

**TOWN OF WOODSTOCK, VERMONT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**TOWN OF WOODSTOCK, VERMONT**

**JUNE 30, 2013**

**TABLE OF CONTENTS**

	Page(s)
Independent Auditor's Report .....	1 - 2
Management's Discussion and Analysis .....	3 - 10
Basic Financial Statements:	
Government-wide Financial Statements -	
Government-wide Statement of Net Position .....	11
Government-wide Statement of Activities.....	12
Fund Financial Statements -	
Balance Sheet - Governmental Funds.....	13 - 14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	15 - 17
Statement of Revenues and Expenditures - Budget and Actual - General Fund.....	18
Statement of Net Position - Proprietary Funds .....	19
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	20
Statement of Cash Flows - Proprietary Funds .....	21
Notes to Financial Statements.....	22 - 34
Supplementary Schedules:	
Schedule 1 - Schedule of Revenues and Expenditures - Budget and Actual - General Fund.....	35 - 46
Schedule 2 - Schedule of Revenues and Expenses - Budget and Actual - Sewer Fund .....	47 - 49
Schedule 3 - Combining Balance Sheet - Permanent Fund.....	50 - 51
Schedule 4 - Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Permanent Fund .....	52 - 53
Compliance Reports:	
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 <i>Government Auditing Standards</i> .....	54 - 55
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 .....	56 - 57
Schedule of Expenditures of Federal Awards.....	58
Notes to Schedule of Expenditures of Federal Awards .....	59
Schedule of Findings and Responses.....	60 - 64
Status of Prior Audit Findings .....	64

## INDEPENDENT AUDITOR'S REPORT

The Selectboard  
Town of Woodstock, 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 the Town of Woodstock, Vermont (the Town) as of and for the year ended June 30, 2013, 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 Woodstock, Vermont as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the

General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Information***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules 1, 2, 3 and 4, and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The accompanying schedules 1 through 4 and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules 1 through 4 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2014 on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont  
January 28, 2014

*Mudgett, Jennett &  
Krogh-Wisner, P.C.*

# Management's Discussion and Analysis

Despite rumors to the contrary, the Town of Woodstock, Vermont, which was established in 1761, was not the site of the famous rock concert of 1969.

The Town of Woodstock is governed by an annual Town Meeting which elects a five-member Selectboard. The Town is responsible for municipal services within its boundaries such as administration, planning and zoning, public works, and public safety.

The following is a discussion and analysis of the Town of Woodstock's (Town) financial performance, including an overview and analysis of the financial activities of the Town for the fiscal year ending June 30, 2013. Readers should consider this information in conjunction with the Town's financial statements which are located after this analysis. The Town implemented the new reporting standard, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* during FY 2013.

## GENERAL FUND BUDGETARY HIGHLIGHTS

On March 3, 2012 the voters of the Town of Woodstock convened at the Town Hall for the annual Town Meeting. A budget of \$4,451,282 (for fiscal year 2013) was presented which included specific sums of money to operate the various Town departments. To defray operating costs, the amount needed to be raised by taxation was \$3,044,352. The budget was voted and adopted. This budget increased by \$244,475 over the previous budget. The change was primarily due to increases in public works, public safety and special articles allocations.

The amount to be raised by taxation of \$3,044,352 was an increase of 5.1% over the previous year's amount. The voters approved the use of \$100,000 from the unassigned surplus in the General Fund, for the purpose of tax stabilization for the fiscal year 2013. An additional \$20,000, from the assigned surplus in the Town Police District Account was also approved by the voters to be used for tax stabilization for the fiscal year 2013.

## FINANCIAL HIGHLIGHTS

### Government-wide Highlights

The Town's assets exceeded its liabilities at June 30, 2013, by \$11,897,002. Net position for governmental activities increased by \$745,569 and net position for business-type activities decreased by \$180,013.

### Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,671,487, an increase of \$144,168 compared to the prior year. The unassigned portion of the combined fund balance includes the General Fund balance of \$205,270 and the Irene Fund deficit of \$687,102 for a net deficit of \$481,832. The remaining \$3,153,319 represents amounts with donor stipulations, voter committed amounts and amounts assigned by management for specific purposes, such as endowments and subsequent year's expenditures. The proprietary funds reported net position at June 30, 2013 of \$2,838,764, a decrease of \$180,013 for the year.

### Long-term Debt

The Town's total debt decreased during the fiscal year to \$1,988,950. During FY 2013, the Town added debt of \$171,608 and retired debt of \$228,233 for a net decrease of \$56,625. The Town added no new capital leases and paid final capital lease obligations of \$35,186 for a remaining lease liability of \$0.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) establishes generally accepted accounting principles (GAAP) for state and local governments. The Town's financial statements for the year ending June 30, 2013 are prepared and presented using the guidelines established by the GASB.

The Town's basic financial statements consist of the following three components:

- **Management's Discussion and Analysis** - An introduction to the basic financial statements that is intended to be an easily read analysis of the Town's financial activities based on currently known facts, decisions or conditions.
- **Basic Financial Statements** - This section of the report includes government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present the financial position and activities of the Town as a whole using accounting methods similar to those used by private-sector companies. The fund financial statements present financial information on specific activities of the Town. The notes to the financial statements provide additional disclosures to the information presented in the financial statements.
- **Supplementary Schedules** - This section of the report is not required by GAAP but is presented as supplementary information. This information includes budgetary basis schedules and combining statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances. The statements provide both short-term and long-term information about the Town's financial position which helps readers determine whether the Town's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary activity on the accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30. There are two government-wide statements:

- **Statement of Net Position** - The statement presents information on all 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 indicate whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities** - The statement 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 the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements have separate columns for governmental activities and business-type activities. The Town's activities are classified as follows:

- **Governmental Activities** - Activities reported here include general government, public safety, highways and streets, and culture and recreation. Property taxes, federal, state and other local revenues finance these activities.
- **Business-type Activities** - Activities reported here include the Unemployment and Sewer Funds.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Woodstock, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Town's funds can be divided into two categories: governmental and proprietary. Each of these categories uses different accounting approaches.

- **Governmental funds** - Most of the basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Town's current needs.
- **Proprietary funds** - Proprietary funds report activities that operate more like those of private-sector business and use the accrual basis of accounting. Proprietary funds are reported as business-type activities on the government-wide financial statements. Since proprietary funds use accrual basis accounting, there are no differences between amounts reported on the government-wide statements and the proprietary fund statements. The Town uses proprietary funds to account for its Sewer Fund and Unemployment Fund.

This report includes a reconciliation of the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (accrual accounting). The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in governmental fund statements, but not deferred on the government-wide statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.

Because the focus of governmental funds is different from 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. This comparison can help readers better understand the long-term impact of the Town's near-term financing decisions. The comparisons are:

- Reconciliation of the balance sheet of the governmental funds to the statement of net position.
- Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of activities.

The reconciliation of the government-wide financial statements to proprietary funds financial statements isn't necessary. The business-type activities of the government-wide financial statements and the proprietary funds use the same accounting basis and measurement focus.

## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. However, the net position of governmental activities should be viewed independently from business-type activities. Revenues of the business-type activities are generally used to finance the operations of the Sewer Fund and the Unemployment Fund.

The following table reflects the government-wide net position compared to the prior year.

	Net Position June 30, 2013 and June 30, 2012					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$4,330,645	\$5,530,798	\$1,188,604	\$1,221,197	\$ 5,519,249	\$ 6,751,995
Capital assets	<u>7,636,975</u>	<u>6,739,918</u>	<u>2,025,459</u>	<u>2,211,944</u>	<u>9,662,434</u>	<u>8,951,862</u>
Total assets	<u>11,967,620</u>	<u>12,270,716</u>	<u>3,214,063</u>	<u>3,433,141</u>	<u>15,181,683</u>	<u>15,703,857</u>
Current liabilities	1,423,661	2,476,881	54,439	62,277	1,478,100	2,539,158
Long-term liabilities	<u>1,485,721</u>	<u>1,481,166</u>	<u>320,860</u>	<u>352,087</u>	<u>1,806,581</u>	<u>1,833,253</u>
Total liabilities	<u>2,909,382</u>	<u>3,958,047</u>	<u>375,299</u>	<u>414,364</u>	<u>3,284,681</u>	<u>4,372,411</u>
Net Position:						
Net investment in						
capital assets	6,242,740	5,319,625	1,724,059	1,872,869	7,966,799	7,192,494
Restricted	2,792,364	3,165,976	900,857	876,963	3,693,221	4,042,939
Unrestricted	<u>23,134</u>	<u>(172,932)</u>	<u>213,848</u>	<u>268,945</u>	<u>236,982</u>	<u>96,013</u>
Total net position	<u>\$9,058,238</u>	<u>\$8,312,669</u>	<u>\$2,838,764</u>	<u>\$3,018,777</u>	<u>\$11,897,002</u>	<u>\$11,331,446</u>

The portion of the Town's net position as of June 30, 2013 that reflects its net investment in capital assets (e.g. land, buildings, equipment, and construction in progress) is \$7,966,799 or 67%. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position (31.0%) represents restricted net position. These resources are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$236,982 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Woodstock is able to report positive balances in all three categories of net position for governmental activities and for all three categories for business-type activities.

**Changes in Net Position for the Fiscal Years Ended June 30, 2013 and 2012**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues						
Grants and Contributions	\$1,113,445	\$3,207,094	\$ 0	\$ 0	\$ 1,113,445	\$ 3,207,094
Charges for Services	744,583	679,600	618,550	576,372	1,363,133	1,255,972
Other	88,536	135,273	0	0	88,536	135,273
General Revenue						
Property Taxes	3,294,205	3,139,033	0	0	3,294,205	3,139,033
Investment Income	31,304	36,966	4,163	5,944	35,467	42,910
Total Revenue	<u>5,272,073</u>	<u>7,197,966</u>	<u>622,713</u>	<u>582,316</u>	<u>5,894,786</u>	<u>7,780,282</u>
Expenses						
Governmental Activities						
General government	1,286,673	1,263,576	0	0	1,286,673	1,263,576
Public works	1,564,330	4,168,734	0	0	1,564,330	4,168,734
Public safety	1,228,942	1,172,778	0	0	1,228,942	1,172,778
Culture and recreation	515,685	510,226	0	0	515,685	510,226
Debt service -interest	56,963	62,966	0	0	56,963	62,966
Business-type activities						
Sewer	0	0	809,613	773,396	809,613	773,396
Unemployment	0	0	0	0	0	0
Total Expenses	<u>4,652,593</u>	<u>7,178,280</u>	<u>809,613</u>	<u>773,396</u>	<u>5,462,206</u>	<u>7,951,676</u>
Changes in net position before changes in market value (mv) and transfers	619,480	19,686	(186,900)	(191,080)	432,580	(171,394)
MV Increase (Decrease)	132,976	(35,907)	0	0	132,976	(35,907)
Transfer In (Out)	<u>(6,887)</u>	<u>25,263</u>	<u>6,887</u>	<u>(25,263)</u>	<u>0</u>	<u>0</u>
Changes in net position	745,569	9,042	(180,013)	(216,343)	565,556	(207,301)
Net position - Beginning	<u>8,312,669</u>	<u>8,303,627</u>	<u>3,018,777</u>	<u>3,235,120</u>	<u>11,331,446</u>	<u>11,538,747</u>
Net position - Ending	<u>\$9,058,238</u>	<u>\$8,312,669</u>	<u>\$2,838,764</u>	<u>\$3,018,777</u>	<u>\$11,897,002</u>	<u>\$11,331,446</u>

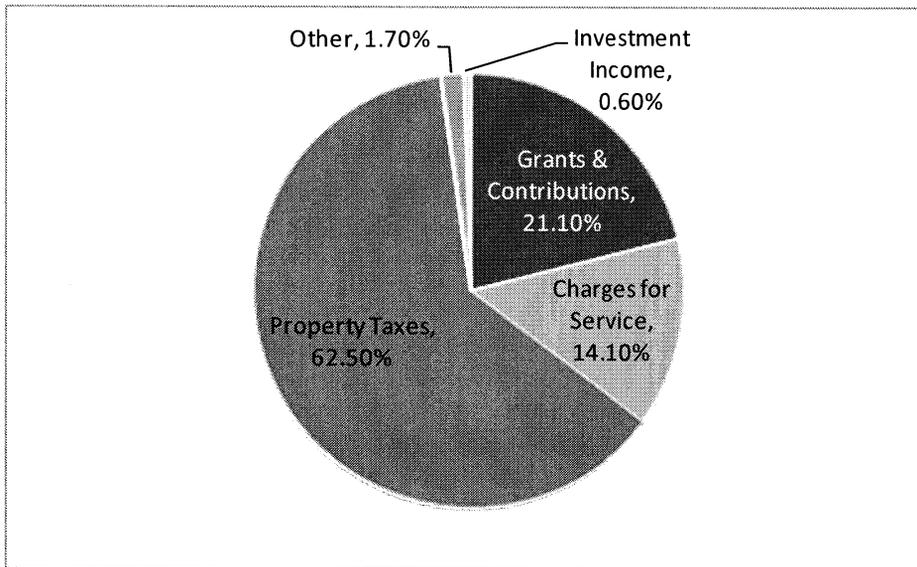
Governmental activities should be viewed independently from business-type activities.

