

VILLAGE OF WOODSTOCK, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2013

AND

INDEPENDENT AUDITOR'S REPORTS

VILLAGE OF WOODSTOCK, VERMONT

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Village 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 Village of Woodstock, Vermont (the Village) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village'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 Village 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 Village's basic financial statements. The accompanying schedules 1, 2, and 3 are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The accompanying schedules 1 through 3 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 3 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 Village'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 Village's internal control over financial reporting and compliance.

Montpelier, Vermont
January 28, 2014

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

Management's Discussion and Analysis

The Village of Woodstock's first settlers were from Massachusetts. The Village Green, as it exists to this day, was established to remind them of the places they left behind.

The Village of Woodstock is governed by an annual Village Meeting which elects a five-member Board of Trustees. The Village is included in the Town of Woodstock but it is responsible for some municipal services within its boundaries such as planning and zoning, sidewalks, parks, street lighting and road maintenance. Vermont is the only state in New England with incorporated villages like Woodstock's.

The following is a discussion and analysis of the Village of Woodstock's (Village) financial performance, including an overview and analysis of the financial activities of the Village for the fiscal year ending June 30, 2013. Readers should consider this information in conjunction with the Village's financial statements which are located after this analysis. The Village 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 20, 2012 the voters of the Village of Woodstock convened at the Town Hall for the annual Village Meeting. A budget (excluding special articles) of \$1,364,240 (for fiscal year 2013) was presented which included specific sums of money to operate the various Village departments. To defray operating costs, the amount needed to be raised by taxation was \$533,465. The budget was voted and adopted.

This budget increased by \$137,965 over the previous budget. The change was primarily due to increases in the amount for public works, public safety and special article allocations for fiscal year 2013.

The amount to be raised by taxation (excluding special articles) of \$533,465 was an increase of 13% over the previous year's amount. Unassigned surplus of \$40,000 was used for tax stabilization for the fiscal year 2013.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Village's assets exceeded its liabilities at June 30, 2013, by \$2,068,466. Net position for governmental activities increased by \$97,035 and net position for business-type activities decreased by \$33,591.

Fund Highlights

At the end of the fiscal year, the Village's governmental funds reported a combined ending fund balance of \$593,236, a decrease of \$196,126 compared to the prior year. Total unassigned fund balance was a deficit of \$743 at June 30, 2013. The remaining \$593,979 represents amounts with donor stipulations, voter committed amounts and amounts assigned by management for specific purposes, such as future parking facilities. The proprietary funds reported net position at June 30, 2013, of \$5,007, a decrease of \$33,591 for the year.

Long-term Debt

The Village's total debt increased during the fiscal year to \$132,590 for compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Village'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 Village'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 Village 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 Village. 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 Village's finances. The statements provide both short-term and long-term information about the Village's financial position which helps readers determine whether the Village'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 Village'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 Village is improving or deteriorating.
- **Statement of Activities** - The statement presents information showing how the Village'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 Village'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 Fund.

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 Village of Woodstock, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Village'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 Village 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 Village'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 Village uses proprietary funds to account for its 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 in 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 Village'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 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		Business-type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 715,717	\$ 858,430	\$ 5,007	\$ 38,598	\$ 720,724	\$ 897,028
Capital assets	1,602,813	1,291,960	0	0	1,602,813	1,291,960
Total assets	<u>2,318,530</u>	<u>2,150,390</u>	<u>5,007</u>	<u>38,598</u>	<u>2,323,537</u>	<u>2,188,988</u>
Current liabilities	122,481	69,068	0	0	122,481	69,068
Long-term liabilities	132,590	114,898	0	0	132,590	114,898
Total liabilities	<u>255,071</u>	<u>183,966</u>	<u>0</u>	<u>0</u>	<u>255,071</u>	<u>183,966</u>
Net Position:						
Net investment in capital assets	1,602,813	1,291,960	0	0	1,602,813	1,291,960
Restricted	588,360	805,398	5,007	38,598	593,367	843,996
Unrestricted	<u>(127,714)</u>	<u>(130,934)</u>	<u>0</u>	<u>0</u>	<u>(127,714)</u>	<u>(130,934)</u>
Total net position	<u>\$2,063,459</u>	<u>\$1,966,424</u>	<u>\$ 5,007</u>	<u>\$ 38,598</u>	<u>\$2,068,466</u>	<u>\$2,005,022</u>

The portion of the Village's net position as of June 30, 2013 that reflects its net investment in capital assets (e.g., land, buildings and equipment) is \$1,602,813 or 77.5%. The Village uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Village's investment in its 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 Village's net position (28.7%) represents restricted net position. These resources are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$127,714.

At the end of the current fiscal year, the Village of Woodstock is able to report positive balances in two of the three categories of net position for the government as a whole.

