

TOWN OF DORSET, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2012
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF DORSET, VERMONT

JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Dorset, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dorset, Vermont (the Town) as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in note 1.I., the Town has used appraisal values for certain capital assets and expects to change asset and depreciation values as acquisition dates and historical costs are determined.

In our opinion, except for capital asset valuation described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dorset, Vermont as of June 30, 2012 and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules 1 and 2 are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Montpelier, Vermont
September 21, 2012

**TOWN OF DORSET, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

This discussion and analysis is intended to serve as an introduction of the Town of Dorset's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This document also contains other supplementary information and audit reports in addition to the basic financial statements. Our narrative overview is intended to be read in conjunction with the attached financial statements and schedules.

Financial Statements

Government-wide Financial Statements - The government-wide financial statements are designed to provide the readers with a broad overview of Dorset's finances in a manner similar to a private sector business. These statements present the financial picture of the Town from the "economic resources" measurement focus using the accrual basis of accounting. The *statement of net assets* presents information on all of Dorset's assets and liabilities, with the difference between the two reported as *net assets*. Net assets include capital assets, net of depreciation, and are reduced by the balance of any long-term debt. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Dorset is improving or deteriorating.

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

The government-wide financial statements for Dorset include general governmental administrative expenses, community services and highway expenses which are principally supported by taxes and intergovernmental revenue. Dorset does not have any enterprise funds or business-type activities for which a significant portion of revenues would be generated through user fees.

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. State and local governments use fund accounting to ensure and demonstrate compliance with financially regulated legal requirements. All of the funds of Dorset are divided into two categories: *governmental funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in government-wide financial statements. However, governmental funds focus on annual *inflows and outflows of spendable resources*, and the *balances of spendable resources* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The General Fund, Equipment Replacement Fund and Highway Paving Fund are the Town's major governmental funds. In addition, the Town of Dorset maintains other governmental funds which are restricted or committed for specific purposes. These funds are reported individually in supplementary schedules 1 and 2 on pages 24 and 25.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Dorset's own programs. The Town's fiduciary funds are the Dillon Fund and the East Dorset Cemetery Fund.

Government-wide Financial Analysis

Dorset's Net Assets June 30, 2012 and June 30, 2011

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current assets	\$ 1,014,373	\$ 1,157,697
Capital assets	<u>1,931,376</u>	<u>1,386,155</u>
Total assets	<u>2,945,749</u>	<u>2,543,852</u>
Current liabilities	<u>142,669</u>	<u>38,327</u>
Net assets:		
Invested in capital assets, net of related debt	1,931,376	1,386,155
Restricted	273,635	-
Unrestricted	<u>598,069</u>	<u>1,119,370</u>
Total net assets	<u>\$ 2,803,080</u>	<u>\$ 2,505,525</u>

The Statement of Net Assets shows total assets of the Town as of June 30, 2012 are \$2,803,080; total assets as of June 30, 2011 were \$2,505,525. Of these totals, \$1,014,373 and \$1,157,697 represent current assets. The noncurrent assets of \$1,931,376 and \$1,386,155 at June 30, 2012 and June 30, 2011, respectively, are the net capital assets including land, buildings and equipment.

Capital Assets as of June 30, 2012 and 2011

(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 251,970	\$ 251,970
Buildings and improvements	440,842	451,819
Office equipment and furnishings	5,831	7,245
Computer systems	5,101	5,283
Infrastructure	583,391	104,734
Machinery and equipment	<u>644,241</u>	<u>565,104</u>
Net capital assets	<u>\$ 1,931,376</u>	<u>\$ 1,386,155</u>

The liabilities of the Town as of June 30, 2012 are \$142,669; liabilities as of June 30, 2011 were \$38,327. The liabilities are all current liabilities, including accounts payable and cash held in escrow.