**Governmental Activities** - In the fiscal year 2013, property taxes provided 62.5% of revenues. Grants and Contributions accounted for 21.1%. The amount earned on investments was 0.6% of total governmental activities revenues. Charges for Services brought in 14.1%.

**Business-type Activities** - Charges for Services accounted for 99.3% of revenue.

The following page shows a graphical representation of the Statement of Activities revenue for governmental activities.

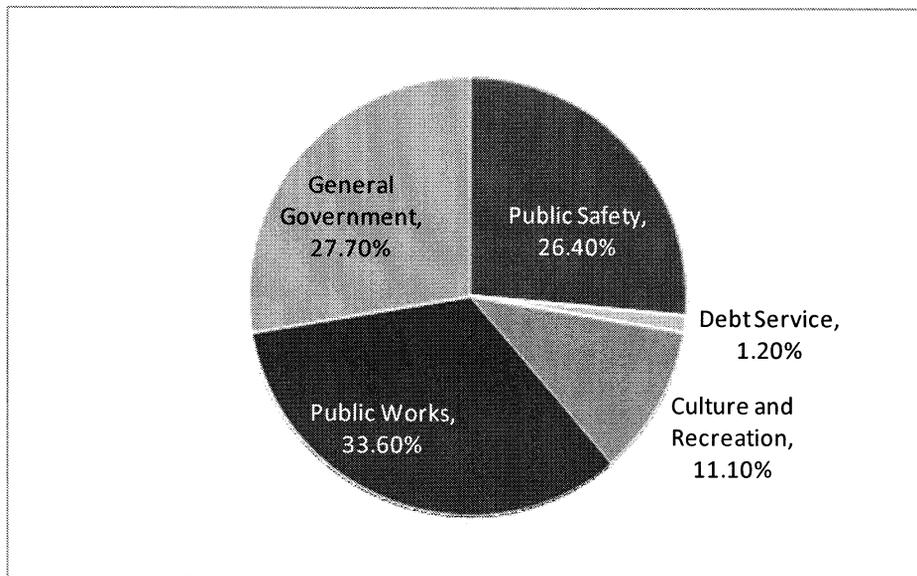
### Revenue by Source



For FY 2013, governmental activity expenses exceeded program revenues by \$2,706,029 compared to \$3,156,313 for FY 2012.

The following is a graphical representation of the Statement of Activities expenses for governmental activities.

### Expenses by Type



While Town expenses cover many services, the largest expenses are for public works, general government and public safety.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

## Governmental Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,671,487. A combined deficit of \$481,832 consists of a General Fund surplus of \$205,270 and an Irene Fund deficit of \$687,102. The remainder of the fund balance is classified to indicate that it is not available for new spending because it has already been pledged to specific purposes such as subsequent year's expenditures and capital improvements.

**General Fund** - The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$205,270 and nonspendable, restricted, and assigned fund balance totaled \$74,935. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures and operating transfers. Unassigned fund balance represents 4.3% of total General Fund expenditures. Total fund balance represents 5.9% of total General Fund expenditures. The fund balance of the Town's General Fund increased by \$163,894 during the fiscal year.

**Proprietary Funds** - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In addition to determining the amount of General Fund balance available for appropriation, the Town also makes a similar calculation for the Sewer Fund and Unemployment Fund.

Unrestricted net position of the Town's Sewer Fund amounts to \$213,848, a decrease of \$55,097 during the most recent fiscal year; restricted net position of \$796,138 is an increase of \$23,632. Restricted net position of the Town's Unemployment Fund amounts to \$104,719, an increase of \$262. Other factors concerning these two funds have already been addressed in the discussion of the Town's business-type activities.

## CAPITAL ASSETS

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$9,662,434 (net of depreciation). This amount represents an increase of \$710,572 from the prior year. This investment in capital assets includes land, buildings and improvements, vehicles and equipment, infrastructure, and construction in process.

### Capital Assets as of June 30, 2013 and June 30, 2012

(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 642,570	\$ 642,570	\$ 36,164	\$ 36,164	\$ 678,734	\$ 678,734
Construction in process	291,147	303,918	0	0	291,147	303,918
Infrastructure	2,091,078	1,255,264	0	0	2,091,078	1,255,264
Buildings and improvements	2,955,510	3,077,323	0	0	2,955,510	3,077,323
Sewer treatment plant	0	0	1,914,720	2,072,844	1,914,720	2,072,844
Vehicles and equipment	1,539,838	1,353,034	68,416	95,059	1,608,254	1,448,093
Office equipment and computers	116,832	107,809	6,159	7,877	122,991	115,686
Total capital assets, net	<u>\$7,636,975</u>	<u>\$6,739,918</u>	<u>\$2,025,459</u>	<u>\$2,211,944</u>	<u>\$9,662,434</u>	<u>\$8,951,862</u>

Additional information on the Town's capital assets can be found in note 7, "Capital assets."

## **DEBT ADMINISTRATION**

**Long-term Debt** - On June 30, 2013, the Town of Woodstock had total long-term debt outstanding of \$1,988,950. Of this amount, \$980,000 represents bonds issued by the Vermont Municipal Bond Bank at an effective interest rate of 4.45%, \$12,317 represents a note payable at an interest rate of 1.94%, \$44,329 represents a note payable at an interest rate of 1.99%, \$209,000 represents a note payable at an interest rate of 3.00%, \$49,589 represents a note payable at an interest rate of 1.92%, \$39,000 represents a note payable at an interest rate of 2.243%, \$60,000 represents a note payable at an interest rate of 2.35%, \$301,400 represents non-interest bearing bonds issued by the Vermont Municipal Bond Bank, and \$293,315 represents compensated absences obligations.

## **FISCAL YEAR 2014 BUDGET**

For fiscal year 2014, property taxes are projected to increase 7.56% or \$230,020 over last year's budget. The Special Articles approved for fiscal year 2014 are \$84,700 more than those in fiscal year 2013. The fiscal year 2014 budget adopted at the Town Meeting in March 2013 will maintain services at the fiscal year 2013 levels.

As of June 30, 2013, the Town of Woodstock has received \$3,408,385 from the Federal Emergency Management Agency (FEMA) and the State of Vermont in aid to cover the cost to repair damage caused by Tropical Storm Irene. The further repairs are still pending and will also be mitigated by anticipated aid from FEMA and the State of Vermont. However the Town expects to need some long-term financing once restoration is complete.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Woodstock's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Municipal Manager, Town of Woodstock, PO Box 488, Woodstock VT 05091.

**TOWN OF WOODSTOCK, VERMONT**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 1,810,930	\$ 1,109,637	\$ 2,920,567
Investments	1,361,967	-	1,361,967
Receivables:			
Delinquent taxes	584,778	-	584,778
Accounts, grants and notes	481,719	78,967	560,686
Prepaid expenses	3,350	-	3,350
Due from other governments	87,901	-	87,901
Total current assets	<u>4,330,645</u>	<u>1,188,604</u>	<u>5,519,249</u>
Noncurrent assets -			
Capital assets	10,930,709	6,734,818	17,665,527
less - accumulated depreciation	<u>(3,293,734)</u>	<u>(4,709,359)</u>	<u>(8,003,093)</u>
Total noncurrent assets	<u>7,636,975</u>	<u>2,025,459</u>	<u>9,662,434</u>
Total assets	<u>11,967,620</u>	<u>3,214,063</u>	<u>15,181,683</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	253,734	12,336	266,070
Accrued expenses	25,233	4,428	29,661
Line of credit	1,000,000	-	1,000,000
Current portion of long-term debt	144,694	37,675	182,369
Total current liabilities	<u>1,423,661</u>	<u>54,439</u>	<u>1,478,100</u>
Noncurrent liabilities -			
Accrued compensated absences	236,180	57,135	293,315
Long-term debt	1,249,541	263,725	1,513,266
Total noncurrent liabilities	<u>1,485,721</u>	<u>320,860</u>	<u>1,806,581</u>
Total liabilities	<u>2,909,382</u>	<u>375,299</u>	<u>3,284,681</u>
<b>NET POSITION:</b>			
Net investment in capital assets	6,242,740	1,724,059	7,966,799
Restricted - non-expendable	1,046,712	-	1,046,712
Restricted - expendable	1,745,652	900,857	2,646,509
Unrestricted	23,134	213,848	236,982
Total net position	<u>\$ 9,058,238</u>	<u>\$ 2,838,764</u>	<u>\$ 11,897,002</u>

The notes to financial statements are an integral part of this statement.



**TOWN OF WOODSTOCK, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**  
 (Page 1 of 2)

	<u>General</u>	<u>Capital</u>	<u>Irene</u>	<u>Permanent</u>	<u>Totals</u>
	<u>Fund</u>	<u>Reserve</u>	<u>Fund</u>	<u>Fund</u>	<u>Governmental</u>
		<u>Fund</u>			<u>Funds</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 162,123	\$ 1,125,934	\$ 165,949	\$ 356,924	\$ 1,810,930
Investments	-	-	-	1,361,967	1,361,967
Receivables:					
Delinquent taxes	584,778	-	-	-	584,778
Accounts, grants and notes	201,586	-	280,133	-	481,719
Due from other funds	-	234,059	-	-	234,059
Due from other governments	70,583	-	17,318	-	87,901
Prepaid expenditures	3,350	-	-	-	3,350
Total assets	<u>\$ 1,022,420</u>	<u>\$ 1,359,993</u>	<u>\$ 463,400</u>	<u>\$ 1,718,891</u>	<u>\$ 4,564,704</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 102,732	\$ -	\$ 150,502	\$ 500	\$ 253,734
Accrued payroll and benefits	25,233	-	-	-	25,233
Line of credit	-	-	1,000,000	-	1,000,000
Deferred revenue	380,191	-	-	-	380,191
Due to other funds	234,059	-	-	-	234,059
Total liabilities	<u>742,215</u>	<u>-</u>	<u>1,150,502</u>	<u>500</u>	<u>1,893,217</u>
<b>FUND BALANCES:</b>					
Nonspendable	3,350	-	-	1,046,712	1,050,062
Restricted	4,043	-	-	671,679	675,722
Committed	-	1,069,930	-	-	1,069,930
Assigned	67,542	290,063	-	-	357,605
Unassigned	205,270	-	(687,102)	-	(481,832)
Total fund balances	<u>280,205</u>	<u>1,359,993</u>	<u>(687,102)</u>	<u>1,718,391</u>	<u>2,671,487</u>
Total liabilities and fund equity	<u>\$ 1,022,420</u>	<u>\$ 1,359,993</u>	<u>\$ 463,400</u>	<u>\$ 1,718,891</u>	<u>\$ 4,564,704</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**  
 (Page 2 of 2)

<b>RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:</b>	
Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 2,671,487
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	10,930,709
Accumulated depreciation	(3,293,734)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	380,191
Liabilities not due and payable in the year are not reported in the governmental funds.	
Long-term debt - Bonds and notes payable	(1,394,235)
Accrued compensated absences	<u>(236,180)</u>
<b>Net Position of Governmental Activities - Government-wide Statement of Net Position</b>	<b>\$ <u>9,058,238</u></b>

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(Page 1 of 3)

	General Fund	Capital Reserve Fund	Irene Fund	Permanent Fund	Totals Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 3,615,259	\$ -	-	-	\$ 3,615,259
Intergovernmental	296,325	-	817,121	-	1,113,446
Licenses, permits, fines, and fees	217,816	-	-	-	217,816
Charges for goods and services	512,349	-	-	-	512,349
Investment income	603	319	218	30,164	31,304
Net increase (decrease) in fair value of investments	-	-	-	132,976	132,976
Miscellaneous	16,527	-	710	385	17,622
Total revenues	<u>4,658,879</u>	<u>319</u>	<u>818,049</u>	<u>163,525</u>	<u>5,640,772</u>
<b>EXPENDITURES:</b>					
Current -					
General government	746,774	-	-	37,684	784,458
Public safety	1,093,705	-	-	-	1,093,705
Public works	931,001	-	93,274	-	1,024,275
Culture and recreation	515,685	-	-	-	515,685
Comfort Station	23,499	-	-	-	23,499
Intergovernmental	245,254	-	-	34,000	279,254
Grant expenditures	125,051	-	-	-	125,051
Special articles	338,462	-	-	-	338,462
Loss repair	6,362	-	-	-	6,362
Capital outlay	420,004	-	818,945	-	1,238,949
Debt service - principal	190,558	-	-	-	190,558
- interest	56,963	-	-	-	56,963
Total expenditures	<u>4,693,318</u>	<u>-</u>	<u>912,219</u>	<u>71,684</u>	<u>5,677,221</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(Page 2 of 3)

	General Fund	Capital Reserve Fund	Irene Fund	Permanent Fund	Totals Governmental Funds
EXCESS OF REVENUES OR (EXPENDITURES)	(34,439)	319	(94,170)	91,841	(36,449)
OTHER FINANCING SOURCES (USES):					
Note proceeds	164,500	-	-	-	164,500
Insurance reimbursements	23,004	-	-	-	23,004
Operating transfers in	244,888	269,659	-	-	514,547
Operating transfers out	(234,059)	(277,375)	-	(10,000)	(521,434)
Total other financing sources (uses)	198,333	(7,716)	-	(10,000)	180,617
NET CHANGE IN FUND BALANCES	163,894	(7,397)	(94,170)	81,841	144,168
FUND BALANCES (DEFICIT), July 1, 2012	116,311	1,367,390	(592,932)	1,636,550	2,527,319
FUND BALANCES (DEFICIT), June 30, 2013	\$ 280,205	\$ 1,359,993	\$ (687,102)	\$ 1,718,391	\$ 2,671,487

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

(Page 3 of 3)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:**

Net change in fund balances - total Governmental Funds \$ 144,168

Amounts reported for governmental activities in the Government-wide  
Statement of Activities are different because -

Governmental funds report capital outlays as expenditures. However, in the Statement  
of Activities, the cost of those assets is allocated over their estimated useful lives as  
depreciation expense.