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

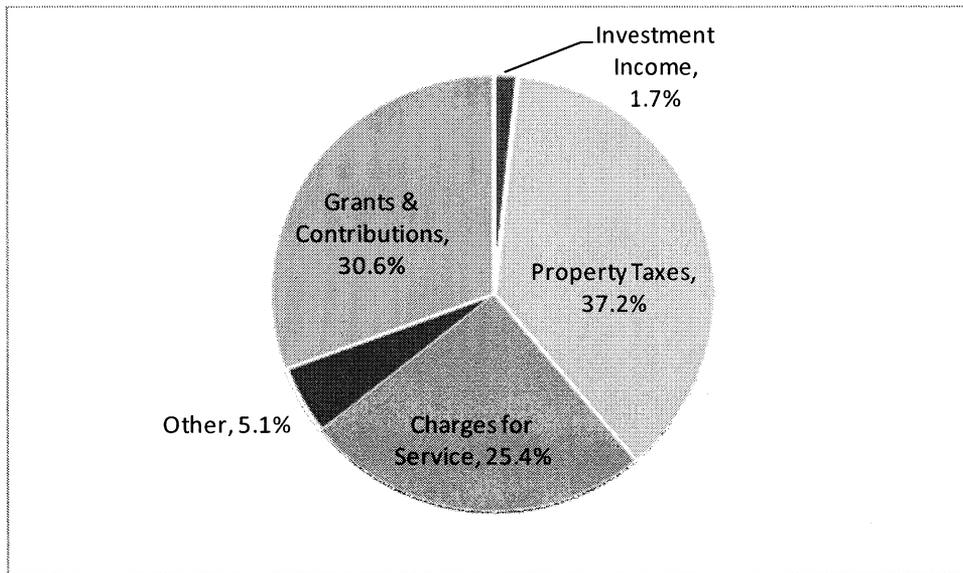
	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues						
Grants and Contributions	\$ 454,527	\$ 471,262	\$ 0	\$ 0	\$ 454,527	\$ 471,262
Charges for Services	377,695	387,890	0	0	377,695	387,890
Other	76,987	12,214	0	0	76,987	12,214
General Revenue						
Property Taxes	552,046	472,155	0	0	552,046	472,155
Investment Income	5,409	1,517	7	18	5,416	1,535
Total Revenue	<u>1,466,664</u>	<u>1,345,038</u>	<u>7</u>	<u>18</u>	<u>1,466,671</u>	<u>1,345,056</u>
Expenses						
Governmental Activities						
General government	360,666	316,649	0	0	360,666	316,649
Public Works	495,823	616,395	0	0	495,823	616,395
Public Safety	560,479	592,769	0	0	560,479	592,769
Culture and recreation	5,395	5,069	0	0	5,395	5,069
Business-type Activities						
Unemployment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>1,422,363</u>	<u>1,530,882</u>	<u>0</u>	<u>0</u>	<u>1,422,363</u>	<u>1,530,882</u>
Changes in net position	44,301	(185,844)	7	18	44,308	(185,826)
MV Increase (Decrease)	19,136	0	0	0	19,136	0
Transfer In (Out)	<u>33,598</u>	<u>0</u>	<u>(33,598)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Changes in net position	97,035	(185,844)	(33,591)	18	63,444	(185,826)
Net position - Beginning	<u>1,966,424</u>	<u>2,152,268</u>	<u>38,598</u>	<u>38,580</u>	<u>2,005,022</u>	<u>2,190,848</u>
Net position - Ending	<u>\$2,063,459</u>	<u>\$1,966,424</u>	<u>\$ 5,007</u>	<u>\$38,598</u>	<u>\$2,068,466</u>	<u>\$2,005,022</u>

Governmental Activities - In fiscal year 2013, property taxes provided 37.2% of revenues. Grants and Contributions accounted for 30.6%. The amount earned on investments was 1.7% of total governmental activities revenues. Charges for Services brought in 25.4%. Other revenue equaled 5.1%.

Business-type Activities - Investment income was the only source of revenue generated.

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

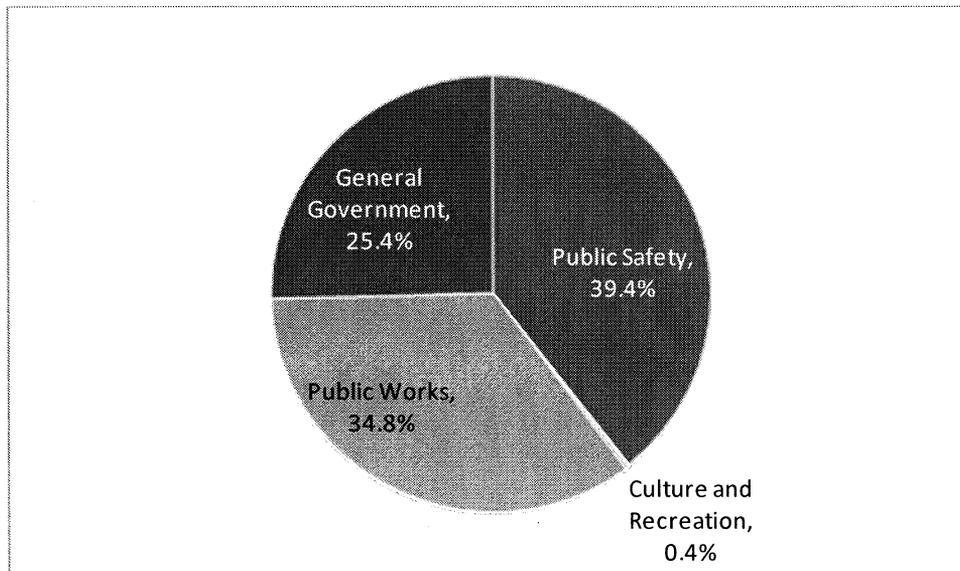
Revenue by Source



For FY 2013, governmental activity program expenses exceeded revenues by \$513,154 compared to \$659,516 for FY 2012.

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

Expenses by Type



While Village expenses cover many services, the largest expenses are for public works and public safety.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the Village 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 Village'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 Village's governmental funds reported combined ending fund balances of \$593,236. A deficit of \$743 constitutes combined unassigned fund balance. The remainder of the fund balance is classified to indicate that it is not available for new spending because it has already been pledged for specific purposes by donors, voters, and management.

General Fund - The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance was \$1,192 and committed fund balance was \$130,147. 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. Unassigned fund balance represents 0.06% of total General Fund expenditures. Total fund balance represents 8% of total General Fund expenditures. The fund balance of the Village's General Fund decreased by \$7,810 during the fiscal year.

Proprietary Funds - The Village'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 Village also makes a similar calculation for the Unemployment Fund. Restricted net position of the Village's Unemployment Fund amounts to \$5,007, a decrease of \$33,591. Other factors concerning this fund have already been addressed in the discussion of the Village's business-type activities.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$1,602,813 (net of depreciation). This amount represents an increase of \$310,853 from the prior year. This investment in capital assets includes land and land improvements, buildings and improvements, vehicles and equipment, and infrastructure.

The following schedule is a comparison of capital assets (net of depreciation) between the current fiscal year and the prior fiscal year.

Capital Assets as of June 30, 2013 and June 30, 2012 (Net of Depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 37,798	\$ 37,798	\$ 0	\$ 0	\$ 37,798	\$ 37,798
Land improvements	595,583	373,268	0	0	595,583	373,268
Infrastructure	629,476	662,626	0	0	629,476	662,626
Buildings and improvements	62,323	69,099	0	0	62,323	69,099
Vehicles and equipment	257,658	134,981	0	0	257,658	134,981
Office equipment and computers	<u>19,975</u>	<u>14,188</u>	<u>0</u>	<u>0</u>	<u>19,975</u>	<u>14,188</u>
Total assets	<u>\$ 1,602,813</u>	<u>\$ 1,291,960</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,602,813</u>	<u>\$ 1,291,960</u>

Additional information on the Village's capital assets can be found in note 8, "Capital assets."

DEBT ADMINISTRATION

Long-term Debt - On June 30, 2013, the Village of Woodstock had total long-term debt outstanding of \$132,590. This amount represents compensated absences obligations.

FISCAL YEAR 2014 BUDGET

For fiscal year 2014, property taxes are projected to increase 12.6% or \$70,740 over last year's budget. No amount from the unassigned surplus funds will be used for tax stabilization during fiscal year 2014.