Changes in Net Assets for Fiscal Years Ended in 2012 and 2011

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues		
Program Revenues		
Grants and contributions	\$ 354,650	\$ 186,095
Charges for services	82,973	85,044
Other	13,363	12,636
General Revenue		
Property taxes	9,921,659	10,317,830
Investment income	66,813	75,338
Total Revenues	<u>10,439,458</u>	<u>10,676,943</u>
Expenses		
Governmental Activities		
General government	625,373	635,026
Education - State and Local	8,686,202	9,223,752
Highway and roads	548,783	515,144
Other programs	281,545	291,210
Total Expenses	<u>10,141,903</u>	<u>10,665,132</u>
Changes in net assets	297,555	11,811
Net assets - Beginning	<u>2,505,525</u>	<u>2,493,714</u>
Net assets - Ending	<u>\$ 2,803,080</u>	<u>\$ 2,505,525</u>

The Statement of Activities reports that the 2012 educational expenses for Dorset were 85.6% (\$8,686,202) of the total operating expenses of \$10,141,903 for the year; the 2011 educational expenses were 86.5% (\$9,223,752) of the total operating expenses of \$10,665,132 for the year. The accrual basis total includes all fund expenditures plus depreciation of capital assets, but excludes capital asset purchases. Certain revenues (labeled Program Revenues) offset expenses as they relate to specific programs, such as state and federal grants or fees charged for specific services.

General revenues, mainly property taxes, totaled \$10,439,458 for 2012 and \$10,676,943 for 2011. The 2012 revenues were \$297,555 more than the expenses, which increased net assets in 2012. The 2011 revenues were \$11,811 more than the expenses. At June 30, 2012 net assets totaled \$2,803,080. The June 30, 2011 net assets totaled \$2,505,525.

Fund Financial Analysis

At June 30, 2012, the Town's governmental funds reported a combined ending fund balance of \$518,848, a decrease of \$245,986 from the combined fund balance at the end of the prior period. At June 30, 2011, the Town's governmental funds reported a combined ending fund balance of \$764,834, an increase of \$30,665 from the combined fund balance at the end of the prior period. Of the 2012 fund balance, \$282,980 constitutes unassigned fund balance of the General Fund, which is available for future use at the Town's discretion. We believe that the Town should maintain an unreserved surplus in fund equity from year to year for unanticipated expenditures and to limit the Town's need for borrowing to provide working capital for normal operations. The remainder of the fund balance is classified as described in note 9.

General Fund - At June 30, 2012, assets of the General Fund were \$794,996 and liabilities were \$495,525; at June 30, 2011, assets of the General Fund were \$663,103 and liabilities were \$392,863. General Fund revenue for 2012 was less than budgeted by \$54,672 due primarily to property taxes being less than anticipated; the total expenditures were less than budgeted by \$83,903, with favorable variances in several categories. Details of revenue and expenditures compared to the 2012 budget are shown on the Statement of Revenue and Expenditures - Budget and Actual - General Fund.

Fiduciary Funds - These financial statements separately report the trust funds, totaling \$23,373, as fiduciary funds. The Town is responsible for maintenance of these funds in accordance with the Trust requirements.

Capital Assets and Debt Administration

The Town has maintained an inventory of capital assets and reports depreciation of those assets in the government-wide financial statements. Machinery and equipment, office furniture, and computer systems have been recorded at their cost and depreciated over their estimated useful lives. The Town has used appraisal values instead of historical cost to record land and buildings as historical cost information was not readily available when the current reporting model was adopted. The Town has now done research on the acquisition date and cost of those assets and may change the recorded values for future reports. In 2011 and 2012, the Town has recorded new infrastructure improvements and will depreciate them over their estimated useful lives; the Town was not required, as a small government, to record the cost and depreciation associated with infrastructure improvements that occurred prior to its implementation of the current reporting model.

The Town presently has no long-term debt (bonds, notes, leases) and did not enter into any short-term debt during fiscal 2012.

Requests for Information

This financial report is designed to provide a general overview of the Town of Dorset'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 information should be addressed to the Town Manager, Town of Dorset, P.O. Box 715, Dorset, Vermont 05253-0715.