Additions to capital assets, net of dispositions  
Depreciation

1,301,276  
(404,219)

Property tax revenue in governmental funds includes deferred revenue  
of the prior year but excludes deferred revenue of the current year  
as taxes uncollected within 60 days are unavailable at year end.

Prior year  
Current year

(701,245)  
380,191

The issuance of long-term debt provides current financial resources  
to governmental funds, while the repayment of the principal of  
long-term debt consumes the current financial resources of  
governmental funds. Neither transaction has any effect on net position.

Increase in compensated absences, net  
Proceeds from notes payable  
Principal payments on capital leases  
Principal payments on bonds and notes payable

(660)  
(164,500)  
35,186  
155,372

Change in Net Position of Governmental Activities - Government-wide Statement of Activities \$ 745,569

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES:</b>			
Property taxes	\$ 3,257,352	\$ 3,615,259	\$ 357,907
Licenses and permits	67,500	77,197	9,697
Intergovernmental	125,000	296,325	171,325
Charges for services	426,230	512,349	86,119
Fines and forfeits	130,000	140,619	10,619
Investment income	1,500	603	(897)
Miscellaneous	14,200	16,527	2,327
Total revenues	<u>4,021,782</u>	<u>4,658,879</u>	<u>637,097</u>
<b>EXPENDITURES:</b>			
General government	768,850	744,819	24,031
Public safety	1,039,255	1,141,547	(102,292)
Public works	1,165,940	1,106,373	59,567
Culture and recreation	517,530	533,274	(15,744)
Comfort Station	25,950	23,499	2,451
Intergovernmental	246,210	245,254	956
Special articles	215,047	349,287	(134,240)
Capital reserve spending	299,500	399,388	(99,888)
Loss repair	-	6,362	(6,362)
Grants	-	143,515	(143,515)
Total expenditures	<u>4,278,282</u>	<u>4,693,318</u>	<u>(415,036)</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	<u>(256,500)</u>	<u>(34,439)</u>	<u>222,061</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Note proceeds	-	164,500	164,500
Insurance reimbursements	-	23,004	23,004
Transfers in (out), net	136,500	10,829	(125,671)
Total other financing sources (uses)	<u>136,500</u>	<u>198,333</u>	<u>61,833</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (120,000)</u>	<u>\$ 163,894</u>	<u>\$ 283,894</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<u>Sewer Fund</u>	<u>Unemployment Fund</u>	<u>Totals Proprietary Funds</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 1,004,918	\$ 104,719	\$ 1,109,637
Accounts receivable (Net of allowance for doubtful accounts of \$5,000)	<u>78,967</u>	<u>-</u>	<u>78,967</u>
Total current assets	<u>1,083,885</u>	<u>104,719</u>	<u>1,188,604</u>
Noncurrent assets -			
Capital assets	6,734,818	-	6,734,818
less - accumulated depreciation	<u>(4,709,359)</u>	<u>-</u>	<u>(4,709,359)</u>
Total noncurrent assets	<u>2,025,459</u>	<u>-</u>	<u>2,025,459</u>
Total assets	<u>3,109,344</u>	<u>104,719</u>	<u>3,214,063</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	12,336	-	12,336
Accrued payroll	4,428	-	4,428
Current portion of long-term debt	<u>37,675</u>	<u>-</u>	<u>37,675</u>
Total current liabilities	<u>54,439</u>	<u>-</u>	<u>54,439</u>
Noncurrent liabilities -			
Accrued compensated absences	57,135	-	57,135
Long-term debt	<u>263,725</u>	<u>-</u>	<u>263,725</u>
Total noncurrent liabilities	<u>320,860</u>	<u>-</u>	<u>320,860</u>
Total liabilities	<u>375,299</u>	<u>-</u>	<u>375,299</u>
<b>NET POSITION:</b>			
Net investment in capital assets	1,724,059	-	1,724,059
Restricted	796,138	104,719	900,857
Unrestricted	<u>213,848</u>	<u>-</u>	<u>213,848</u>
Total net position	<u>\$ 2,734,045</u>	<u>\$ 104,719</u>	<u>\$ 2,838,764</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Sewer <u>Fund</u>	Unemployment <u>Fund</u>	Totals Proprietary <u>Funds</u>
<b>OPERATING REVENUES:</b>			
User fees	\$ 600,252	\$ -	\$ 600,252
Miscellaneous	<u>3,060</u>	<u>-</u>	<u>3,060</u>
Total operating revenues	<u>603,312</u>	<u>-</u>	<u>603,312</u>
<b>OPERATING EXPENSES:</b>			
Operations and maintenance	536,726	-	536,726
Vehicles	16,156	-	16,156
Administration	70,246	-	70,246
Depreciation	<u>186,485</u>	<u>-</u>	<u>186,485</u>
Total operating expenses	<u>809,613</u>	<u>-</u>	<u>809,613</u>
Operating income (loss)	<u>(206,301)</u>	<u>-</u>	<u>(206,301)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Tap fees	15,238	-	15,238
Interest income	<u>3,901</u>	<u>262</u>	<u>4,163</u>
Total nonoperating revenues (expenses)	<u>19,139</u>	<u>262</u>	<u>19,401</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(187,162)	262	(186,900)
Operating transfers in	42,487	-	42,487
Operating transfers out	<u>(35,600)</u>	<u>-</u>	<u>(35,600)</u>
<b>CHANGE IN NET POSITION</b>	(180,275)	262	(180,013)
<b>NET POSITION, July 1, 2012</b>	<u>2,914,320</u>	<u>104,457</u>	<u>3,018,777</u>
<b>NET POSITION, June 30, 2013</b>	\$ <u>2,734,045</u>	\$ <u>104,719</u>	\$ <u>2,838,764</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Sewer Fund	Unemployment Fund	Totals Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 640,664	\$ -	\$ 640,664
Cash paid to suppliers for goods and services	(324,052)	-	(324,052)
Cash paid to employees for services	(300,466)	-	(300,466)
Net cash provided (used) by operating activities	<u>16,146</u>	<u>-</u>	<u>16,146</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Fees from sewer connections	15,238	-	15,238
Payment on bonds payable	(37,675)	-	(37,675)
Net cash provided (used) by capital and related financing activities	<u>(22,437)</u>	<u>-</u>	<u>(22,437)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Change in due from other funds	223,788	-	223,788
Transfers (to) from other funds, net	6,887	-	6,887
Net cash provided (used) by noncapital financing activities	<u>230,675</u>	<u>-</u>	<u>230,675</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	3,901	262	4,163
Net cash provided (used) by investing activities	<u>3,901</u>	<u>262</u>	<u>4,163</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	228,285	262	228,547
<b>CASH AND CASH EQUIVALENTS, July 1, 2012</b>	<u>776,633</u>	<u>104,457</u>	<u>881,090</u>
<b>CASH AND CASH EQUIVALENTS, June 30, 2013</b>	\$ <u>1,004,918</u>	\$ <u>104,719</u>	\$ <u>1,109,637</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (206,301)	\$ -	\$ (206,301)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation	186,485	-	186,485
Change in the following assets/liabilities:			
(Increase)/decrease in accounts receivable	37,352	-	37,352
Increase/(decrease) in accounts payable	(8,352)	-	(8,352)
Increase/(decrease) in accrued expenses	514	-	514
Increase/(decrease) in accrued compensated absences	6,448	-	6,448
Net cash provided (used) by operating activities	\$ <u>16,146</u>	\$ <u>-</u>	\$ <u>16,146</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF WOODSTOCK, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**1. Summary of significant accounting policies:**

The Town of Woodstock, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a Selectboard. The Town provides various services as authorized and funded by State government or Town voters.

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide statement of net position, the financial position of the Town is consolidated and incorporates capital assets as well as long-term debt and obligations. The government-wide statement of activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue and expenditures or expenses.

**TOWN OF WOODSTOCK, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**1. Summary of significant accounting policies (continued):**

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

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

Capital Reserve Fund - The Capital Reserve Fund accounts for funds reserved for a specific purpose. The Capital Reserve Fund was established to fund the Town's long-term capital budget. Committed funds represent amounts set aside for specific items approved by voters; assigned funds represent interest earnings that have been set aside for specific items by the Selectboard.

Irene Fund - The Irene Fund is used to account for the Town's Tropical Storm Irene recovery efforts.

Permanent Fund - The Permanent Fund is used to account for resources held in trust by the government for the benefit of the government or its citizenry.

The Town reports the following major proprietary fund:

Sewer Fund - The Sewer Fund is used to account for the Town's sewer operation.

The Town also reports a separate proprietary fund, the Unemployment Fund, a non-major fund, which was established to provide funds to liquidate any unemployment claims, as the Town is self-insured for unemployment.

D. Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported on a current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the fund liability is incurred, if measurable.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings and certain intergovernmental grants are recorded as earned.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**TOWN OF WOODSTOCK, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**1. Summary of significant accounting policies (continued):**

E. Budgets and budgetary accounting - The Town follows these procedures in establishing the budgetary data for the General Fund and Sewer Fund:

1. The Town Manager prepares the annual operating budgets for the Town's fiscal year ended June 30<sup>th</sup> prior to Town Meeting in March, using budget requests submitted by department heads, Town officials, commissions and boards. The proposed budgets are submitted to the Selectboard.
2. The Selectboard holds a series of joint public meetings to review and amend the proposed budgets. The budgets are then approved by the Selectboard for balloting.
3. The budgets and a warning of the Town Meeting are published in the Town report.
4. The budgets are voted on at the annual Town Meeting.

F. Cash and cash equivalents - The Town considers all cash accounts and certificates of deposits, where the principal is not at risk for loss due to early withdrawal, to be cash equivalents.

G. Capital assets - Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide and in the proprietary fund financial statements. Capital assets are generally defined by the Town as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the Town are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Vehicles and equipment	4 - 15 years
Office equipment and computers	5 - 20 years
Infrastructure	25 - 40 years

H. Deferred revenue - The Town has recorded, in the General Fund, deferred revenue from property taxes and related penalties and interest which have not been collected within 60 days following year end and are not considered available for current-year operations. The Town has recorded certain grants as deferred revenue until they are expended.

I. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees and others; and environmental liability. The Town manages these risks through commercial insurance packages and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

The Town is self-insured for unemployment insurance and \$104,719 has been set aside in the internal service fund to liquidate any unemployment claims. While a calculation of maximum potential unemployment claims has not been made, management believes that the amount in the internal service fund is sufficient to cover claims asserted in the normal course of business.

**TOWN OF WOODSTOCK, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**1. Summary of significant accounting policies (continued):**

- J. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1<sup>st</sup>. Property taxes for the fiscal year ended June 30, 2013 were payable in two installments due November 2012 and May 2013.
- K. Estimates - The preparation of financial statements 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 expenditures, or expenses, during the reporting period. Actual results could differ from those estimates.
- L. Compensated absences - Employees are granted vacation leave based upon their number of years of employment with the Town. Upon retirement, termination or death, certain employees are compensated for up to a maximum of 30 days of unused vacation (subject to certain limitations) at their then current rates of pay, provided that the employee gives a minimum notice of two weeks if the employee resigns.

Permanent full-time employees accumulate one sick day for each full calendar month of employment service. Unused sick leave may accumulate from year to year, but may not exceed 128 sick leave days. Upon retirement, termination or death, certain employees are compensated for up to a maximum of 128 days of sick leave (subject to certain limitations) at their then current rates of pay, provided that the employee gives a minimum notice of two weeks if the employee resigns.