Notwithstanding the anticipated level of funding of state aid, increases needed for highway maintenance, spending for capital assets, and allocations for special articles, the fiscal year 2014 budget adopted at the Village Meeting in March 2013 maintained services at the fiscal year 2013 levels.

Requests for Information

This financial report is designed to provide a general overview of the Village of Woodstock's finances for all those with an interest in the Village'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, Village of Woodstock, PO Box 488, Woodstock VT 05091.

VILLAGE 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>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 527,433	\$ 5,007	\$ 532,440
Investments	182,934	-	182,934
Accounts receivable	<u>5,350</u>	<u>-</u>	<u>5,350</u>
Total current assets	<u>715,717</u>	<u>5,007</u>	<u>720,724</u>
Noncurrent assets -			
Capital assets	2,257,168	-	2,257,168
less - accumulated depreciation	<u>(654,355)</u>	<u>-</u>	<u>(654,355)</u>
Total noncurrent assets	<u>1,602,813</u>	<u>-</u>	<u>1,602,813</u>
Total assets	<u>2,318,530</u>	<u>5,007</u>	<u>2,323,537</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	23,084	-	23,084
Accrued expenses	11,481	-	11,481
Deferred revenue	15	-	15
Due to other governments	<u>87,901</u>	<u>-</u>	<u>87,901</u>
Total current liabilities	<u>122,481</u>	<u>-</u>	<u>122,481</u>
Noncurrent liabilities -			
Accrued compensated absences	<u>132,590</u>	<u>-</u>	<u>132,590</u>
Total noncurrent liabilities	<u>132,590</u>	<u>-</u>	<u>132,590</u>
Total liabilities	<u>255,071</u>	<u>-</u>	<u>255,071</u>
NET POSITION:			
Investment in capital assets	1,602,813	-	1,602,813
Restricted - non-expendable	166,164	-	166,164
Restricted - expendable	422,196	5,007	427,203
Unrestricted	<u>(127,714)</u>	<u>-</u>	<u>(127,714)</u>
Total net position	\$ <u>2,063,459</u>	\$ <u>5,007</u>	\$ <u>2,068,466</u>

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

**VILLAGE OF WOODSTOCK, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
FUNCTIONS/PROGRAMS:							
Governmental activities -							
General government	\$ 360,666	\$ -	\$ 7,251	\$ 17,197	\$ (336,218)	\$ -	\$ (336,218)
Highways, streets, and bridges	495,823	438,988	-	49,790	(7,045)	-	(7,045)
Public safety	560,479	15,539	370,444	10,000	(164,496)	-	(164,496)
Culture and recreation	5,395	-	-	-	(5,395)	-	(5,395)
Total governmental activities	<u>1,422,363</u>	<u>454,527</u>	<u>377,695</u>	<u>76,987</u>	<u>(513,154)</u>	<u>-</u>	<u>(513,154)</u>
Business-type activities -							
Unemployment	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,422,363</u>	<u>\$ 454,527</u>	<u>\$ 377,695</u>	<u>\$ 76,987</u>	<u>(513,154)</u>	<u>-</u>	<u>(513,154)</u>
					552,046	-	552,046
					5,409	7	5,416
					19,136	-	19,136
					33,598	(33,598)	-
					<u>610,189</u>	<u>(33,591)</u>	<u>576,598</u>
					97,035	(33,591)	63,444
CHANGE IN NET POSITION							
NET POSITION, July 1, 2012					1,966,424	38,598	2,005,022
NET POSITION, June 30, 2013					<u>\$ 2,063,459</u>	<u>\$ 5,007</u>	<u>\$ 2,068,466</u>

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

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

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Irene Fund</u>	<u>Permanent Fund</u>	<u>Totals Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 231,107	\$ 91,257	\$ 15,428	\$ 189,641	\$ 527,433
Investments	-	-	-	182,934	182,934
Accounts receivable	<u>5,350</u>	-	-	-	<u>5,350</u>
Total assets	<u>\$ 236,457</u>	<u>\$ 91,257</u>	<u>\$ 15,428</u>	<u>\$ 372,575</u>	<u>\$ 715,717</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable	\$ 23,039	-	\$ 45	-	\$ 23,084
Accrued expenses	11,481	-	-	-	11,481
Deferred revenue	15	-	-	-	15
Due to other governments	70,583	-	17,318	-	87,901
Total liabilities	<u>105,118</u>	-	<u>17,363</u>	-	<u>122,481</u>
FUND BALANCES:					
Nonspendable	-	-	-	166,164	166,164
Restricted	-	-	-	206,411	206,411
Committed	130,147	85,638	-	-	215,785
Assigned	-	5,619	-	-	5,619
Unassigned	<u>1,192</u>	-	<u>(1,935)</u>	-	<u>(743)</u>
Total fund balances	<u>131,339</u>	<u>91,257</u>	<u>(1,935)</u>	<u>372,575</u>	<u>593,236</u>
Total liabilities and fund equity	<u>\$ 236,457</u>	<u>\$ 91,257</u>	<u>\$ 15,428</u>	<u>\$ 372,575</u>	<u>\$ 715,717</u>

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

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

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 593,236
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	2,257,168
Accumulated depreciation	(654,355)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Accrued compensated absences	<u>(132,590)</u>
Net Assets of Governmental Activities - Government-wide Statement of Net Position	<u>\$ 2,063,459</u>

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

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

(Page 1 of 2)