TOWN OF DORSET, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS:	
Current assets -	
Cash	\$ 591,497
Accounts receivable	3,067
Property taxes receivable	190,569
Note receivable	212,030
Prepaid expenditures	3,769
Restricted asset - cash	<u>13,441</u>
Total current assets	<u>1,014,373</u>
Noncurrent assets -	
Capital assets	2,872,386
less - accumulated depreciation	<u>(941,010)</u>
Total noncurrent assets	<u>1,931,376</u>
Total assets	<u>2,945,749</u>
LIABILITIES:	
Current liabilities -	
Accounts payable	123,855
Accrued payroll liabilities	5,373
Cash held in escrow	<u>13,441</u>
Total current liabilities	<u>142,669</u>
Total liabilities	<u>142,669</u>
NET ASSETS:	
Invested in capital assets	1,931,376
Restricted	273,635
Unrestricted	<u>598,069</u>
Total net assets	\$ <u>2,803,080</u>

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

TOWN OF DORSET, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Grants and</u>	<u>Charges for</u>	<u>Other</u>	<u>Revenue and</u>
		<u>Contributions</u>	<u>Services</u>		<u>Changes in</u>
FUNCTIONS/PROGRAMS:					<u>Net Assets</u>
Governmental activities -					
General government	\$ 625,373	\$ 74,246	\$ 82,973	\$ 13,363	\$ (454,791)
Education appropriation	8,686,202	-	-	-	(8,686,202)
Highways and roads	548,783	280,404	-	-	(268,379)
Other	<u>281,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(281,545)</u>
 Total governmental activities	 \$ <u>10,141,903</u>	 \$ <u>354,650</u>	 \$ <u>82,973</u>	 \$ <u>13,363</u>	 <u>(9,690,917)</u>
 GENERAL REVENUES - PROPERTY TAXES					9,921,659
- INVESTMENT INCOME					<u>66,813</u>
					<u>9,988,472</u>
 CHANGE IN NET ASSETS					297,555
 NET ASSETS, July 1, 2011					<u>2,505,525</u>
 NET ASSETS, June 30, 2012					\$ <u>2,803,080</u>

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

TOWN OF DORSET, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012
(Page 1 of 2)

	<u>General</u> <u>Fund</u>	<u>Equipment</u> <u>Replacement</u> <u>Fund</u>	<u>Highway</u> <u>Paving</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u>
<u>ASSETS</u>					
Cash	\$ 591,497	\$ -	\$ -	\$ -	\$ 591,497
Accounts receivable	3,067	-	-	-	3,067
Property taxes receivable	190,569	-	-	-	190,569
Due (to) from other governmental funds	(219,377)	(53,919)	65,063	208,233	-
Note receivable	212,030	-	-	-	212,030
Prepaid expenditures	3,769	-	-	-	3,769
Restricted asset - cash	<u>13,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,441</u>
 Total assets	 \$ <u>794,996</u>	 \$ <u>(53,919)</u>	 \$ <u>65,063</u>	 \$ <u>208,233</u>	 \$ <u>1,014,373</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
LIABILITIES:					
Accounts payable	\$ 123,855	\$ -	\$ -	\$ -	\$ 123,855
Accrued payroll liabilities	5,373	-	-	-	5,373
Deferred taxes - 60 day rule	140,826	-	-	-	140,826
Deferred revenue - housing loan	212,030	-	-	-	212,030
Cash held in escrow	<u>13,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,441</u>
Total liabilities	<u>495,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,525</u>
 FUND BALANCES:					
Nonspendable	3,769	-	-	-	3,769
Restricted	-	-	-	159,682	159,682
Committed	-	-	65,063	48,890	113,953
Assigned	12,722	-	-	-	12,722
Unassigned	<u>282,980</u>	<u>(53,919)</u>	<u>-</u>	<u>(339)</u>	<u>228,722</u>
Total fund balances (deficit)	<u>299,471</u>	<u>(53,919)</u>	<u>65,063</u>	<u>208,233</u>	<u>518,848</u>
 Total liabilities and fund equity	 \$ <u>794,996</u>	 \$ <u>(53,919)</u>	 \$ <u>65,063</u>	 \$ <u>208,233</u>	 \$ <u>1,014,373</u>