An estimated liability for accrued compensated absences is reported in the government-wide financial statements.

- M. Fund equity - In the fund financial statements, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Town Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Selectboard.

Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in another classification.

The Town's policy is to apply expenditures to the fund balance of the highest granted authority first. The Town maintains separate governmental funds to account for donor specified amounts (restricted), voter approved amounts (committed), and amounts set aside by the Selectboard (assigned). Any residual fund balance amounts are reported as unassigned fund balance in the General Fund.

**TOWN OF WOODSTOCK, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**1. Summary of significant accounting policies (continued):**

N. New accounting standard - The Town has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The impact on these financial statements was to change the term "Net Assets" to "Net Position." In the future, deferred outflows of resources and deferred inflows of resources, if applicable, would be reported in the statement of net position.

**2. Cash and investments:**

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. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2013, the entire amount of the Town's bank balance was insured or collateralized.

Investments - The classification and fair value of investments held at June 30, 2013 are as follows:

<u>Investment</u>	<u>Fair Value</u>
Corporate bonds	\$ 265,999
Corporate stock - domestic	749,288
Corporate stock - international	113,939
Mutual funds	<u>232,741</u>
	<u>\$ 1,361,967</u>

Interest rate risk - Changes in market interest rates will affect the fair value of an interest-earning investment over time. The Town does not have a deposit policy regarding interest rate risk. Maturities of interest-earning investments at June 30, 2013 are as follows:

	<u>Fair Value</u>	<u>Investment Maturity</u>	
		<u>Less than One Year</u>	<u>1 to 5 Years</u>
Corporate bonds	\$ <u>265,999</u>	\$ <u>52,209</u>	\$ <u>213,790</u>

Credit risk - The Town's investment in corporate bonds is subject to credit risk. Credit risk is the risk that the bond issuer will not fulfill its obligations. The Town's investment policy regarding credit risk covers those assets held for investment in the Endowment Fund. The policy limits fixed income purchases to obligations issued by the U.S. Government or agency or by corporate issuers rated 'BBB' or better. The Town's investments in corporate bonds at June 30, 2013 are rated as follows according to Standard & Poor's:

<u>Bond Rating</u>	<u>Fair Value</u>
A+	\$ 26,035
A	55,397
A-	106,114
BBB+	26,922
BBB	26,603
BB+	<u>24,928</u>
	<u>\$ 265,999</u>

**TOWN OF WOODSTOCK, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**2. Cash and investments (continued):**

Foreign currency risk - The Town's investment in international equities is subject to foreign currency risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2013, \$113,939 of the Town's total investment in corporate stock of \$863,227 was invested in international equities. The Town does not have an investment policy regarding foreign currency risk.

**3. Interfund transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ 244,888	\$ 234,059
Capital Reserve Fund	269,659	277,375
Permanent Fund	<u>-</u>	<u>10,000</u>
	514,547	521,434
Proprietary funds -		
Sewer Fund	<u>42,487</u>	<u>35,600</u>
	\$ <u>557,034</u>	\$ <u>557,034</u>

Transfers from the General Fund and the Sewer Fund to the Capital Reserve Fund were made to commit and assign amounts for future capital expenditures. Of this total, \$207,600 represented voter committed transfers. In addition, management transferred \$62,059 from the General Fund to the Capital Reserve Fund. Transfers of \$277,375 from the Capital Reserve Fund to the General Fund and Sewer Fund were for the payment of capital expenditures done in 2013 whose funds had been previously set aside by voters as committed or by the selectboard as assigned fund balance in this Capital Reserve Fund. The \$10,000 transfer from the Permanent Fund to the General Fund was for the budgeted disbursement of assets from the Permanent Fund.

**4. Interfund receivable and payable balances:**

Interfund receivable and payable balances are due to the pooling of cash for operations. Balances as of June 30, 2013 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 234,059
Capital Reserve Fund	<u>234,059</u>	<u>-</u>
	\$ <u>234,059</u>	\$ <u>234,059</u>

**TOWN OF WOODSTOCK, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**5. Pension plan:**

Vermont Municipal Employees' Retirement System -

Plan description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State statutory provisions, found in Title 24, Chapter 125, of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS' office, 109 State Street, Montpelier, Vermont, 05609-6901 or by calling (802) 828-2305.

Funding policy: Defined Benefit Plan members are required to contribute 2.5% (Group A), 4.5% (Group B), 9.25% (Group C) or 11.00% (Group D) of their annual covered salary, and the Town is required to contribute 4% (Group A), 5% (Group B), 6.5% (Group C) or 9.5% (Group D) of the employees' compensation. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2013, 2012, and 2011 were \$63,582, \$61,112, and \$59,745, respectively. The amounts contributed were equal to the required contributions for each year.

The July 1, 2012 actuarial valuation of VMERS reports asset market value of \$417,443,451 and actuarial accrued liability of \$488,571,748, leaving an actuarial shortfall of \$71,128,297.

**6. Capital lease:**

The Town has entered into a lease agreement as lessee for financing the acquisition of a fire truck. The lease agreement qualifies as a capital lease for accounting purposes. The cost of the asset is capitalized and depreciated on the government-wide statements. As of June 30, 2013, the cost and accumulated depreciation of the asset is \$319,000 and \$100,485, respectively. In February 2013, the Town paid the final principal amount of \$35,186 owed on this lease and the remaining interest of \$1,875.

**TOWN OF WOODSTOCK, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**7. Capital assets:**

Changes in capital assets consisted of the following:

	Balance July 1, 2012	Increase	Decrease	Balance June 30, 2013
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 642,570	\$ -	\$ -	\$ 642,570
Construction in process	<u>303,918</u>	<u>851,518</u>	<u>(864,289)</u>	<u>291,147</u>
Total capital assets, not depreciated	<u>946,488</u>	<u>851,518</u>	<u>(864,289)</u>	<u>933,717</u>
Capital assets, depreciated:				
Buildings and improvements	4,632,667	-	-	4,632,667
Vehicles and equipment	2,578,797	549,350	(350,404)	2,777,743
Office equipment and computers	353,500	28,729	(3,604)	378,625
Infrastructure	<u>1,332,843</u>	<u>875,114</u>	<u>-</u>	<u>2,207,957</u>
Total capital assets depreciated	<u>8,897,807</u>	<u>1,453,193</u>	<u>(354,008)</u>	<u>9,996,992</u>
Less accumulated depreciation for:				
Buildings and improvements	1,555,344	121,813	-	1,677,157
Vehicles and equipment	1,225,763	223,400	(211,258)	1,237,905
Office equipment and computers	245,691	19,706	(3,604)	261,793
Infrastructure	<u>77,579</u>	<u>39,300</u>	<u>-</u>	<u>116,879</u>
Total accumulated depreciation	<u>3,104,377</u>	<u>404,219</u>	<u>(214,862)</u>	<u>3,293,734</u>
Total capital assets depreciated, net	<u>5,793,430</u>	<u>1,048,974</u>	<u>(139,146)</u>	<u>6,703,258</u>
Capital assets, net, governmental activities	<u>6,739,918</u>	<u>1,900,492</u>	<u>(1,003,435)</u>	<u>7,636,975</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	<u>36,164</u>	<u>-</u>	<u>-</u>	<u>36,164</u>
Capital assets, depreciated:				
Sewer treatment plant	6,324,954	-	-	6,324,954
Vehicles and equipment	359,501	-	-	359,501
Office equipment and computers	<u>14,199</u>	<u>-</u>	<u>-</u>	<u>14,199</u>
Total capital assets depreciated	<u>6,698,654</u>	<u>-</u>	<u>-</u>	<u>6,698,654</u>
Less accumulated depreciation for:				
Sewer treatment plant	4,252,110	158,124	-	4,410,234
Vehicles and equipment	264,442	26,643	-	291,085
Office equipment and computers	<u>6,322</u>	<u>1,718</u>	<u>-</u>	<u>8,040</u>
Total accumulated depreciation	<u>4,522,874</u>	<u>186,485</u>	<u>-</u>	<u>4,709,359</u>
Total capital assets depreciated, net	<u>2,175,780</u>	<u>(186,485)</u>	<u>-</u>	<u>1,989,295</u>
Capital assets, net, business-type activities	<u>2,211,944</u>	<u>(186,485)</u>	<u>-</u>	<u>2,025,459</u>
Capital assets, net	\$ <u>8,951,862</u>	\$ <u>1,714,007</u>	\$ <u>(1,003,435)</u>	\$ <u>9,662,434</u>

**TOWN OF WOODSTOCK, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**7. Capital assets (continued):**

Depreciation expense in the governmental activities totaling \$404,219 was allocated to the following functions: general government \$50,426, public safety \$135,237, and public works \$218,556.

Depreciation expense in the business-type activities of \$186,485 was fully allocated to the sewer function.

**8. Debt:**

Long-term - The Town is indebted at June 30, 2013 as follows:

Governmental activities -

Vermont Municipal Bond Bank - 2006 Series 1, for construction of highway garage, payable in annual principal and semi-annual interest payments through December 2026 at an effective interest rate of 4.45%	\$ 980,000
Note payable, for police cruiser, payable in annual principal and interest payments through July 2014 at 1.94% interest	12,317
Note payable, for dump truck, payable in annual principal and interest payments through July 2015 at 1.99% interest	44,329
Bond payable, for Little Theater improvements, payable in annual principal and interest payments through May 2032 at 3.00% interest	209,000
Note payable, for backhoe, payable in annual principal and interest payments through July 2016 at 1.92% interest	49,589
Note payable, for international truck, payable in annual principal and interest payments through September 2016 at 2.243% interest	39,000
Note payable, for loader, payable in annual principal and interest payments through August 2016 at 2.35% interest	60,000
Compensated absences	<u>236,180</u>
	<u>1,630,415</u>

Business-type activities -

Vermont Municipal Bond Bank - RF1-037, for sewer infrastructure improvements, payable in annual principal payments through January 2021 at 0.00% interest	301,400
Compensated absences	<u>57,135</u>
	<u>358,535</u>
	\$ <u>1,988,950</u>

**TOWN OF WOODSTOCK, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**8. Debt (continued):**

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

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2013</u>	Due Within <u>One Year</u>
Governmental activities -					
Highway garage	\$ 1,050,000	\$ -	\$ (70,000)	\$ 980,000	\$ 70,000
Little Theater	220,000	-	(11,000)	209,000	11,000
Equipment note - Grader	26,282	-	(26,282)	-	-
Equipment note - Dump truck	9,073	-	(9,073)	-	-
Equipment note - Cruiser	18,300	-	(5,983)	12,317	6,099
Equipment note - Dump truck	61,452	-	(17,123)	44,329	17,469
Equipment note - Backhoe	-	65,500	(15,911)	49,589	16,216
Equipment note - 2013 Int'l Truck	-	39,000	-	39,000	9,428
Equipment note - Loader	-	60,000	-	60,000	14,482
Compensated absences	<u>235,520</u>	<u>660</u>	<u>-</u>	<u>236,180</u>	<u>-</u>
	<u>1,620,627</u>	<u>165,160</u>	<u>(155,372)</u>	<u>1,630,415</u>	<u>144,694</u>
Business-type activities -					
Sewer fund bond	339,075	-	(37,675)	301,400	37,675
Compensated absences	<u>50,687</u>	<u>6,448</u>	<u>-</u>	<u>57,135</u>	<u>-</u>
	<u>389,762</u>	<u>6,448</u>	<u>(37,675)</u>	<u>358,535</u>	<u>37,675</u>
	<u>\$ 2,010,389</u>	<u>\$ 171,608</u>	<u>\$ (193,047)</u>	<u>\$ 1,988,950</u>	<u>\$ 182,369</u>

Annual maturities of the long-term debt are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 144,694	\$ 52,746	\$ 37,675	\$ -
2015	146,025	48,149	37,675	-
2016	131,914	43,502	37,675	-
2017	106,602	39,171	37,675	-
2018	81,000	35,202	150,700	-
2019-2023	405,000	124,179	-	-
2024-2028	335,000	37,513	-	-
2029-2033	<u>44,000</u>	<u>3,300</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,394,235</u>	<u>\$ 383,762</u>	<u>\$ 301,400</u>	<u>\$ -</u>

Subsequent to year end, the Town signed a four year \$95,000 note for the purchase of a grader with interest at 1.74%.

**TOWN OF WOODSTOCK, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**8. Debt (continued):**

Short-term - During the year the Town paid off \$1,000,000 of a \$2,000,000 current expense note (Irene Disaster Relief) with interest at 0.6%. In July 2013 the Town signed a loan modification agreement for the remaining \$1,000,000 with interest at 0.95% due June 30, 2014. Interest expense was \$12,030.