	General Fund	Capital Reserve Fund	Irene Fund	Permanent Fund	Totals Governmental Funds
REVENUES:					
Taxes	\$ 552,046	\$ -	\$ -	\$ -	\$ 552,046
Intergovernmental	454,527	-	-	-	454,527
Licenses, permits, fines, and fees	199,261	-	-	-	199,261
Charges for goods and services	178,435	-	-	-	178,435
Investment income	47	57	-	5,305	5,409
Net increase in fair value of investments	-	-	-	19,136	19,136
Miscellaneous	17,193	-	-	-	17,193
Total revenues	<u>1,401,509</u>	<u>57</u>	<u>-</u>	<u>24,441</u>	<u>1,426,007</u>
EXPENDITURES:					
Current -					
General government	302,751	-	-	5,725	308,476
Highways, streets, and bridges	387,926	-	-	-	387,926
Public safety	532,457	-	-	-	532,457
Special articles	30,033	-	-	-	30,033
Culture and recreation	5,395	-	-	-	5,395
Grant expense	2,729	-	-	-	2,729
Capital outlay	388,715	-	-	-	388,715
Total expenditures	<u>1,650,006</u>	<u>-</u>	<u>-</u>	<u>5,725</u>	<u>1,655,731</u>
EXCESS OF REVENUE OR (EXPENDITURES)	<u>(248,497)</u>	<u>57</u>	<u>-</u>	<u>18,716</u>	<u>(229,724)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	282,616	41,929	-	-	324,545
Operating transfers out	<u>(41,929)</u>	<u>(236,818)</u>	<u>-</u>	<u>(12,200)</u>	<u>(290,947)</u>
Total other financing sources (uses)	<u>240,687</u>	<u>(194,889)</u>	<u>-</u>	<u>(12,200)</u>	<u>33,598</u>
NET CHANGE IN FUND BALANCES	<u>(7,810)</u>	<u>(194,832)</u>	<u>-</u>	<u>6,516</u>	<u>(196,126)</u>
FUND BALANCES (DEFICIT), July 1, 2012, as restated	<u>139,149</u>	<u>286,089</u>	<u>(1,935)</u>	<u>366,059</u>	<u>789,362</u>
FUND BALANCES (DEFICIT), June 30, 2013	<u>\$ 131,339</u>	<u>\$ 91,257</u>	<u>\$ (1,935)</u>	<u>\$ 372,575</u>	<u>\$ 593,236</u>

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

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

(Page 2 of 2)

**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 \$ (196,126)

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 418,738
Depreciation (107,885)

The increase in compensated absences is allocated as an expense in the Statement
of Activities, but is not recorded in the governmental funds.

Increase in compensated absences, net (17,692)

Change in Net Position of Governmental Activities - Government-wide Statement of Activities \$ 97,035

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

**VILLAGE 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 (Unfavorable)
REVENUES:			
Property taxes	\$ 561,665	\$ 552,046	\$ (9,619)
Licenses and permits	7,000	7,251	251
Intergovernmental	267,000	454,527	187,527
Charges for services	165,375	178,435	13,060
Fines and forfeits	230,000	192,010	(37,990)
Investment income	1,000	47	(953)
Miscellaneous	<u>3,000</u>	<u>17,193</u>	<u>14,193</u>
Total revenues	<u>1,235,040</u>	<u>1,401,509</u>	<u>166,469</u>
EXPENDITURES:			
General government	265,985	267,290	(1,305)
Public safety	582,705	520,109	62,596
Highways and streets	363,550	387,924	(24,374)
Culture and recreation	7,500	5,395	2,105
Special articles	33,000	30,033	2,967
Grant expenses	-	190,539	(190,539)
Capital reserve spending	<u>110,000</u>	<u>248,716</u>	<u>(138,716)</u>
Total expenditures	<u>1,362,740</u>	<u>1,650,006</u>	<u>(287,266)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	(127,700)	(248,497)	(120,797)
OTHER FINANCING SOURCES (USES):			
Transfers in (out), net	<u>87,700</u>	<u>240,687</u>	<u>152,987</u>
NET CHANGE IN FUND BALANCE	\$ <u>(40,000)</u>	\$ <u>(7,810)</u>	\$ <u>32,190</u>

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

VILLAGE OF WOODSTOCK, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2013

	<u>Unemployment Fund</u>
ASSETS:	
Cash and cash equivalents	\$ <u>5,007</u>
Total assets	<u>5,007</u>
LIABILITIES	
	<u>-</u>
NET POSITION:	
Restricted	<u>5,007</u>
Total net position	\$ <u><u>5,007</u></u>

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

**VILLAGE OF WOODSTOCK, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Unemployment <u>Fund</u>
OPERATING REVENUES	\$ -
OPERATING EXPENSES	<u>-</u>
Operating income (loss)	-
NONOPERATING REVENUES (EXPENSES):	
Interest income	<u>7</u>
Operating transfers in (out)	<u>(33,598)</u>
CHANGE IN NET POSITION	(33,591)
NET POSITION, July 1, 2012	<u>38,598</u>
NET POSITION, June 30, 2013	\$ <u><u>5,007</u></u>

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

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

	Unemployment <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	\$ <u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>7</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers (to) from other funds, net	<u>(33,598)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(33,591)
CASH AND CASH EQUIVALENTS, July 1, 2012	<u>38,598</u>
CASH AND CASH EQUIVALENTS, June 30, 2013	\$ <u>5,007</u>

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

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of significant accounting policies:

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

- A. Reporting entity - The Village 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 Village.

The financial statements of the Village 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 in the United States of America. 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 Village. 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 Village 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 Village 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, revenues and expenditures or expenses.

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Village reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Village. 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 set aside for a specific purpose. The Capital Reserve Fund was established to fund the Village'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 Board of Trustees.

Irene Fund - The Irene Fund is used to account for the Village'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 Village reports the following non-major proprietary fund:

Unemployment Fund - The Unemployment Fund was established to provide funds to liquidate any unemployment claims, as the Village 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. However, debt service expenditures are recorded only when payment is due.

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.

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of significant accounting policies (continued):

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

1. The Village Manager prepares the annual operating budget for the Village's fiscal year ending June 30th prior to the Village Meeting in March, using budget requests submitted by department heads, Village officials, commissions and boards. The proposed budget is submitted to the Board of Trustees.
2. The Board of Trustees holds a series of joint public meetings to review and amend the proposed budget. The budget is then approved by the Board of Trustees for balloting.
3. The budget and a warning of the Village Meeting are published in the Village report, which is distributed or made available to all citizens.
4. The budget is voted on at the annual Village Meeting.

F. Cash and cash equivalents - The Village considers all cash accounts and certificates of deposit, 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 financial statements. Capital assets are defined by the Village 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 Village are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	30 - 40 years
Vehicles and equipment	4 - 20 years
Office equipment and computers	5 - 10 years
Infrastructure	25 years

H. Risk management - The Village 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 Village 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 Village.

The Village is self-insured for unemployment insurance and \$5,007 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.

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of significant accounting policies (continued):

- I. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Property taxes for the fiscal year ended June 30, 2013 were payable in two installments due November 2012 and May 2013.
- J. 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.
- K. Compensated absences - Employees are granted vacation leave based upon their number of years of employment with the Village. 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. Unused sick leave may accumulate from year to year, but not to 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.

Compensated absences are reported as accrued compensated absences in the government-wide financial statements.

- L. 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 Village's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Village Meetings.

Assigned fund balance includes amounts that are intended to be used by the Village for specific purposes as authorized by the Board of Trustees.