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

TOWN OF DORSET, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012
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RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS:

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 518,848
Amounts reported for governmental activities in the Government-wide Statement of Net Assets are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	2,872,386
Accumulated depreciation	(941,010)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
	140,826
Deferred revenue - housing loan is reported in the governmental funds to offset present value of long-term note receivable which is not an available financial resource.	
	<u>212,030</u>
Net Assets of Governmental Activities - Government-wide Statement of Net Assets	\$ <u>2,803,080</u>

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

TOWN OF DORSET, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

(Page 1 of 2)

	General Fund	Equipment Replacement Fund	Highway Paving Fund	Other Governmental Funds	Totals
REVENUE:					
Taxes	\$ 9,931,494	\$ -	\$ -	\$ -	\$ 9,931,494
Licenses and permits	9,339	-	-	-	9,339
Intergovernmental	165,210	-	175,000	14,440	354,650
Charges for services	63,696	-	-	2,993	66,689
Interest and dividends	54,649	349	1,655	2,005	58,658
Fines and forfeits	6,945	-	-	-	6,945
Miscellaneous	4,317	3,850	-	5,196	13,363
	<u>10,235,650</u>	<u>4,199</u>	<u>176,655</u>	<u>24,634</u>	<u>10,441,138</u>
EXPENDITURES:					
Current -					
General government	603,438	-	-	13,814	617,252
Public safety	74,013	-	-	-	74,013
Highways and streets	398,939	351	25,696	-	424,986
Health and welfare	159,261	-	-	-	159,261
Culture and recreation	47,066	-	-	-	47,066
Education	8,686,202	-	-	-	8,686,202
Capital outlay	-	181,219	497,125	-	678,344
	<u>9,968,919</u>	<u>181,570</u>	<u>522,821</u>	<u>13,814</u>	<u>10,687,124</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>266,731</u>	<u>(177,371)</u>	<u>(346,166)</u>	<u>10,820</u>	<u>(245,986)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out), net	<u>(237,500)</u>	<u>90,000</u>	<u>145,000</u>	<u>2,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	29,231	(87,371)	(201,166)	13,320	(245,986)
FUND BALANCES, July 1, 2011	<u>270,240</u>	<u>33,452</u>	<u>266,229</u>	<u>194,913</u>	<u>764,834</u>
FUND BALANCES (DEFICIT), June 30, 2012	\$ <u>299,471</u>	\$ <u>(53,919)</u>	\$ <u>65,063</u>	\$ <u>208,233</u>	\$ <u>518,848</u>

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

**TOWN OF DORSET, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Net change in fund balance - total Governmental Funds	\$ (245,986)
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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	719,344
Depreciation	(174,123)

Government-wide investment revenue includes the increase in the
present value of the note receivable.

8,155

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	(150,661)
Current year	<u>140,826</u>

Change in Net Assets of Governmental Activities -
Government-wide Statement of Activities