**9. Related party:**

The Town shares common personnel, office facilities and equipment with the Village of Woodstock. Shared costs are billed and paid within normal payment cycles. As of June 30, 2013 amounts due from the Village of Woodstock were \$87,901.

**10. Police services:**

The Town and the Village of Woodstock (the Village) have entered into an agreement for the Village to provide police services to the Town for the geographic region located in the Town of Woodstock, but outside of the Village. The Town paid the Village \$169,300 for these services which are based on budgeted amounts.

**11. Commitments:**

The Town has entered into an agreement with the Woodstock School District for use of the facilities of the Woodstock Elementary School in the event of a community emergency. The agreement is binding until March 2024 and specifies that future rent increases shall be by mutual consent of both parties. For the year ended June 30, 2013, the Town has recorded lease expense of \$92,000 related to this agreement.

**12. Deficits:**

At June 30, 2013 the Irene Fund had an unassigned deficit fund balance of \$687,102. Management recognizes this deficit and intends to request voter approval for additional funding to cover additional local costs of flood damage once all costs are known.

**13. Governmental fund equity:**

As of June 30, 2013 governmental fund balances consisted of the following:

	General Fund	Capital Reserve Fund	Irene Fund	Permanent Fund	Totals
Nonspendable:					
Prepaid expenditures	\$ 3,350	\$ -	\$ -	\$ -	\$ 3,350
Endowment principal	-	-	-	1,046,712	1,046,712
	<u>3,350</u>	<u>-</u>	<u>-</u>	<u>1,046,712</u>	<u>1,050,062</u>
Restricted for:					
Fireworks	4,043	-	-	-	4,043
Benefit of the Town	-	-	-	671,679	671,679
	<u>4,043</u>	<u>-</u>	<u>-</u>	<u>671,679</u>	<u>675,722</u>

**TOWN OF WOODSTOCK, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**13. Governmental fund equity (continued):**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Irene Fund</u>	<u>Permanent Fund</u>	<u>Totals</u>
Committed to:					
Capital projects and equipment	-	680,180	-	-	680,180
Capital projects and equipment - sewer	-	389,750	-	-	389,750
	<u>-</u>	<u>1,069,930</u>	<u>-</u>	<u>-</u>	<u>1,069,930</u>
Assigned to:					
Forest improvement	19,114	-	-	-	19,114
Fireworks	3,350	-	-	-	3,350
Police training	8,000	-	-	-	8,000
Police equipment	2,000	-	-	-	2,000
Police cruiser	1,000	-	-	-	1,000
Accrued benefits	34,078	-	-	-	34,078
Capital projects and equipment	-	185,796	-	-	185,796
Capital projects and equipment - sewer	-	104,267	-	-	104,267
	<u>67,542</u>	<u>290,063</u>	<u>-</u>	<u>-</u>	<u>357,605</u>
Unassigned	<u>205,270</u>	<u>-</u>	<u>(687,102)</u>	<u>-</u>	<u>(481,832)</u>
	<u>\$ 280,205</u>	<u>\$ 1,359,993</u>	<u>\$ (687,102)</u>	<u>\$ 1,718,391</u>	<u>\$ 2,671,487</u>

**14. Capital Reserve Fund:**

The following is a summary of the changes in the Capital Reserve Fund equity:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>Balance June 30, 2013</u>
General expenditures:				
Town Hall construction	\$ 43,402	\$ 20,000	\$ (1,955)	\$ 61,447
Recycling	452	-	-	452
Planning and zoning regulations	1,338	-	-	1,338
Grand list update	197,224	18,582	-	215,806
Office equipment	10,358	1,500	-	11,858
Town Clerk vault	27,750	1,500	-	29,250
Computer equipment	9,556	2,500	(2,207)	9,849
Lister's equipment	6,503	403	-	6,906
Town Clerk office equipment	1,500	-	-	1,500
Trucks	107,886	30,000	(68,225)	69,661
Backhoe	781	-	-	781
Manager's pick-up	7,693	1,500	-	9,193
Highway pick-up	4,377	-	-	4,377
Bridge construction	76,134	25,000	-	101,134
Vail Field Improvements	-	25,000	-	25,000
Ambulance	112,086	50,000	(130,150)	31,936

**TOWN OF WOODSTOCK, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**14. Capital Reserve Fund (continued):**

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Withdrawals</u>	Balance <u>June 30, 2013</u>
General expenditures (continued):				
Computer report system	8,015	-	(1,801)	6,214
Pave ESB Lot	28,000	8,000	-	36,000
Emergency services	217	-	-	217
Generator - Fire Department	1,000	-	-	1,000
Fire pager replacement	2,955	1,000	(1,814)	2,141
Communications	42,658	6,000	-	48,658
Communications computer	5,462	-	-	5,462
Total committed general expenditures	<u>695,347</u>	<u>190,985</u>	<u>(206,152)</u>	<u>680,180</u>
Restoration of records	66,200	10,074	-	76,274
Road improvements	22,446	-	-	22,446
Paving	9,515	-	(28,736)	(19,221)
Bridge construction	-	15,000	-	15,000
Storm drains	8,402	-	-	8,402
Salt and sand	10,000	-	-	10,000
Vail Field Improvements	25,000	-	-	25,000
Bunker gear	107	-	-	107
Selectboard contingency	27,600	18,000	-	45,600
Assigned general capital expenditures	2,006	182	-	2,188
Total assigned general expenditures	<u>171,276</u>	<u>43,256</u>	<u>(28,736)</u>	<u>185,796</u>
Total general expenditures	<u>866,623</u>	<u>234,241</u>	<u>(234,888)</u>	<u>865,976</u>
Sewer expenditures:				
I.I. Study	20,000	-	-	20,000
Pick-up truck	10,089	-	-	10,089
Dechlorination equipment	5,214	-	-	5,214
Tractor	66,336	5,000	-	71,336
Manager's pick-up - sewer	3,253	600	-	3,853
Test/monitor wells	4,508	-	-	4,508
Sludge disposal truck	190,378	10,000	-	200,378
Repairs and maintenance - sewer	34,305	20,000	(42,487)	11,818
Ton truck - sewer	8,858	-	-	8,858
Line flusher	40,000	-	-	40,000
TV camera	10,000	-	-	10,000
Sewer line maintenance	3,696	-	-	3,696
Total committed sewer expenditures	396,637	35,600	(42,487)	389,750
Assigned sewer capital expenditures	104,130	137	-	104,267
Total sewer expenditures	<u>500,767</u>	<u>35,737</u>	<u>(42,487)</u>	<u>494,017</u>
Total Capital Reserve Fund	\$ <u>1,367,390</u>	\$ <u>269,978</u>	\$ <u>(277,375)</u>	\$ <u>1,359,993</u>

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 1 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Property taxes -			
Current (net of taxes abated)	\$ 3,044,352	\$ 3,388,053	\$ 343,701
In lieu of taxes and land use	<u>213,000</u>	<u>227,206</u>	<u>14,206</u>
Total property taxes	<u>3,257,352</u>	<u>3,615,259</u>	<u>357,907</u>
Licenses and permits -			
Licenses and fees	57,500	66,893	9,393
Boards and agencies	<u>10,000</u>	<u>10,304</u>	<u>304</u>
Total licenses and permits	<u>67,500</u>	<u>77,197</u>	<u>9,697</u>
Intergovernmental -			
Highway State Aid	125,000	133,585	8,585
Miscellaneous State of Vermont	-	19,225	19,225
Grants	<u>-</u>	<u>143,515</u>	<u>143,515</u>
Total intergovernmental	<u>125,000</u>	<u>296,325</u>	<u>171,325</u>
Charges for services -			
False alarms and permits	11,500	14,875	3,375
Ambulance services	350,000	432,744	82,744
Police fees	<u>64,730</u>	<u>64,730</u>	<u>-</u>
Total charges for services	<u>426,230</u>	<u>512,349</u>	<u>86,119</u>
Fines and forfeits -			
Moving violations	10,000	3,800	(6,200)
Delinquent tax penalties and interest	<u>120,000</u>	<u>136,819</u>	<u>16,819</u>
Total fines and forfeits	<u>130,000</u>	<u>140,619</u>	<u>10,619</u>
Investment income	<u>1,500</u>	<u>603</u>	<u>(897)</u>
Miscellaneous -			
Rental income	11,700	14,040	2,340
Miscellaneous	<u>2,500</u>	<u>2,487</u>	<u>(13)</u>
Total miscellaneous	<u>14,200</u>	<u>16,527</u>	<u>2,327</u>
Total revenues	<u>4,021,782</u>	<u>4,658,879</u>	<u>637,097</u>

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 2 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b>			
General Government -			
Town Selectboard:			
Legislating -			
Salaries and wages	3,750	3,750	-
Benefits	300	287	13
RCD	100	-	100
Community television	2,400	2,300	100
Coalition of municipality	250	-	250
Dues, subscriptions, and meetings	5,700	4,560	1,140
Total legislating	12,500	10,897	1,603
Printing orders and proceedings -			
Printing and binding	3,500	4,504	(1,004)
Legal -			
Professional services	6,000	4,692	1,308
Total Town Selectboard	22,000	20,093	1,907
Town Executive Department:			
Managing municipality -			
Salaries and wages	82,100	86,314	(4,214)
Benefits	26,300	26,885	(585)
Dues, subscriptions, and meetings	1,000	1,097	(97)
Total Town Executive Department	109,400	114,296	(4,896)
Town Administration:			
Office supplies	3,800	2,556	1,244
Operating supplies	3,000	3,014	(14)
Postage	4,000	4,194	(194)
Equipment maintenance	2,000	1,553	447
Machinery and equipment	1,200	1,009	191
Communication	3,500	3,863	(363)
Advertising	2,500	3,287	(787)
Total Town administration	20,000	19,476	524
Town Finance Department:			
Treasurer -			
Salaries and wages	15,600	15,600	-
Benefits	1,200	1,193	7
Travel and transportation	2,000	2,153	(153)
Dues, subscriptions, and meetings	100	20	80
Total Treasurer	18,900	18,966	(66)

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 3 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES (CONTINUED):</b>			
General Government (continued) -			
Town Finance Department (continued):			
Accounting and Bookkeeping -			
Salaries and wages	36,750	40,212	(3,462)
Benefits	11,400	12,222	(822)
Other purchased services	800	809	(9)
Professional services	200	200	-
Software upgrades	100	-	100
Total Accounting and Bookkeeping	49,250	53,443	(4,193)
Auditing -			
Professional services	17,000	19,481	(2,481)
Tax Listing -			
Salaries and wages	66,200	63,626	2,574
Benefits	30,300	22,405	7,895
Operating supplies	150	122	28
Dues, subscriptions, and meetings	600	694	(94)
Professional services	200	-	200
Travel and transportation	400	157	243
Other purchased services	500	195	305
Repairs and maintenance	100	-	100
Licensed State support	250	232	18
Total Tax Listing	98,700	87,431	11,269
Tax Collecting -			
Salaries and wages	13,250	13,474	(224)
Benefits	4,500	4,756	(256)
Total Tax Collecting	17,750	18,230	(480)
Total Town Finance Department	201,600	197,551	4,049
Town Administration Department:			
Town Clerk -			
Salaries and wages	52,350	51,139	1,211
Assistant Town Clerk wages	11,500	11,316	184
Benefits	22,600	19,554	3,046
Record retention	3,200	3,115	85
Other purchased services	100	305	(205)
Dues, subscriptions, and meetings	400	172	228
Machinery and equipment	500	331	169
Copier lease	950	945	5
Restoration of records	50	-	50
Office supplies	250	20	230
Total Town Clerk	91,900	86,897	5,003

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 4 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
General Government (continued) -			
Town Administration Department (continued):			
Board of Civil Authority -			
Salaries and wages, including volunteers	300	353	(53)
Election wages	1,800	1,902	(102)
Office/printing supplies	4,500	4,755	(255)
Total Board of Civil Authority	<u>6,600</u>	<u>7,010</u>	<u>(410)</u>
Total Town Administration Department	<u>98,500</u>	<u>93,907</u>	<u>4,593</u>
Municipal Planning and Zoning:			
Salaries and wages	62,200	62,349	(149)
Benefits	29,250	28,636	614
Advertising	2,500	1,951	549
Dues, subscriptions, and meetings	5,700	6,062	(362)
Travel and transportation	3,000	3,113	(113)
Professional services	750	20	730
Conservation Commission	500	135	365
Equipment purchase	250	143	107
GIS mapping	100	-	100
Total Municipal Planning and Zoning	<u>104,250</u>	<u>102,409</u>	<u>1,841</u>
Town Plant and Equipment:			
Building and maintenance - Town Hall -			
Custodial services	21,500	19,310	2,190
Operating supplies	2,500	2,103	397
Small tools and equipment	600	289	311
Other purchased services	6,000	7,298	(1,298)
Repair and maintenance	12,000	5,673	6,327
Utilities	36,000	39,596	(3,596)
Improvements	1,000	-	1,000
Total Town Plant and Equipment	<u>79,600</u>	<u>74,269</u>	<u>5,331</u>
Town Contingency Department:			
Unclassified	30,000	11,058	18,942
House numbers	500	70	430
Insurance	103,000	111,690	(8,690)
Total Town Contingency Department	<u>133,500</u>	<u>122,818</u>	<u>10,682</u>
Total General Government expenditures	<u>768,850</u>	<u>744,819</u>	<u>24,031</u>