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

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

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of significant accounting policies (continued):

M. New accounting standard - The Village 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 Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2013, the Village's bank balance was fully 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>
Mutual funds	\$ 3,803
Corporate bonds	42,227
Corporate stock - domestic	118,816
Corporate stock - international	<u>18,088</u>
	\$ <u>182,934</u>

Interest rate risk - Changes in market interest rates will affect the fair value of an interest-earning investment over time. The Village does not have a deposit policy regarding interest rate risk.

Maturities of interest-earning investments at June 30, 2013 include the Village's corporate bonds totaling \$42,227 with \$8,288 maturing in less than one year and the remaining \$33,939 maturing in one to five years.

Credit risk - The Village'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 Village'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 Village'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+	\$ 4,133
A	8,794
A-	16,845
BBB+	4,274
BBB	4,223
BB+	<u>3,958</u>
	\$ <u>42,227</u>

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. Cash and investments (continued):

Foreign currency risk - The Village's investment in international corporate 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. The Village 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	\$ 282,616	\$ 41,929
Capital Reserve Fund	41,929	236,818
Permanent Fund	-	12,200
Proprietary fund -		
Unemployment Fund	<u>-</u>	<u>33,598</u>
	<u>\$ 324,545</u>	<u>\$ 324,545</u>

Transfers from the General Fund to the Capital Reserve Fund totaling \$41,929 were made to commit and assign amounts for future capital expenditures. Of this total, \$35,429 represents voter committed transfers and the remaining \$6,500 was transferred by management based upon specific General Fund budgeted line items which were under spent during fiscal year 2013. The transfers from the Capital Reserve Fund to the General Fund were for the payment of committed and assigned capital expenditures. The transfers from the Permanent Fund to the General Fund were for voter approved disbursement of assets from the Permanent Fund. The \$33,598 transfer from the Unemployment Fund to the General Fund was approved by the Board of Trustees in March 2013 as a result of an evaluation of future unemployment funding needs.

4. Interfund receivable and payable balances:

There were no interfund receivable or interfund payable balances at June 30, 2013.

5. Police services:

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

6. Related party:

The Village shares common personnel, office facilities and equipment with the Town of Woodstock. Shared costs are billed and paid within normal payment cycles. As of June 30, 2013 amounts due to the Town were \$70,583 from the General Fund and \$17,318 from the Irene Fund.

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

7. Accrued compensated absences:

The Village's long-term obligations at June 30, 2013 consisted of \$132,590 in compensated absences, an increase of \$17,692 from the balance of \$114,898 at June 30, 2012.

8. Capital assets:

Changes in capital assets consisted of the following:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 37,798	\$ -	\$ -	\$ 37,798
Capital assets, depreciated:				
Land improvements	480,500	245,650	-	726,150
Buildings and improvements	112,353	-	(5,000)	107,353
Vehicles and equipment	443,511	190,045	(153,561)	479,995
Office equipment and computers	71,238	12,810	-	84,048
Infrastructure	821,824	-	-	821,824
Total capital assets depreciated	<u>1,929,426</u>	<u>448,505</u>	<u>(158,561)</u>	<u>2,219,370</u>
Less accumulated depreciation for:				
Land improvements	107,232	23,335	-	130,567
Buildings and improvements	43,254	2,329	(553)	45,030
Vehicles and equipment	308,530	42,048	(128,241)	222,337
Office equipment and computers	57,050	7,023	-	64,073
Infrastructure	159,198	33,150	-	192,348
Total accumulated depreciation	<u>675,264</u>	<u>107,885</u>	<u>(128,794)</u>	<u>654,355</u>
Total capital assets depreciated, net	<u>1,254,162</u>	<u>340,620</u>	<u>(29,767)</u>	<u>1,565,015</u>
Capital assets, net	\$ <u>1,291,960</u>	\$ <u>340,620</u>	\$ <u>(29,767)</u>	\$ <u>1,602,813</u>

Depreciation expense in the governmental activities totaling \$107,885 was allocated to the following functions: general government \$4,465; public safety \$21,857; highway and street \$81,563; based upon capital assets assigned to those functions.

9. Pension plan:

Vermont Municipal Employees' Retirement System -

Plan description: The Village 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

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

9. Pension plan (continued):

Vermont Municipal Employees' Retirement System (continued) -

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 Village 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 Village are established and may be amended by the Board of Trustees. The Village's contributions to VMERS for the years ended June 30, 2013, 2012, and 2011 were \$26,350, \$31,325, and \$27,757, 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.

10. Governmental fund balances:

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

	General <u>Fund</u>	Capital Reserve <u>Fund</u>	Irene <u>Fund</u>	Permanent <u>Fund</u>	<u>Totals</u>
Nonspendable:					
Endowment principal	\$ -	\$ -	\$ -	\$ 166,164	\$ 166,164
Restricted for:					
Benefit of the Village	-	-	-	206,411	206,411
Committed to:					
Capital projects and equipment	-	85,638	-	-	85,638
Old fire station	5,000	-	-	-	5,000
Parking facilities	<u>125,147</u>	-	-	-	<u>125,147</u>
	<u>130,147</u>	<u>85,638</u>	-	-	<u>215,785</u>
Assigned to:					
Future capital outlays	-	<u>5,619</u>	-	-	<u>5,619</u>
Unassigned	<u>1,192</u>	-	<u>(1,935)</u>	-	<u>(743)</u>
	\$ <u>131,339</u>	\$ <u>91,257</u>	\$ <u>(1,935)</u>	\$ <u>372,575</u>	\$ <u>593,236</u>

VILLAGE OF WOODSTOCK, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

11. Capital Reserve Fund balances:

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

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Withdrawals</u>	Balance <u>June 30, 2013</u>
Committed -				
Office equipment - computers	\$ 5,787	\$ 1,500	\$ -	\$ 7,287
Ordinance printing	1,248	-	(1,248)	-
Computer equipment	500	500	-	1,000
Snow blower	51,299	2,000	(64,125)	(10,826)
Manager pick-up	2,795	500	-	3,295
Road construction	16,400	-	(16,400)	-
Road and sidewalk maintenance	27,700	-	(27,700)	-
Trucks	61,153	16,000	(43,004)	34,149
Police computer	8,174	250	-	8,424
Police training	12,368	-	(12,368)	-
Police cruiser	14,226	13,500	(23,175)	4,551
Commercial vehicle enforcement	10,891	-	(10,891)	-
Police office carpet	(929)	1,179	-	250
Old fire station	5,000	-	(5,000)	-
Teagle landing	2,000	-	(2,000)	-
Parking facility	32,508	-	-	32,508
Trees	5,000	-	-	5,000
Salt and sand	6,000	-	(6,000)	-
Trustees contingency	8,450	-	(8,450)	-
Total committed	<u>270,570</u>	<u>35,429</u>	<u>(220,361)</u>	<u>85,638</u>
Assigned -				
Police vehicle maintenance/equipment	2,300	-	(400)	1,900
Police communications	1,475	-	-	1,475
Storage Trailer	-	6,500	-	6,500
Future capital outlay	<u>57,702</u>	<u>174,860</u>	<u>(236,818)</u>	<u>(4,256)</u>
Total assigned	<u>61,477</u>	<u>181,360</u>	<u>(237,218)</u>	<u>5,619</u>
Total Capital Reserve Fund	\$ <u>332,047</u>	\$ <u>216,789</u>	\$ <u>(457,579)</u>	\$ <u>91,257</u>

12. Deficit:

At June 30, 2013 the Irene Fund had a deficit fund balance of \$1,935. Management recognizes this deficit and intends to remove this deficit via a transfer from the General Fund.