\$ 297,555

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

TOWN OF DORSET, VERMONT
STATEMENT OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUE:			
Taxes, net of school and state share (\$8,686,202)	\$ 1,352,370	\$ 1,245,292	\$ (107,078)
Delinquent tax fees (8% penalty)	30,000	30,781	781
Lister's income	200	215	15
Town Clerk fees	28,000	32,700	4,700
State aid - highways	90,000	105,404	15,404
Liquor licenses	850	845	(5)
Dog licenses	1,800	1,736	(64)
Interest - delinquent taxes	25,000	36,522	11,522
- other	5,000	18,127	13,127
Zoning income	5,500	6,412	912
State owned properties	20,000	24,320	4,320
Federal land entitlement	7,700	13,295	5,595
State land use tax	20,000	22,191	2,191
Traffic fines	16,500	6,891	(9,609)
Weight permits	400	400	-
Other	800	4,317	3,517
Total revenue	<u>1,604,120</u>	<u>1,549,448</u>	<u>(54,672)</u>
EXPENDITURES:			
Selectboard	21,719	12,639	9,080
Town Manager	117,028	113,056	3,972
Town Clerk	55,100	58,769	(3,669)
Meetings and elections	4,550	3,109	1,441
Town Treasurer	3,400	3,323	77
Assessment department	44,800	37,696	7,104
Planning and zoning	34,433	25,313	9,120
Auditors	14,300	14,669	(369)
Town office building	17,920	20,746	(2,826)
Public safety	67,900	71,613	(3,713)
Insurance and bonds	245,375	222,077	23,298
General services	171,975	137,383	34,592
Budgeted appropriations	70,850	70,250	600
Petitioned appropriations	94,700	93,950	750
Road crew wages	169,950	160,295	9,655
Highway Paving Fund	145,000	145,000	-
Equipment Replacement Fund	90,000	90,000	-
Bicenquingenary Fund	2,500	2,500	-
Town sheds	7,420	8,717	(1,297)
Equipment maintenance	75,000	89,781	(14,781)
Highway and road maintenance	150,200	139,331	10,869
Total expenditures	<u>1,604,120</u>	<u>1,520,217</u>	<u>83,903</u>
EXCESS OF REVENUE OR (EXPENDITURES)	\$ -	\$ 29,231	\$ 29,231

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

**TOWN OF DORSET, VERMONT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	<u>Dillon</u>	East Dorset <u>Cemetery</u>	<u>Totals</u>
ASSETS:			
Certificate of deposit	\$ 20,000	\$ -	\$ 20,000
Investments - mutual funds	<u>-</u>	<u>3,373</u>	<u>3,373</u>
Total assets	<u>20,000</u>	<u>3,373</u>	<u>23,373</u>
LIABILITIES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS:			
Restricted	<u>20,000</u>	<u>3,373</u>	<u>23,373</u>
Total net assets	\$ <u>20,000</u>	\$ <u>3,373</u>	\$ <u>23,373</u>

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

**TOWN OF DORSET, VERMONT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Dillon</u>	East Dorset <u>Cemetery</u>	<u>Totals</u>
ADDITIONS:			
Interest and dividends	\$ 147	\$ 122	\$ 269
Net increase (decrease) in fair value of investments	<u>-</u>	<u>2</u>	<u>2</u>
	147	124	271
DEDUCTIONS:			
Health and welfare	<u>147</u>	<u>122</u>	<u>269</u>
CHANGE IN NET ASSETS	-	2	2
NET ASSETS, July 1, 2011	<u>20,000</u>	<u>3,371</u>	<u>23,371</u>
NET ASSETS, June 30, 2012	\$ <u>20,000</u>	\$ <u>3,373</u>	\$ <u>23,373</u>

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

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. Summary of significant accounting policies:

The Town of Dorset, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a five-member board and Town Manager. 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 generally accepted accounting principles (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 assets 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. The Town has no business-type activities.

In the government-wide statement of net assets, 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental 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.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Equipment Replacement Fund - The Equipment Replacement Fund is used to account for voter approved commitments for future equipment related capital outlay.

Highway Paving Fund - The Highway Paving Fund is used to account for voter approved commitments for future paving projects.

Additionally, the Town reports as other governmental funds several funds which are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified services. The Town also reports fiduciary funds which are used to account for resources held for the benefit of parties other than the Town. The Town's fiduciary funds are the Dillon Fund and the East Dorset Cemetery Fund.

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 fiduciary 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. Penalties and interest related to property taxes are recorded as revenues when received.