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 5 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Public Safety -			
Town Constables:			
Crime investigation control -			
Salaries and wages	5,000	3,723	1,277
Benefits	400	285	115
Operating supplies	500	-	500
Office supplies	200	30	170
Repair and maintenance supplies	100	-	100
Communications	200	72	128
Other purchased services	200	375	(175)
Machinery and equipment	200	-	200
Mileage - Blue Light	700	204	496
Total Town Constables	7,500	4,689	2,811
Town Communications Department:			
Salaries and wages	180,000	190,864	(10,864)
Training wages	1,500	266	1,234
Residency stipend	3,000	1,992	1,008
EMT stipend	1,000	-	1,000
Benefits	54,000	48,469	5,531
Office supplies	1,200	416	784
Repairs and maintenance supplies	500	12	488
Small tools and equipment	400	262	138
Communications	3,100	3,316	(216)
Tower rent	2,800	2,733	67
Tower maintenance	200	267	(67)
Repairs and maintenance	900	299	601
Machinery and equipment	800	84	716
Training/tuition	250	500	(250)
Travel and transportation	550	134	416
Operating supplies	1,000	1,266	(266)
Total Town Communications Department	251,200	250,880	320
Town Fire Department:			
Firefighting -			
Salaries and wages	77,000	76,835	165
Benefits	6,200	5,878	322
Operating supplies	2,000	2,329	(329)
Dues, subscriptions, and meetings	900	885	15
Professional services	2,000	1,592	408
Medical testing	750	554	196
CDL licensing	500	-	500
Travel and transportation	200	-	200

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 6 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Public Safety (continued) -			
Town Fire Department (continued):			
Firefighting (continued) -			
Fire prevention	1,000	500	500
Education	3,500	3,907	(407)
Hydrant rental	27,000	21,321	5,679
Winter hydrant maintenance	3,600	3,500	100
Total firefighting	<u>124,650</u>	<u>117,301</u>	<u>7,349</u>
Fire communications -			
Alarm registration	1,500	-	1,500
Communications	2,400	1,818	582
Repairs and maintenance	2,400	828	1,572
Machinery and equipment	2,500	307	2,193
Total fire communications	<u>8,800</u>	<u>2,953</u>	<u>5,847</u>
Fire truck and equipment -			
Fire truck capital lease	37,100	37,061	39
Operating supplies	1,200	753	447
Repairs and maintenance	2,000	198	1,802
Fuel	2,800	940	1,860
Engine/Tanker maintenance	9,500	7,669	1,831
Total fire truck and equipment	<u>52,600</u>	<u>46,621</u>	<u>5,979</u>
Fire fighting equipment -			
Operating supplies	500	882	(382)
Rescue equipment	800	120	680
Air pack maintenance and equipment	2,000	4,483	(2,483)
Bunker gear	6,000	8,440	(2,440)
Hose and hose adapters	3,000	431	2,569
Small tools and equipment	400	196	204
Equipment maintenance and reserve	1,000	735	265
Equipment purchase	1,600	4,516	(2,916)
Total fire fighting equipment	<u>15,300</u>	<u>19,803</u>	<u>(4,503)</u>
Woodstock Station #2 -			
Maintenance supplies	250	55	195
Repairs and maintenance	2,400	1,544	856
Propane	2,800	1,620	1,180
Electricity	800	832	(32)
Utilities	1,300	1,174	126
Total Woodstock Station #2	<u>7,550</u>	<u>5,225</u>	<u>2,325</u>
Total Town Fire Department	<u>208,900</u>	<u>191,903</u>	<u>16,997</u>

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 7 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Public Safety (continued) -			
Town Ambulance Department:			
Operations -			
Salaries and wages, including volunteer services	64,050	65,261	(1,211)
Associates' salaries	100,000	158,278	(58,278)
Benefits	31,050	28,062	2,988
Office supplies	1,500	2,195	(695)
Operating supplies	18,500	26,605	(8,105)
Repairs and maintenance supplies	100	27	73
Paramedic supplies	2,000	1,318	682
Other purchased services	2,400	4,371	(1,971)
Dues, subscriptions, and meetings	500	493	7
Uncollectible accounts	100	40,526	(40,426)
Medicare and insurance allowance	100	-	100
Personal protection equipment	1,000	1,315	(315)
Contract services	-	20,719	(20,719)
Paramedic intercept	2,000	11,720	(9,720)
Medical testing	300	-	300
Total operations	223,600	360,890	(137,290)
Vehicle maintenance -			
Small tools and equipment	800	1,536	(736)
Repair and maintenance	5,000	8,557	(3,557)
Fuel	6,500	8,395	(1,895)
Total vehicle maintenance	12,300	18,488	(6,188)
Training -			
Operating supplies	1,000	67	933
Small tools and equipment	300	74	226
Dues, subscriptions and meetings	1,000	-	1,000
Professional services	1,500	1,790	(290)
State EMS training	8,000	3,159	4,841
Travel and transportation	500	-	500
Total training	12,300	5,090	7,210
Communications -			
Office phone and internet	800	735	65
Vehicle cell phones	1,200	818	382
Pagers	400	1,729	(1,329)
Portable radios	1,500	2,065	(565)
Vehicle mobile radios	500	1,064	(564)
Total communications	4,400	6,411	(2,011)
Total Town Ambulance Department	252,600	390,879	(138,279)

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 8 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Public Safety (continued) -			
Emergency Services Department:			
Maintenance supplies	1,000	577	423
Equipment repair and maintenance	11,000	6,308	4,692
Building custodian	4,400	3,975	425
Propane	4,200	2,960	1,240
Electricity	7,000	7,903	(903)
Utilities	1,600	1,455	145
Total Emergency Services Department	29,200	23,178	6,022
Town Police Department:			
Salaries and wages	72,055	64,294	7,761
Employer paid benefits	26,000	24,810	1,190
Training wages	1,000	1,120	(120)
Stipend	2,600	1,471	1,129
Training paid benefits	200	-	200
Legal fees	-	977	(977)
Contract services	-	400	(400)
Uniform service	1,500	1,498	2
Repairs and maintenance of vehicles	2,500	1,692	808
Vehicle damage	-	2,837	(2,837)
Small tools and equipment	500	460	40
4x4 Vehicle lease	6,500	6,338	162
4x4 Radio, Lights, Radar	700	689	11
Fuel	6,500	3,646	2,854
Tuition	500	486	14
Total Town Police Department	120,555	110,718	9,837
Amounts paid to Village for police services	169,300	169,300	-
Total Public Safety expenditures	1,039,255	1,141,547	(102,292)
Public Works -			
Highways and Streets -			
Highway maintenance:			
Salaries and wages	239,650	223,378	16,272
Overtime	32,800	33,857	(1,057)
Benefits	101,500	99,460	2,040
Retirement/past employee	10,000	10,000	-
Office supplies	250	613	(363)
Operating supplies	20,000	22,611	(2,611)
Small tools and equipment	500	413	87
Communications	2,600	2,883	(283)

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 9 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Public Works (continued) -			
Highways and Streets (continued) -			
Highway maintenance (continued):			
Other purchased services	20,000	21,204	(1,204)
Professional services	1,000	489	511
Rentals	500	190	310
Travel and transportation (fuel)	65,000	65,226	(226)
Spot gravel	70,000	87,102	(17,102)
Road stabilization	30,000	19,851	10,149
Pavement patch	1,000	392	608
Salt and sand	<u>100,000</u>	<u>115,141</u>	<u>(15,141)</u>
Total highway maintenance	<u>694,800</u>	<u>702,810</u>	<u>(8,010)</u>
Construction:			
Other purchased services	5,000	569	4,431
Rentals	500	79	421
Unclassified	<u>10,000</u>	<u>19,617</u>	<u>(9,617)</u>
Total construction	<u>15,500</u>	<u>20,265</u>	<u>(4,765)</u>
Maintenance of storm drains:			
Culverts and drains	<u>12,000</u>	<u>12,086</u>	<u>(86)</u>
Construction and maintenance of bridges:			
Operating supplies	2,000	231	1,769
Repair and maintenance supplies	6,000	277	5,723
Other purchased services	6,000	323	5,677
Bridge rehabilitation and miscellaneous	30,000	25,046	4,954
Rentals	500	-	500
Engineering services	<u>1,000</u>	<u>2,903</u>	<u>(1,903)</u>
Total construction and maintenance of bridges	<u>45,500</u>	<u>28,780</u>	<u>16,720</u>
Traffic control:			
Operating supplies	3,000	1,214	1,786
Repair and maintenance supplies	<u>500</u>	<u>-</u>	<u>500</u>
Total traffic control	<u>3,500</u>	<u>1,214</u>	<u>2,286</u>
Street lights:			
Utilities	<u>13,200</u>	<u>12,762</u>	<u>438</u>
Equipment maintenance and purchase:			
Repairs and maintenance supplies	40,000	40,722	(722)
Small tools and equipment	1,000	-	1,000
Communications	500	-	500

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 10 of 12

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
Public Works (continued) -			
Highways and Streets (continued) -			
Equipment maintenance and purchase:			
Operating supplies	9,500	6,507	2,993
Backhoe note	20,000	17,168	2,832
Loader note	30,000	19,519	10,481
Grader note	26,800	26,761	39
Ton truck note	13,800	-	13,800
Dump truck note	44,800	27,505	17,295
Other purchased services	4,000	869	3,131
Total equipment maintenance and purchase	<u>190,400</u>	<u>139,051</u>	<u>51,349</u>
Public Works building:			
Repairs and maintenance	1,250	3,800	(2,550)
Utilities	18,800	16,949	1,851
Bond payment - principal	70,000	70,000	-
- interest	45,100	45,099	1
Total Public Works building	<u>135,150</u>	<u>135,848</u>	<u>(698)</u>
Total Highway and Streets expenditures	<u>1,110,050</u>	<u>1,052,816</u>	<u>57,234</u>
Cemetery -			
Other purchased services	14,000	14,000	-
Repairs and maintenance	1,000	1,000	-
Total Cemetery expenditures	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Sanitation -			
Sanitation	40,890	38,557	2,333
Total Public Works expenditures	<u>1,165,940</u>	<u>1,106,373</u>	<u>59,567</u>
Culture and Recreation -			
Culture and Recreation:			
Parades	1,500	1,582	(82)
Pentangle	31,830	31,830	-
Little Theatre - principal	-	11,000	(11,000)
- interest	-	6,589	(6,589)
Woodstock Recreation Department	245,200	245,200	-
Grants, subsidies and contributions, Town Library	133,800	133,800	-
Fireworks	7,500	5,800	1,700
Elementary school space rent	92,000	92,000	-
Total Culture and Recreation	<u>511,830</u>	<u>527,801</u>	<u>(15,971)</u>

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 11 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Culture and Recreation (continued) -			
Public Health Services:			
Salaries and wages	5,000	5,000	-
Benefits	400	383	17
Water testing supplies	100	90	10
Dues, subscriptions, and meetings	100	-	100
Travel and transportation	100	-	100
Total Public Health Services	<u>5,700</u>	<u>5,473</u>	<u>227</u>
Total Culture and Recreation expenditures	<u>517,530</u>	<u>533,274</u>	<u>(15,744)</u>
Comfort Station -			
Maintenance supplies	1,000	1,424	(424)
Custodial services	19,000	18,200	800
Propane	1,700	898	802
Electricity	950	791	159
Miscellaneous utilities	1,500	1,400	100
Building repairs and maintenance	1,800	786	1,014
Total Comfort Station expenditures	<u>25,950</u>	<u>23,499</u>	<u>2,451</u>
Intergovernmental -			
Highway rebate	220,000	219,044	956
County tax	26,210	26,210	-
Total Intergovernmental expenditures	<u>246,210</u>	<u>245,254</u>	<u>956</u>
Special Articles -			
Trustee of Public Fund Wages	3,000	3,230	(230)
Trust fund audit	1,500	1,500	-
Woodstock Area Job Bank	3,000	3,000	-
Woodstock Council on Aging	35,000	35,000	-
Visiting Nurses	24,900	24,900	-
Windsor County Partners	2,500	2,500	-
WISE	2,000	2,000	-
Pentangle	32,000	32,000	-
Norman Williams Public Library	30,000	30,000	-
Ottauquechee Community Partnership	3,000	3,000	-
Health Care & Rehab Services	3,247	3,247	-
Historical Society Education Program	10,000	10,000	-
Green Mountain RSVP	500	500	-
Welcome Center	12,000	12,000	-
Flood Mitigation Project	50,000	39,704	10,296
Stagecoach Transportation	2,400	2,400	-
Little Theatre	-	144,129	(144,129)