13. Restatements:

Fund balance at June 30, 2012 has been restated from \$93,191 to \$139,149 in the General Fund and from \$332,047 to \$286,089 in the Capital Reserve Fund. This \$45,958 change is the result of funds previously recorded in the Capital Reserve Fund that are now recorded in the General Fund to comply with current accounting standards for reporting governmental fund balances.

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

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property Taxes -			
Real estate	\$ 561,465	\$ 551,196	\$ (10,269)
In lieu of taxes	<u>200</u>	<u>850</u>	<u>650</u>
Total Property Taxes	<u>561,665</u>	<u>552,046</u>	<u>(9,619)</u>
Licenses and Permits -			
Curb cut permits	-	225	225
Zoning permits	7,000	6,716	(284)
Yard sale permits	-	150	150
Zoning maps and regulations	<u>-</u>	<u>160</u>	<u>160</u>
Total Licenses and Permits	<u>7,000</u>	<u>7,251</u>	<u>251</u>
Intergovernmental -			
Highway State Aid	42,000	44,944	2,944
Highway rebate	225,000	219,044	(5,956)
Grants - police equipment	-	1,838	1,838
MDT Police grant revenue	-	13,701	13,701
River street retaining wall grant	<u>-</u>	<u>175,000</u>	<u>175,000</u>
Total Intergovernmental	<u>267,000</u>	<u>454,527</u>	<u>187,527</u>
Charges for Services -			
Alarms answered	2,000	265	(1,735)
Miscellaneous police revenue	-	1,153	1,153
Police contract with Town of Woodstock	156,375	169,300	12,925
Police contracts	<u>7,000</u>	<u>7,717</u>	<u>717</u>
Total Charges for Services	<u>165,375</u>	<u>178,435</u>	<u>13,060</u>
Fines and Forfeits -			
Parking ticket fines	20,000	28,996	8,996
Parking meter revenue	40,000	81,562	41,562
Moving violations	<u>170,000</u>	<u>81,452</u>	<u>(88,548)</u>
Total Fines and Forfeits	<u>230,000</u>	<u>192,010</u>	<u>(37,990)</u>
Miscellaneous -			
Investment income	1,000	47	(953)
Miscellaneous	<u>3,000</u>	<u>17,193</u>	<u>14,193</u>
Total Miscellaneous	<u>4,000</u>	<u>17,240</u>	<u>13,240</u>
Total Revenues	<u>1,235,040</u>	<u>1,401,509</u>	<u>166,469</u>

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

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
General Government -			
Trustees:			
Salaries and wages	3,750	3,750	-
Benefits	300	287	13
Advertising	1,000	1,415	(415)
Dues, subscriptions, and meetings	1,000	2,963	(1,963)
Printing Village Annual Report	1,200	1,004	196
Legal fees	<u>2,750</u>	<u>15,265</u>	<u>(12,515)</u>
Total Trustees	<u>10,000</u>	<u>24,684</u>	<u>(14,684)</u>
Executive Department:			
Managing municipality -			
Salaries and wages	40,100	41,813	(1,713)
Benefits	13,000	12,059	941
Advertising	50	-	50
Professional services	50	-	50
Dues, subscriptions, and meetings	<u>500</u>	<u>533</u>	<u>(33)</u>
Total Executive Department	<u>53,700</u>	<u>54,405</u>	<u>(705)</u>
Finance Department:			
Collection, Custody, and Distribution of Funds -			
Salaries and wages	1,500	1,500	-
Benefits	120	115	5
Travel and transportation	<u>40</u>	<u>-</u>	<u>40</u>
Total Collection, Custody, and Distribution of Funds	<u>1,660</u>	<u>1,615</u>	<u>45</u>
Accounting and Bookkeeping -			
Salaries and wages	18,200	19,574	(1,374)
Benefits	5,640	5,596	44
Dues, subscriptions, and meetings	60	-	60
Professional services	<u>800</u>	<u>680</u>	<u>120</u>
Total Accounting and Bookkeeping	<u>24,700</u>	<u>25,850</u>	<u>(1,150)</u>
Auditing -			
Professional services	<u>12,000</u>	<u>13,437</u>	<u>(1,437)</u>
Total Finance Department	<u>38,360</u>	<u>40,902</u>	<u>(2,542)</u>
Village Clerk:			
Salaries	<u>400</u>	<u>400</u>	<u>-</u>

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

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
General Government (continued) -			
Administration:			
Equipment repairs and maintenance	1,600	1,150	450
Communications	1,600	2,116	(516)
Office supplies	1,600	1,007	593
Postage	2,300	2,017	283
Operating supplies	1,500	1,111	389
Total Administration	8,600	7,401	1,199
Boards and Agencies:			
Municipal Planning and Zoning -			
Salaries and wages	62,300	62,220	80
Benefits	29,250	27,615	1,635
Advertising	2,500	1,812	688
Dues, subscriptions, and meetings	1,000	1,461	(461)
Printing and mapping	400	-	400
Travel and transportation	275	271	4
Professional services	500	20	480
Legal fees	4,200	-	4,200
Equipment purchase	500	141	359
Total Municipal Planning and Zoning	100,925	93,540	7,385
Village Contingency Department:			
Unclassified	6,000	704	5,296
Insurance and Fidelity Bond:			
Premiums	48,000	45,254	2,746
Total General Government	265,985	267,290	(1,305)
Public Safety -			
Police Administration:			
Salaries and wages	112,000	101,008	10,992
EMT training and stipend	3,500	3,291	209
Benefits	40,800	36,978	3,822
Office supplies	500	495	5
Travel and transportation	275	410	(135)
Advertising	400	339	61
Operating supplies	1,500	1,005	495
Dues, subscriptions, and meetings	700	1,209	(509)

