 2009

Bridge & Culvert Projects	Town Forest	Veterans' Memorial	Land Conservation	Reappraisal Reserve	Community Development (Sandy Pines)	Fireworks Fund	Sesqui-Centennial Fund	Recreation Committee	Fire Station #1 Repairs	C. Smith Recreation Fund	Total
\$1,158	\$25,986	\$ 435	\$ 26,690	\$ 27,482	\$ 10,928	\$ 308	\$ 937	\$ 3,091	\$ 0	\$ 50,157	\$147,172
0	0	0	0	0	0	0	0	0	6,667	0	6,667
<u>\$1,158</u>	<u>\$25,986</u>	<u>\$ 435</u>	<u>\$ 26,690</u>	<u>\$ 27,482</u>	<u>\$ 10,928</u>	<u>\$ 308</u>	<u>\$ 937</u>	<u>\$ 3,091</u>	<u>\$ 6,667</u>	<u>\$ 50,157</u>	<u>\$153,839</u>

ASSETS

Cash	\$1,158	\$25,986	\$ 435	\$ 26,690	\$ 27,482	\$ 10,928	\$ 308	\$ 937	\$ 3,091	\$ 0	\$ 50,157	\$147,172
Due from other funds	0	0	0	0	0	0	0	0	6,667	0	0	6,667
Total assets	<u>\$1,158</u>	<u>\$25,986</u>	<u>\$ 435</u>	<u>\$ 26,690</u>	<u>\$ 27,482</u>	<u>\$ 10,928</u>	<u>\$ 308</u>	<u>\$ 937</u>	<u>\$ 6,667</u>	<u>\$ 50,157</u>	<u>\$153,839</u>	

LIABILITIES AND FUND BALANCES

Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances - Reserved:												
Non-expendable	0	0	0	0	0	0	0	0	0	50,000	50,000	50,000
Expendable	0	0	0	0	0	0	0	0	0	157	157	157
Unreserved:												
Special revenue funds	0	25,986	435	26,690	27,482	308	937	3,091	0	0	0	95,857
Capital projects funds	1,158	0	0	0	0	0	0	0	6,667	0	0	7,825
Total liabilities and fund balances	<u>\$1,158</u>	<u>\$25,986</u>	<u>\$ 435</u>	<u>\$ 26,690</u>	<u>\$ 27,482</u>	<u>\$ 308</u>	<u>\$ 937</u>	<u>\$ 3,091</u>	<u>\$ 6,667</u>	<u>\$ 50,157</u>	<u>\$153,839</u>	

TOWN OF EAST MONTPELIER, VERMONT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

FISCAL YEAR ENDED JUNE 30, 2009

	Bridge & Culvert Reserve	Town Forest	Veterans' Memorial	Land Conservation	Reappraisal Reserve	Community Development (Sandy Pines)	Fireworks Fund	Sesqui-Centennial Fund	Recreation Committee	Fire Station #1 Repairs	Coburn Quarry	EMSLI Grants	C. Smith Recreation Fund	Total
REVENUES														
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,295	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,500	\$ 0	\$ 15,795
Fees	0	0	0	0	0	0	0	0	3,679	0	0	0	0	3,679
Interest	4	100	1	540	929	475	1	8	0	0	0	0	976	3,034
Miscellaneous	0	0	0	0	0	0	0	0	0	0	1,545	0	0	1,545
Total revenues	4	100	1	540	12,224	475	1	8	3,679	0	1,545	4,500	976	24,053
EXPENDITURES														
General government	0	0	0	0	94,110	0	0	0	0	0	0	0	0	94,110
Culture and recreation	0	0	0	0	0	0	0	0	10,462	0	0	0	4,358	14,820
Community Development	0	0	0	12,000	0	0	0	0	0	0	1,545	1,642	0	15,187
Total expenditures	0	0	0	12,000	94,110	0	0	0	10,462	0	1,545	1,642	4,358	124,117
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	4	100	1	(11,460)	(81,886)	475	1	8	(6,783)	0	0	2,858	(3,382)	(100,064)
OTHER FINANCING SOURCES (USES):														
Transfer from General Fund	0	0	0	0	0	0	0	0	3,000	6,667	0	0	0	9,667
Transfers from C. Smith Rec. fund	0	0	0	0	0	0	0	0	1,879	0	0	0	0	1,879
Transfers to recreation committee	0	0	0	0	0	0	0	0	0	0	0	0	(1,879)	(1,879)
Total other financing sources (uses)	0	0	0	0	0	0	0	0	4,879	6,667	0	0	(1,879)	9,667
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	4	100	1	(11,460)	(81,886)	475	1	8	(1,904)	6,667	0	2,858	(5,261)	(90,397)
FUND BALANCES - JUNE 30, 2008	1,154	25,886	434	38,150	109,368	10,453	307	929	4,995	0	0	(2,858)	55,418	244,236
FUND BALANCES - JUNE 30, 2009	\$ 1,158	\$ 25,986	\$ 435	\$ 26,690	\$ 27,482	\$ 10,928	\$ 308	\$ 937	\$ 3,091	\$ 6,667	\$ 0	\$ 0	\$ 50,157	\$ 153,839