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1  
Page 12 of 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Special Articles (continued) -			
House Number Project	-	177	(177)
Total Special Articles expenditures	<u>215,047</u>	<u>349,287</u>	<u>(134,240)</u>
Capital reserve spending -			
Listers equipment	-	2,207	(2,207)
Town Hall improvements	20,000	1,955	18,045
Town Clerk records	10,000	-	10,000
Paving	50,000	28,736	21,264
Road construction	2,500	-	2,500
Backhoe	-	65,500	(65,500)
Loader	-	60,000	(60,000)
Truck	-	39,000	(39,000)
Dump truck	60,000	68,225	(8,225)
Culverts and stormwater	5,000	-	5,000
Ambulance purchase	152,000	130,150	21,850
Ambulance computer	-	1,801	(1,801)
Fire department pager replacement	-	1,814	(1,814)
Total capital reserve spending expenditures	<u>299,500</u>	<u>399,388</u>	<u>(99,888)</u>
Loss repair -			
Flood damage repair	-	1,750	(1,750)
Property damage repair	-	1,600	(1,600)
Vehicle damage repair	-	3,012	(3,012)
Total loss repair expenditures	<u>-</u>	<u>6,362</u>	<u>(6,362)</u>
Grants -			
Fire ambulance	-	18,093	(18,093)
Energy	-	3,000	(3,000)
Homeland Security	-	13,290	(13,290)
VT DPS Equipment	-	1,500	(1,500)
Transit service	-	107,632	(107,632)
Total grants expenditures	<u>-</u>	<u>143,515</u>	<u>(143,515)</u>
Total expenditures	<u>4,278,282</u>	<u>4,693,318</u>	<u>(415,036)</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	<u>(256,500)</u>	<u>(34,439)</u>	<u>222,061</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Note proceeds	-	164,500	164,500
Insurance reimbursements	-	23,004	23,004
Transfers in	309,500	244,888	(64,612)
Transfers out	<u>(173,000)</u>	<u>(234,059)</u>	<u>(61,059)</u>
Total other financing sources (uses)	<u>136,500</u>	<u>198,333</u>	<u>61,833</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ <u>(120,000)</u></b>	<b>\$ <u>163,894</u></b>	<b>\$ <u>283,894</u></b>

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL - SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 2  
Page 1 of 3

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>OPERATING REVENUE:</b>			
User fees	\$ 594,425	\$ 600,252	\$ 5,827
Miscellaneous	<u>1,000</u>	<u>3,060</u>	<u>2,060</u>
Total operating revenue	<u>595,425</u>	<u>603,312</u>	<u>7,887</u>
<b>OPERATING EXPENSES:</b>			
Sewer administration -			
Salaries and wages	46,000	48,432	(2,432)
Benefits	14,800	14,371	429
Office supplies	1,100	794	306
Legal services	250	-	250
Communications	800	517	283
Professional services	5,600	6,132	(532)
Computer expense	<u>500</u>	<u>-</u>	<u>500</u>
Total sewer administration	<u>69,050</u>	<u>70,246</u>	<u>(1,196)</u>
Sewer operations -			
Salaries and wages	31,500	32,718	(1,218)
Benefits	8,400	11,388	(2,988)
Operating supplies	2,500	3,112	(612)
Professional services	2,000	-	2,000
Engineering services	6,000	8,459	(2,459)
Rentals	400	-	400
Repairs and maintenance	1,500	3,294	(1,794)
Machinery and equipment	500	-	500
Sewer line maintenance equipment	500	1,627	(1,127)
Sewer line cleaning	12,000	11,997	3
I.I. Improvements	<u>100</u>	<u>-</u>	<u>100</u>
Total sewer operations	<u>65,400</u>	<u>72,595</u>	<u>(7,195)</u>
Maintenance of plant -			
Salaries and wages	149,800	134,378	15,422
Benefits	59,500	65,627	(6,127)
Office supplies	700	50	650
Operating supplies	29,000	35,861	(6,861)
Repairs and maintenance supplies	10,000	5,138	4,862
Contingencies	10,000	5,884	4,116
Professional services	12,000	4,822	7,178
Small tools and equipment	1,000	506	494

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL - SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 2  
Page 2 of 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>OPERATING EXPENSES (CONTINUED):</b>			
Maintenance of plant (continued) -			
Communications	4,200	3,365	835
Dues, subscriptions, and meetings	1,500	938	562
Insurance and fidelity bond premiums	14,000	17,436	(3,436)
Other purchased services	22,000	15,878	6,122
Repairs and maintenance	13,500	45,929	(32,429)
Taxes, licensing and regulations	1,200	1,104	96
Travel and transportation	1,800	-	1,800
Utilities	95,000	95,457	(457)
Test/monitor wells	500	794	(294)
Laboratory testing	12,000	7,248	4,752
Field rental	10,000	13,760	(3,760)
Field lime	4,000	-	4,000
Uniforms and protective gear	5,000	4,754	246
Engineering	4,000	5,202	(1,202)
Bond repayment	<u>37,675</u>	<u>-</u>	<u>37,675</u>
Total maintenance of plant	<u>498,375</u>	<u>464,131</u>	<u>34,244</u>
Sewer vehicles -			
Repairs and maintenance supplies	2,000	2,566	(566)
Travel and transportation	<u>5,000</u>	<u>13,590</u>	<u>(8,590)</u>
Total sewer vehicles	<u>7,000</u>	<u>16,156</u>	<u>(9,156)</u>
Depreciation	<u>-</u>	<u>186,485</u>	<u>(186,485)</u>
Total operating expenses	<u>639,825</u>	<u>809,613</u>	<u>(169,788)</u>
Operating income (loss)	<u>(44,400)</u>	<u>(206,301)</u>	<u>(161,901)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Tap fees	-	15,238	15,238
Interest income	<u>8,000</u>	<u>3,901</u>	<u>(4,099)</u>
Total nonoperating revenues (expenses)	<u>8,000</u>	<u>19,139</u>	<u>11,139</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(36,400)</u>	<u>(187,162)</u>	<u>(150,762)</u>

**TOWN OF WOODSTOCK, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL - SEWER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 2  
Page 3 of 3

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
OTHER FINANCING SOURCES (USES):			
Transfers to Capital Reserve Fund -			
Pick-up truck - Manager	(600)	(600)	-
Repairs and maintenance	(20,000)	(20,000)	-
Tractor	(5,000)	(5,000)	-
Sludge spreading truck	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total transfers to Capital Reserve Fund	(35,600)	(35,600)	-
Operating transfers in	<u>12,000</u>	<u>42,487</u>	<u>30,487</u>
Total other financing sources (uses)	<u>(23,600)</u>	<u>6,887</u>	<u>30,487</u>
CHANGE IN NET POSITION	\$ <u>(60,000)</u>	\$ <u>(180,275)</u>	\$ <u>(120,275)</u>

TOWN OF WOODSTOCK, VERMONT  
COMBINING BALANCE SHEET  
PERMANENT FUND  
JUNE 30, 2013

	Common Fund	Cemetery Fund	Billings Park Fund	Boyce Fund	Dreer Fund	Freeman Fund	Gilman Fund
Cash and cash equivalents	\$ 14,246	\$ 75,699	\$ 123,748	\$ 60,918	\$ 18,267	\$ 23,214	\$ 8,154
Investments	-	-	141,722	2,678	-	10,155	-
Due from other funds	<u>700</u>	-	-	-	-	-	-
Total assets	<u>\$ 14,946</u>	<u>\$ 75,699</u>	<u>\$ 265,470</u>	<u>\$ 63,596</u>	<u>\$ 18,267</u>	<u>\$ 33,369</u>	<u>\$ 8,154</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:							
Nonspendable	-	-	-	-	-	-	-
Restricted	<u>14,946</u>	<u>75,699</u>	<u>265,470</u>	<u>63,596</u>	<u>18,267</u>	<u>33,369</u>	<u>8,154</u>
Total fund balances	<u>14,946</u>	<u>75,699</u>	<u>265,470</u>	<u>63,596</u>	<u>18,267</u>	<u>33,369</u>	<u>8,154</u>
Total liabilities and fund equity	<u>\$ 14,946</u>	<u>\$ 75,699</u>	<u>\$ 265,470</u>	<u>\$ 63,596</u>	<u>\$ 18,267</u>	<u>\$ 33,369</u>	<u>\$ 8,154</u>

**TOWN OF WOODSTOCK, VERMONT  
COMBINING BALANCE SHEET  
PERMANENT FUND  
JUNE 30, 2013**

	Whitcomb Fund	Marbara Bagley Scholarship Fund	Gary Hersey Award Fund	George C. Brockway Scholarship Fund	Endowment Fund	Totals Permanent Fund
<u>ASSETS</u>						
Cash and cash equivalents	\$ 52	\$ 49	\$ 3,908	\$ 6,418	\$ 22,251	\$ 356,924
Investments	24,133	40,249	-	-	1,143,030	1,361,967
Due from other funds	-	-	-	-	-	700
Total assets	<u>\$ 24,185</u>	<u>\$ 40,298</u>	<u>\$ 3,908</u>	<u>\$ 6,418</u>	<u>\$ 1,165,281</u>	<u>\$ 1,719,591</u>

LIABILITIES AND FUND EQUITY

<u>LIABILITIES:</u>						
Accounts payable	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 500
Due to other funds	700	-	-	-	-	700
Total liabilities	<u>700</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
<u>FUND BALANCES:</u>						
Nonspendable	-	-	-	-	1,046,712	1,046,712
Restricted	23,485	39,798	3,908	6,418	118,569	671,679
Total fund balances	<u>23,485</u>	<u>39,798</u>	<u>3,908</u>	<u>6,418</u>	<u>1,165,281</u>	<u>1,718,391</u>
Total liabilities and fund equity	<u>\$ 24,185</u>	<u>\$ 40,298</u>	<u>\$ 3,908</u>	<u>\$ 6,418</u>	<u>\$ 1,165,281</u>	<u>\$ 1,719,591</u>

**TOWN OF WOODSTOCK, VERMONT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - PERMANENT FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	Common Fund	Cemetery Fund	Billings Park Fund	Boyce Fund	Dreer Fund	Freeman Fund	Gilman Fund
<b>REVENUES:</b>							
Investment income	\$ -	\$ 496	\$ 599	\$ 544	\$ 91	\$ 198	\$ 122
Net increase (decrease) in fair value of investments	-	-	23,793	(59)	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	-	496	24,392	485	91	198	122
<b>EXPENDITURES:</b>							
Investment fees	52	-	-	138	-	56	34
Paid to school	-	-	-	-	-	-	-
Scholarships	1,200	-	-	-	-	-	-
Total expenditures	1,252	-	-	138	-	56	34
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	(1,252)	496	24,392	347	91	142	88
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in (out), net	-	-	-	(3,000)	-	(2,500)	(4,500)
<b>NET CHANGE IN FUND BALANCES</b>	(1,252)	496	24,392	(2,653)	91	(2,358)	(4,412)
<b>FUND BALANCES, July 1, 2012, as restated</b>	16,198	75,203	241,078	66,249	18,176	35,727	12,566
<b>FUND BALANCES, June 30, 2013</b>	\$ 14,946	\$ 75,699	\$ 265,470	\$ 63,596	\$ 18,267	\$ 33,369	\$ 8,154

**TOWN OF WOODSTOCK, VERMONT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - PERMANENT FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

		Whitcomb Fund	Marbara Bagley Scholarship Fund	Gary Hersey Award Fund	George C. Brockway Scholarship Fund	Endowment Fund	Totals Permanent Fund
<b>REVENUES:</b>							
Investment income	\$	675	-	-	4	\$ 27,433	\$ 30,164
Net increase (decrease) in fair value of investments		(1,351)	1,407	-	-	109,186	132,976
Miscellaneous		-	-	-	385	-	385
Total revenues		<u>(676)</u>	<u>1,407</u>	<u>2</u>	<u>389</u>	<u>136,619</u>	<u>163,525</u>
<b>EXPENDITURES:</b>							
Investment fees		-	-	-	-	35,204	35,484
Paid to school		-	-	-	-	34,000	34,000
Scholarships		-	-	-	1,000	-	2,200
Total expenditures		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>69,204</u>	<u>71,684</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>		(676)	1,407	2	(611)	67,415	91,841
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in (out), net		-	-	-	-	-	(10,000)
<b>NET CHANGE IN FUND BALANCES</b>		(676)	1,407	2	(611)	67,415	81,841
<b>FUND BALANCES, July 1, 2012, as restated</b>		<u>24,161</u>	<u>38,391</u>	<u>3,906</u>	<u>7,029</u>	<u>1,097,866</u>	<u>1,636,550</u>
<b>FUND BALANCES, June 30, 2013</b>	\$	<u>23,485</u>	<u>39,798</u>	<u>3,908</u>	<u>6,418</u>	<u>1,165,281</u>	<u>\$ 1,718,391</u>

**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***

The Selectboard  
Town of Woodstock, 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 the Town of Woodstock, Vermont (the Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 28, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 13-1, 13-2, 13-3, 13-4, and 13-5, to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 13-6, and 13-7, to be significant deficiencies.