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

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Public Safety (continued) -			
Police Administration (continued):			
Printing and binding	125	100	25
Grants, dues, and subscriptions	225	139	86
Total Police Administration	<u>160,025</u>	<u>144,974</u>	<u>15,051</u>
Police Office Maintenance:			
Salaries and wages	1,500	336	1,164
Benefits	100	29	71
Propane	2,600	2,600	-
Electricity	1,700	1,700	-
Rubbish removal	1,100	989	111
Water/sewer	700	540	160
Building maintenance	1,350	1,188	162
Total Police Office Maintenance	<u>9,050</u>	<u>7,382</u>	<u>1,668</u>
Law Enforcement:			
Salaries and wages	190,000	172,727	17,273
Benefits	66,000	54,918	11,082
Contract police coverage	2,500	7,085	(4,585)
Stipend	8,600	2,359	6,241
Operating supplies	850	773	77
Professional services	1,000	745	255
Weapon maintenance and supplies	1,000	990	10
Uniform service	5,000	4,813	187
Small tools and equipment	3,200	3,092	108
Dues, subscriptions, and meetings	250	126	124
Total Law Enforcement	<u>278,400</u>	<u>247,628</u>	<u>30,772</u>
Training:			
Salaries and wages	3,000	3,001	(1)
Benefits	200	211	(11)
Tuition	1,500	1,108	392
Travel and transportation	200	320	(120)
Total Training	<u>4,900</u>	<u>4,640</u>	<u>260</u>
Communications:			
Repairs and maintenance	2,300	313	1,987
Dispatch services	64,730	64,730	-
Communications	11,000	6,899	4,101
Total Communications	<u>78,030</u>	<u>71,942</u>	<u>6,088</u>

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

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Public Safety (continued) -			
Vehicles and Equipment:			
Repairs and maintenance	4,500	2,088	2,412
Small tools and equipment	600	318	282
Gasoline	14,000	11,373	2,627
Total Vehicles and Equipment	<u>19,100</u>	<u>13,779</u>	<u>5,321</u>
Buying, Maintenance, Parking Meters:			
Salaries and wages	20,000	21,107	(1,107)
Benefits	1,400	1,615	(215)
Office supplies	3,000	742	2,258
Repairs and maintenance	1,000	883	117
Equipment purchase	2,500	2,485	15
Postage	3,000	1,731	1,269
Professional service	600	109	491
Computer software	1,000	497	503
Small tools and equipment	700	595	105
Total Buying, Maintenance, Parking Meters	<u>33,200</u>	<u>29,764</u>	<u>3,436</u>
Total Public Safety	<u>582,705</u>	<u>520,109</u>	<u>62,596</u>
Highways and Streets -			
Highway Maintenance:			
Salaries and wages	87,300	88,724	(1,424)
Overtime	9,000	9,537	(537)
Summer help - wages	2,000	3,321	(1,321)
Benefits	39,400	38,299	1,101
Operating supplies	4,500	4,952	(452)
Small tools and equipment	250	355	(105)
Frost Mills rental	5,200	4,455	745
NWPL parking lot rental	-	7,600	(7,600)
Road maintenance	4,000	5,512	(1,512)
Fuel	12,000	11,876	124
Storm drain maintenance	8,000	7,295	705
Road construction	50,000	51,710	(1,710)
Other purchased services	27,000	30,389	(3,389)
Salt and sand	40,000	49,505	(9,505)
Property and equipment repairs	-	1,403	(1,403)
Rubbish removal	10,000	10,705	(705)
Total Highway Maintenance	<u>298,650</u>	<u>325,638</u>	<u>(26,988)</u>

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

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
Highways and Streets (continued) -			
Traffic Control:			
Road signs	<u>1,000</u>	<u>286</u>	<u>714</u>
Installing and Maintaining Street Lights:			
Utilities	<u>38,000</u>	<u>37,736</u>	<u>264</u>
Maintenance of Sidewalks:			
Sidewalk construction	<u>14,000</u>	<u>14,247</u>	<u>(247)</u>
Highway Equipment Maintenance:			
Repair supplies	1,800	1,896	(96)
Maintenance supplies	3,000	2,570	430
Equipment repair	2,000	1,003	997
Equipment purchase	200	-	200
Small tools and equipment	<u>100</u>	<u>-</u>	<u>100</u>
Total Highway Equipment Maintenance	<u>7,100</u>	<u>5,469</u>	<u>1,631</u>
Maintenance of Public Works Building:			
Repairs and maintenance	400	245	155
Utilities	<u>4,400</u>	<u>4,303</u>	<u>97</u>
Total Maintenance of Public Works Building	<u>4,800</u>	<u>4,548</u>	<u>252</u>
Total Highways and Streets	<u>363,550</u>	<u>387,924</u>	<u>(24,374)</u>
Culture and Recreation Village Parks Unit -			
Acquisition and Maintenance of Park Areas:			
Operating supplies	2,000	1,386	614
Small tools and equipment	500	300	200
Paw bags	2,500	1,180	1,320
Rubbish removal	<u>2,500</u>	<u>2,529</u>	<u>(29)</u>
Total Culture and Recreation Village Parks Unit	<u>7,500</u>	<u>5,395</u>	<u>2,105</u>
Special Articles -			
Public Trust Fund - audit	1,000	1,000	-
Public Trust Fund - trustee	1,000	1,077	(77)
Ethel Woods Fund-Sidewalk	1,500	1,500	-
O. A. Whitcomb Fund - trees	1,500	-	1,500
Tree Fund	3,000	250	2,750
Snow dump relocation	<u>25,000</u>	<u>26,206</u>	<u>(1,206)</u>
Total Special Articles	<u>33,000</u>	<u>30,033</u>	<u>2,967</u>