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

1. The Town Manager and Selectboard prepare the annual operating budget for the General Fund for the Town's fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. After the budget is prepared, the Town distributes to its citizens a "Town Report" which contains the warning for the annual Town meeting and the proposed operating budget for the year.

**TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

1. Summary of significant accounting policies (continued):

E. Budgets and budgetary accounting (continued) -

3. In March of each year, an annual Town meeting is held and the Selectboard is authorized by the voters to levy taxes to pay current expenditures.
4. Budget revisions must be approved by the Selectboard. Formal budgetary integration is employed as a management control device during the year for the General Fund.
5. The General Fund budget is consistent with generally accepted accounting principles, except for the reconciling items in note 11. The budgeted amounts are as originally adopted.
6. An annual surplus of revenues over expenditures increases fund equity. This fund balance may be used to reduce the tax levy required to fund budgets of subsequent fiscal years.

F. Cash and cash equivalents - The Town considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

G. Interest income allocation - Cash owned by other governmental funds is combined with General Fund cash in a single investment account. Interest earned on the account is allocated among the funds.

H. Investments - Marketable securities in the Cemetery Trust Fund are reported at current market value.

I. Capital assets - Capital assets, which include land, buildings, machinery, equipment, and infrastructure, are reported in the government-wide financial statements. Some of the values are expected to change, as the Town has not completed its research of acquisition dates and historical costs for all assets. Except as described above, assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Major outlays for capital assets are capitalized as projects are constructed. Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the asset's useful life. The useful lives and thresholds for capital assets are as follows:

	<u>Years</u>	<u>Thresholds</u>
Buildings & improvements	20 - 50	\$ 20,000
Infrastructure improvements	10 - 50	\$ 20,000
Machinery & equipment	5 - 20	\$ 2,000
Office furniture & equipment	5 - 10	\$ 2,000
Computer systems	3 - 5	\$ 2,000

J. Compensated absences - The Town has a policy under which unused compensated absences are paid at year-end up to a maximum of ten days. No amounts vest for future use or payment.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. Summary of significant accounting policies (continued):

- K. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Elected listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Department of Education. General Fund taxes and education taxes are levied in July with one-half payable in September and one-half payable in March.
- L. Deferred revenue - The Town has recorded, in the General Fund, deferred revenue from property taxes which have not been collected within 60 days following year end and are not considered available for current year operations. The Town has also recorded the present value of a long-term note receivable as deferred revenue in the General Fund.
- M. 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.
- N. 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. There have been no claims resulting from these risks in any of the past three fiscal years.
- O. Fund equity - With the implementation of GASB Statement No. 54, governmental funds may report five categories of fund balance: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance is 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 against unassigned fund balance unless motions by the Selectboard specify otherwise.

**TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

2. Cash and investments:

Cash - The cash deposits of the Town at year-end include checking and sweep accounts, as well as savings accounts, money market accounts, and certificates of deposit with local banks. Recorded balances carried on Town books vary from bank balances by the amount of checks and deposits outstanding at year end.

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, but follows the practice of depositing cash in FDIC insured banks. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to a stated limit. The Town's primary bank provides collateral for amounts in excess of the insured limit. As of June 30, 2012, the Town's depository accounts were fully insured or collateralized.

Investments - A Town trust fund holds the following investments, stated at market value and held by the Trust or its agent in the Trust's name, at June 30, 2012:

	<u>Cost Basis</u>	<u>Market Value</u>
Mutual funds - stock	\$ <u>2,704</u>	\$ <u>3,373</u>

3. Note receivable:

The Town holds a mortgage note for \$525,000 from the Dorset Community Housing Limited Partnership with zero percent interest and a single payment of the outstanding principal balance due on August 11, 2035. The Town received a Vermont Community Development Grant of \$525,000 to fund the loan. The Town holds a subordinate interest in assets of the limited partnership. The note is reported as a General Fund asset with offsetting deferred revenue of \$212,030, which represents the discounted present value of the note using an estimated market interest rate of 4 percent.