We noted a certain matter, item 13-8, which was not considered a significant deficiency or a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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*.

## **Town's Response to Findings**

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

## **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 of 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 report is not suitable for any other purpose.

Montpelier, Vermont  
January 28, 2014

*Mudgett, Jennett &  
Krogh-Winner, P.C.*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Selectboard  
Town of Woodstock, Vermont

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Woodstock, Vermont's (the Town) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

***Management's Responsibility***

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of Woodstock, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit

of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mudgett, Jennett &  
Krogh-Wisner, P.C.*

Montpelier, Vermont  
January 28, 2014

**TOWN OF WOODSTOCK, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Federal Grant Number</u>	<u>Program Award Amount</u>	<u>Expenditures</u>
<b>U.S. Department of Homeland Security:</b>				
Passed through the Vermont Agency of Transportation -				
Disaster Grants - Public Assistance (Presidentially Declared Disaster)				
FEMA Public Assistance	97.036	FE0611	\$ 4,677,225	\$ <u>758,808</u>
Passed through the Vermont Department of Public Safety -				
Homeland Security Grant Program	97.067	02140-70252-109	480	480
Homeland Security Grant Program	97.067	02140-79252-018	19,200	<u>12,810</u>
				<u>13,290</u>
Total U.S. Department of Homeland Security				<u>772,098</u>
<b>U.S. Department of the Interior:</b>				
National Parks Service				
Cooperative Agreement	15.954	R1818-11-0066	220,000	<u>107,631</u>
<b>U.S. Department of the Agriculture:</b>				
National Resources Conservation Service				
EWP Streambank Stabilization	10.923	69-1644-12-57	17,534	<u>17,534</u>
<b>U.S. Department of Transportation - National Highway Traffic Safety Administration:</b>				
Passed through the Vermont Department of Public Safety -				
Safety Belt Performance Grant	20.609	02140-0912-3559	1,500	<u>1,500</u>
				\$ <u>898,763</u>

The accompanying notes are an integral part of this schedule.

**TOWN OF WOODSTOCK, VERMONT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2013**

**1. Summary of significant accounting policies:**

The Town of Woodstock, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a Selectboard. The Town provides various services as authorized and funded by State government or Town voters.

- A. Single Audit reporting entity - For purposes of complying with the Single Audit Act of 1984, as amended, the Town includes all funds and programs that are considered part of the primary governmental unit, as described in the basic financial statements as of and for the year ended June 30, 2013.
- B. Basis of presentation - The information in the accompanying schedule is presented in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.
1. Federal award - Pursuant to the Single Audit Act and OMB Circular A-133, federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. The majority of the federal grants received by the Town passed through agencies of the State of Vermont.
  2. Federal financial assistance - In the Single Audit Act and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Federal financial assistance does not include direct federal cash payments to individuals.
  3. Major and nonmajor programs - OMB Circular A-133 establishes risk-based criteria for determining major programs, which include the identification of Type A and Type B federal programs expended by the Town.
- C. Basis of accounting - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**2. Subrecipient:**

The Town of Woodstock provided federal awards to the Village of Woodstock totaling \$14,790. Of this amount, \$13,290 relates to the CFDA grant 97.067 and \$1,500 to CFDA grant 20.609 as detailed on the schedule of expenditures of federal awards.

**TOWN OF WOODSTOCK, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013**

**A. Summary of Auditor's Results:**

**Financial Statements -**

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *Yes*
- Significant deficiency(ies) identified? *Yes*

Noncompliance material to financial statements noted? *No*

**Federal Awards -**

Internal control over major programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None reported*

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? *No*

Identification of major programs:

- *U.S. Department of Homeland Security:  
CFDA 97.036 - FEMA Public Assistance Disaster Grants - (Presidentially Declared Disaster)*

Dollar threshold used to distinguish between type A and type B programs: *\$300,000*

Auditee qualified as low-risk auditee? *No*

**B. Audit Findings - Financial Statements:**

**13-1 Permanent Fund accounting:**

The Town's Permanent Fund includes trust funds established for specific governmental purposes and the Town's share of the Town/Village Endowment Fund. These funds are held in separate accounts and are not subject to the standard accounting practices and internal controls of the Town. A standard system of internal control has three elements which are designed to segregate incompatible duties: fiduciary responsibility for assets (treasury) is separated from the recording and reporting of results (accounting) and both are subject to oversight and authorization (management and the Board).

An accounting of the trust fund activity was provided for the 2013 audit, but was incorrectly recorded in the general ledger with a year end client journal entry. We proposed audit adjustments to correct this 2013 activity recorded in the general ledger. Transactions should be recorded and summarized in a general ledger for regular reporting of financial position and operating results by the Town and reconciled to supporting trust fund schedules. We also noted that a past trustee is the only authorized signer on one of the Town's trust funds.

**TOWN OF WOODSTOCK, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013**

**B. Audit Findings - Financial Statements (continued):**

**13-1 Permanent Fund accounting (continued):**

The Trustee of Public Funds is an elected official with fiduciary responsibility for these funds. In prior years, we have recommended that activity in the Permanent Fund be provided to accounting and recorded in the general ledger on a regular basis and then reported to management and the Town Selectboard. We believe the most efficient procedure would be for the Trustee to authorize an address change so that monthly statements are sent to the Town office. The Town accountant would then record activity in the general ledger, prepare reports and reconciliations for the Trustee or others, and maintain files of the monthly statements for the Trustee of Public Funds. We recommend this procedure be adopted and that the past trustee noted on one of the Town's trust accounts be removed as an authorized signer.

Management's response - A subsidiary fund has been created as previously suggested by the auditors. Recording of permanent fund activity will be done on a timelier basis. The Trustee is arranging to become a signer on the Permanent Fund account which currently has no authorized signer.

**13-2 Infrastructure and depreciation in the governmental activities:**

The Town did not record additions to its infrastructure capital asset account of \$864,289 during the year ended June 30, 2013. It was also found that the Town did not record an appropriate amount for depreciation primarily due to this \$864,289 understatement of the infrastructure capital asset account.

An audit adjustment was proposed to record these additional infrastructure capital asset amounts and related depreciation expense in the general ledger. We recommend that the Town actively reconcile project costs done in the Town to detail schedules used to record capital assets in the general ledger.

Management's response - A subsidiary fund for capital assets has been created as previously suggested by the auditors. Recording of capital assets activity will be done on a timelier basis.

**13-3 Irene Fund accounting:**

The Town did not appropriately match revenues and related accounts receivables of cost reimbursement federal and state grants to their related project expenditures recorded in the Irene Fund. The Town also did not accrue certain project expenditures performed during the year ended June 30, 2013 in the general ledger. We also noted that the Town recorded a \$1,000,000 payment on a short-term current expense note as an expenditure and reduction to beginning fund equity.

Audit adjustments were proposed to accrue additional revenues and related accounts receivable of cost reimbursement federal and state grants for their related project expenditures and accrue additional project expenditures done as of June 30, 2013. Additionally, an audit adjustment was proposed to correct Irene Fund expenditures and equity that were both overstated by \$1,000,000 when a payment was made on a current expense and incorrectly recorded in the general ledger. We recommend that the Town actively reconcile grant revenues and related accounts receivable to their related project expenditures and not record payments on short-term debt in the Irene Fund as expenditures with an offset to Irene Fund equity.

**TOWN OF WOODSTOCK, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013**

**B. Audit Findings - Financial Statements (continued):**

**13-3 Irene Fund accounting (continued):**

Management's response - Management complies with FEMA requirements and guidelines for record keeping. Management is working to improve the recording of transaction activity in the Irene Fund. Management intends to follow generally accepted accounting principles (GAAP).

**13-4 Sewer Fund accounting:**

The Town's Sewer Fund is reported as a proprietary fund which requires the accrual basis of accounting. However, prior to our proposed audit adjustments, the Town recorded principal bond payments of \$37,675 as expenses and did not record depreciation expense of \$186,485 for capital assets. This is not in accordance with the accrual basis of accounting.

We recommend that the Town record activity within the Sewer Fund on the accrual basis of accounting. Accordingly, purchases of capital assets should be depreciated over the useful life of the assets and bond principal payments should reduce the liability balance of the bonds.

Management's response - The intent is to record all transaction activity in the Sewer Fund using the correct accounting basis.

**13-5 Deferred property taxes:**

During our testing of deferred property tax revenue, it was noted that the client understated property tax revenue recorded in the General Fund by \$321,054 and overstated beginning General Fund equity by the same amount when recording deferred property tax revenue considered uncollectible within 60 days after year end.

An audit adjustment was proposed to correct for this understatement of property tax revenue and overstatement of beginning General Fund equity. We recommend that the client record deferred property tax revenue adjustments between property tax revenue and deferred property tax revenue liability accounts and not with General Fund equity accounts.

Management's response - After review, the source of the error was noted. This will not re-occur.

**13-6 Long-term liabilities:**

The Town did not make the necessary general journal entries to correct long-term liability balances in its general ledger at June 30, 2013. We noted that long-term liability balances recorded in the general ledger at June 30, 2013 were the same as they were at June 30, 2012 which was incorrect as changes in long-term liabilities had taken place between these two dates.

An audit adjustment was proposed to reduce a capital lease liability of \$35,186 that had been paid during the year ended June 30, 2013 and another adjustment to record long-term debt additions of \$164,500 and long-term debt retirements of \$155,372 that also took place during the year ended June 30, 2013. Additionally,

**TOWN OF WOODSTOCK, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013**

**B. Audit Findings - Financial Statements (continued):**

**13-6 Long-term liabilities (continued):**

the Town did not adjust its compensated absences liability accounts during the year ended June 30, 2013 which was corrected by a proposed audit adjustment. We recommend the Town record long-term liability transactions throughout the year and reconcile subsidiary schedules of long-term liabilities to the general ledger.

Management's response - A subsidiary fund for long-term liabilities has been created as previously suggested by the auditors. Recording of long-term liabilities fund activity will be done on a timelier basis.

**13-7 Ambulance accounting:**

The Town's ambulance billing and cash receipt module is maintained on software separate from the Town's general ledger. During the audit, we noted that the accounts receivable balance in the general ledger had not been reconciled to the separate ambulance software at June 30, 2013. We also noted that the allowance for doubtful accounts receivable had not been adjusted at June 30, 2013. We proposed audit adjustments to reconcile the general ledger with the subsidiary ledger and to reduce ambulance revenues and receivables that are billed by the Town but determined to be uncollectible by the various insurance providers. Town personnel informed us that there is not a formal written policy for management or the governing board to approve write-offs of uncollectible Medicaid/Medicare charges or other uncollectible accounts receivable from individuals or participating towns.

We recommend that the Ambulance Coordinator submit monthly reconciliation reports generated from the ambulance suite software to the Town Accountant. We would then suggest that the Town Accountant use the reports from the ambulance suite software to update and reconcile with the information recorded in the general ledger. We also recommend that the Town adopt a formal written policy for writing off uncollectible amounts.

Management's response - Management did obtain approval from the Selectboard for a policy that addresses write-offs and uncollectible ambulance billings in September 2010.

**13-8 Gas cards:**

During the audit, it was noted that no documentation is provided for department gas card purchases that totaled around \$18,000 in the Town for the year ended June 30, 2013. As a result, the monthly gas card statement transactions are not matched to backup receipt documentation for appropriateness and instead are submitted to the Town accountant by a department head for payment.

We recommend that receipt documentation for gas card purchases be provided to department heads, reviewed, and matched to the monthly gas card statements.

Management's response - Currently the monthly statements (from Sunoco and ExxonMobil) provide information and a transaction number for each purchase that contains the following information: Purchase dates, product (diesel or gasoline), gallons acquired and transaction amounts. Management believes that this documentation is sufficient.

**TOWN OF WOODSTOCK, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013**

**C. Audit Findings - Federal Awards:**

There were no audit findings reported for federal awards for the year ended June 30, 2013.

**STATUS OF PRIOR AUDIT FINDINGS  
AS OF JUNE 30, 2013**

We consider audit findings 12-4 Capital reserve fund - classification and activity, 12-5 Related party operations, and 12-6 and 12-7 U.S. Department of Homeland Security - disaster grants - public assistance (presidentially declared disasters) - (CFDA 97.036), to be resolved. The prior audit findings 12-1, 12-2, and 12-3 have been repeated in the current year as findings 13-1, 13-7, and 13-4, respectively.