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

Schedule 1
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	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Grant Expenses -			
Police equipment grant	-	1,838	(1,838)
MDT Police grant	-	13,701	(13,701)
River street retaining wall	-	175,000	(175,000)
Total Grant Expenses	<u>-</u>	<u>190,539</u>	<u>(190,539)</u>
Capital Reserve Spending -			
Lobbyist	-	5,564	(5,564)
Paving	10,000	10,000	-
Ton truck w/plow	35,000	43,003	(8,003)
Street snow blower	49,000	64,125	(15,125)
Road construction	-	16,400	(16,400)
Road & sidewalk maintenance	-	74,150	(74,150)
Police computer	4,000	-	4,000
Police office carpet	4,000	-	4,000
Police Cruiser	-	23,175	(23,175)
Police training	8,000	11,899	(3,899)
Police equipment	-	400	(400)
Total Capital Reserve Spending	<u>110,000</u>	<u>248,716</u>	<u>(138,716)</u>
Total expenditures	<u>1,362,740</u>	<u>1,650,006</u>	<u>(287,266)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(127,700)</u>	<u>(248,497)</u>	<u>(120,797)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	122,200	282,616	160,416
Transfers out	<u>(34,500)</u>	<u>(41,929)</u>	<u>(7,429)</u>
Total other financing sources (uses)	<u>87,700</u>	<u>240,687</u>	<u>152,987</u>
NET CHANGE IN FUND BALANCE	\$ <u>(40,000)</u>	\$ <u>(7,810)</u>	\$ <u>32,190</u>

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

Schedule 2

	<u>Old Fire Station Fund</u>	<u>Orly Whitcomb Fund</u>	<u>Frank MacKenzie Fund</u>	<u>E. Woods Sidewalk Fund</u>	<u>Endowment Fund</u>	<u>Totals</u>
 <u>ASSETS</u>						
Cash and cash equivalents	\$ 30,510	\$ 89,260	\$ 5,691	\$ 60,648	\$ 3,532	\$ 189,641
Investments	<u>-</u>	<u>1,480</u>	<u>-</u>	<u>-</u>	<u>181,454</u>	<u>182,934</u>
Total assets	\$ <u>30,510</u>	\$ <u>90,740</u>	\$ <u>5,691</u>	\$ <u>60,648</u>	\$ <u>184,986</u>	\$ <u>372,575</u>
 <u>LIABILITIES AND FUND EQUITY</u>						
LIABILITIES	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
 FUND BALANCES:						
Nonspendable	-	-	-	-	166,164	166,164
Restricted	<u>30,510</u>	<u>90,740</u>	<u>5,691</u>	<u>60,648</u>	<u>18,822</u>	<u>206,411</u>
Total fund balance	<u>30,510</u>	<u>90,740</u>	<u>5,691</u>	<u>60,648</u>	<u>184,986</u>	<u>372,575</u>
Total liabilities and fund equity	\$ <u>30,510</u>	\$ <u>90,740</u>	\$ <u>5,691</u>	\$ <u>60,648</u>	\$ <u>184,986</u>	\$ <u>372,575</u>

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

Schedule 3

	Old Fire Station <u>Fund</u>	Orly Whitcomb <u>Fund</u>	Frank MacKenzie <u>Fund</u>	E. Woods Sidewalk <u>Fund</u>	Endowment <u>Fund</u>	<u>Totals</u>
REVENUES:						
Investment income	\$ 142	\$ 463	\$ 26	\$ 320	\$ 4,354	\$ 5,305
Net increase in fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,136</u>	<u>19,136</u>
Total revenues	142	463	26	320	23,490	24,441
EXPENDITURES:						
Miscellaneous	<u>-</u>	<u>136</u>	<u>-</u>	<u>-</u>	<u>5,589</u>	<u>5,725</u>
EXCESS OF REVENUES OR (EXPENDITURES)	142	327	26	320	17,901	18,716
OTHER FINANCING SOURCES (USES):						
Transfers out	<u>(320)</u>	<u>(2,400)</u>	<u>(60)</u>	<u>(2,220)</u>	<u>(7,200)</u>	<u>(12,200)</u>
NET CHANGE IN FUND BALANCES	(178)	(2,073)	(34)	(1,900)	10,701	6,516
FUND BALANCES, July 1, 2012	<u>30,688</u>	<u>92,813</u>	<u>5,725</u>	<u>62,548</u>	<u>174,285</u>	<u>366,059</u>
FUND BALANCES, June 30, 2013	\$ <u>30,510</u>	\$ <u>90,740</u>	\$ <u>5,691</u>	\$ <u>60,648</u>	\$ <u>184,986</u>	\$ <u>372,575</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 Board of Trustees
Village 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 Village of Woodstock, Vermont (the Village) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village'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 Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 a significant deficiency.

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 and 13-2, 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 deficiency described in the accompanying schedule of findings and responses as item 13-3 to be a significant deficiency.

We noted a certain matter, item 13-4, which was not considered a significant deficiency or a material weakness.

Compliance and Other Matters

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

Village'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 result 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 - Wisner, P.C.*

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

13-1 Permanent Fund Accounting:

The Village's Permanent Fund includes trust funds established for specific governmental purposes and the Village'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 Village. 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 not recorded in the general ledger. We proposed audit adjustments to record 2013 activity of these funds 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 Village.

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 the Village accountant and recorded in the general ledger on a regular basis and then reported to management and the Village Trustees. We believe the most efficient procedure would be for the Trustee to authorize an address change so that monthly statements are sent to the Village office. The Village accountant would then record activity in the general ledger, prepare reports for the Trustee or others, and maintain files of the monthly statements for the Trustee of Public Funds. We recommend this procedure be adopted.

Management's response - A subsidiary fund has been created as previously suggested by the auditors. The monthly statements are being sent to the Village office. Recording permanent fund activity will be done on a timelier basis.

13-2 Accrued Compensated Absences:

The Village did not record its liability for accrued compensated absences totaling \$132,590 in its general ledger at June 30, 2013. Accounting principles generally accepted in the United States of America require long-term debt be recorded in the Village's government-wide financial statements. We proposed an audit adjustment to record this liability at June 30, 2013 in the Village's general ledger, and this liability has been presented in the Village's government-wide statements and disclosed in the related financial statement footnotes.

We noted that the Village maintains an accrued compensated absences supplementary schedule but that it did not use this schedule to record this activity in its general ledger. We recommend that the Village record and reconcile this supplementary schedule with the general ledger on a regular basis.

Management's response - The schedule of accrued compensated absences will be used to record the activity in the long-term debt subsidiary fund.

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

13-3 Gas cards:

During the audit, it was noted that no documentation is provided for department gas card purchases that totaled around \$21,000 in the Village 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 Village 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.

13-4 Property tax rate calculation:

For the year ended June 30, 2013, the Village used the "Total Education Listed Value" grand list to calculate the Village tax rate. However, the Village then used the "Municipal Listed Value" grand list to calculate the amount of taxes to be billed.

This inconsistency resulted in the Village raising \$10,269 less than what the Village had budgeted to be raised through taxes. We recommend that the Village be consistent in its application of grand lists when calculating taxes to be raised and billing out property taxes.

Management's response - In the future the Municipal Listed Value grand list amount will be used to calculate the Village tax rate.