4. Interfund receivable and payable:

Interfund receivable and payable balances, due to the pooling of cash, at June 30, 2012 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 219,377
Equipment Replacement Fund	-	53,919
Highway Paving Fund	65,063	-
Other Governmental Funds	<u>208,572</u>	<u>339</u>
	\$ <u>273,635</u>	\$ <u>273,635</u>

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

5. Interfund transfers:

Transfers from the General Fund to the Equipment Replacement Fund, Highway Paving Fund and Other Governmental Funds for \$90,000, \$145,000, and \$2,500, respectively, were in accordance with the voter approved budget.

6. Capital assets:

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, <u>2011</u>	<u>Increase</u>	<u>Decrease</u>	Balance June 30, <u>2012</u>
Capital assets, not depreciated:				
Land - appraisal	\$ <u>251,970</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>251,970</u>
Capital assets, depreciated:				
Buildings and improvements - appraisal	525,525	-	-	525,525
Office equipment and furnishings	11,654	-	-	11,654
Computer systems	19,166	-	-	19,166
Infrastructure	127,000	540,625	-	667,625
Machinery and equipment	<u>1,253,727</u>	<u>181,219</u>	<u>38,500</u>	<u>1,396,446</u>
Total capital assets, depreciated	<u>1,937,072</u>	<u>721,844</u>	<u>38,500</u>	<u>2,620,416</u>
Less accumulated depreciation -				
Buildings and improvements	73,706	10,977	-	84,683
Office equipment and furnishings	4,409	1,414	-	5,823
Computer systems	13,883	182	-	14,065
Infrastructure	22,266	61,968	-	84,234
Machinery and equipment	<u>688,623</u>	<u>99,582</u>	<u>36,000</u>	<u>752,205</u>
Total accumulated depreciation	<u>802,887</u>	<u>174,123</u>	<u>36,000</u>	<u>941,010</u>
Capital assets depreciated, net	<u>1,134,185</u>	<u>547,721</u>	<u>2,500</u>	<u>1,679,406</u>
Capital assets, net	\$ <u>1,386,155</u>	\$ <u>547,721</u>	\$ <u>2,500</u>	\$ <u>1,931,376</u>

Depreciation expense was charged to the following functions: general government \$8,121; highways and roads \$164,797; other \$1,205.

7. Post-employment health care:

The Town provides certain health care benefits for specific retired employees and their spouses under an agreement dated April 21, 1992. Currently there are seven individuals receiving these benefits. No other employees may become eligible for these benefits. The cost of retiree health care is recognized as premiums are paid. For the year ended June 30, 2012 those costs totaled \$50,739.

TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

8. Defined contribution 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 Section 5062 of 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. Defined Contribution Plan members are required to contribute 5% of their annual covered salary and the Town is required to contribute an equal dollar amount. 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, 2012, 2011, and 2010 were \$15,348, \$15,969, and \$14,862, respectively, which were equal to the required contributions for each year.

The July 1, 2011 actuarial valuation of VMERS reports asset market value of \$402,550,150 and actuarial accrued liability of \$436,229,310, leaving an actuarial shortfall of \$33,679,160.

9. Fund equity:

At June 30, 2012 fund balance in the General Fund included \$3,769 classified as nonspendable related to prepaid expenditures and \$12,722 classified as assigned related to Mad Tom Flower Reserve (\$353) and the Dorset School Community Playground (\$12,369).

10. Deficits:

At June 30, 2012 the Equipment Replacement Fund has a deficit fund balance of \$53,919. Management intends to recover this deficit through future transfers to the reserve.

At June 30, 2012 the Other Fund on schedules 1 and 2 has a deficit fund balance of \$339. Management intends to eliminate this deficit through a transfer from the General Fund in the next fiscal year.

**TOWN OF DORSET, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

11. Budgetary basis of accounting:

These financial statements include totals for General Fund revenue and expenditures on the Town's budgetary accounting basis, which vary from the totals of revenue and expenditures recognized on the basis of accounting prescribed by generally accepted accounting principles (GAAP), as follows:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 10,235,650	\$ 9,968,919
School/state taxes	(8,686,202)	(8,686,202)
Transfers to other funds	<u>-</u>	<u>237,500</u>
Budget basis	\$ <u>1,549,448</u>	\$ <u>1,520,217</u>

TOWN OF DORSET, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Town</u>	<u>Highway</u>	<u>Conservation</u>	<u>Records</u>	<u>Unemployment</u>	<u>Other</u>	<u>Totals</u>
	<u>Buildings</u>	<u>Reconstruction</u>	<u>Commission</u>	<u>Preservation</u>	<u>Insurance</u>		
Due from other funds	\$ <u>23,045</u>	\$ <u>14,025</u>	\$ <u>3,083</u>	\$ <u>8,737</u>	\$ <u>42,201</u>	\$ -	\$ <u>208,572</u>
<u>ASSETS</u>							
<u>LIABILITIES AND</u>							
<u>FUND EQUITY</u>							
<u>LIABILITIES</u>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ <u>339</u>	\$ <u>339</u>
<u>FUND EQUITY:</u>							
Fund balances -							
Restricted	-	-	-	-	42,201	-	159,682
Committed	23,045	14,025	3,083	8,737	-	-	48,890
Unassigned	-	-	-	-	-	(339)	(339)
Total fund balances (deficit)	<u>23,045</u>	<u>14,025</u>	<u>3,083</u>	<u>8,737</u>	<u>42,201</u>	<u>(339)</u>	<u>208,233</u>
Total liabilities and fund equity	\$ <u>23,045</u>	\$ <u>14,025</u>	\$ <u>3,083</u>	\$ <u>8,737</u>	\$ <u>42,201</u>	\$ -	\$ <u>208,572</u>

**TOWN OF DORSET, VERMONT
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Town Buildings	Highway Reconstruction	Conservation Commission	Records Preservation	Reappraisal	Unemployment Insurance	Other	Totals
REVENUE:								
Interest and dividends	\$ 228	\$ 139	\$ 18	\$ 92	\$ 1,092	\$ 426	\$ 10	\$ 2,005
Other revenue	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,993</u>	<u>14,440</u>	<u>-</u>	<u>2,696</u>	<u>22,629</u>
	<u>228</u>	<u>139</u>	<u>2,518</u>	<u>3,085</u>	<u>15,532</u>	<u>426</u>	<u>2,706</u>	<u>24,634</u>
EXPENDITURES:								
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,179</u>	<u>-</u>	<u>1,653</u>	<u>7,982</u>	<u>13,814</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,179</u>	<u>-</u>	<u>1,653</u>	<u>7,982</u>	<u>13,814</u>
NET REVENUE OR (EXPENDITURES)	228	139	2,518	(1,094)	15,532	(1,227)	(5,276)	10,820
OTHER FINANCING SOURCES OR (USES):								
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
NET CHANGE IN FUND BALANCES	228	139	2,518	(1,094)	15,532	(1,227)	(2,776)	13,320
FUND BALANCES, July 1, 2011	<u>22,817</u>	<u>13,886</u>	<u>565</u>	<u>9,831</u>	<u>101,949</u>	<u>43,428</u>	<u>2,437</u>	<u>194,913</u>
FUND BALANCES (DEFICIT), June 30, 2012	\$ <u>23,045</u>	\$ <u>14,025</u>	\$ <u>3,083</u>	\$ <u>8,737</u>	\$ <u>117,481</u>	\$ <u>42,201</u>	\$ <u>(339)</u>	\$ <u>208,233</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 Dorset, Vermont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dorset, Vermont (the Town) as of and for the year ended June 30, 2012 which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 21, 2012 in which our opinion was qualified for valuation of capital assets. 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.

Internal Control Over Financial Reporting

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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*.

This report is intended solely for the information and use of the Selectboard and management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

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

Montpelier, Vermont
September 21, 2012