

TOWN OF HUNTINGTON, VERMONT
AUDIT REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2016
TABLE OF CONTENTS

		<u>Page #</u>
INDEPENDENT AUDITOR’S REPORT		1 – 3
MANAGEMENT’S DISCUSSION AND ANALYSIS		4 – 10
BASIC FINANCIAL STATEMENTS		
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
Statement of Net Position	Exhibit A	11
Statement of Activities	Exhibit B	12
FUND FINANCIAL STATEMENTS		
Balance Sheet – Governmental Funds	Exhibit C	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	Exhibit D	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	Exhibit E	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	Exhibit F	16
Statement of Revenues, Expenditures and Change In Fund Balance Compared to Budget – General Fund	Exhibit G	17
Statement of Fiduciary Net Position	Exhibit H	18
Statement of Changes in Fiduciary Net Position	Exhibit I	18
NOTES TO FINANCIAL STATEMENTS		19 – 34
SUPPLEMENTARY INFORMATION		
Schedule of Expenditures – Budget and Actual – General Fund	Schedule 1	35 – 41
Combining and Individual Fund Balance Sheet – Other Governmental Funds	Schedule 2	42
Combining and Individual Fund Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Other Governmental Funds	Schedule 3	43
Schedule of the Town’s Proportionate Share of the Net Pension Liability and Schedule of Town Contributions	Schedule 4	44
INTERNAL CONTROL AND COMPLIANCE REPORT		
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>		45 – 46

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



John E. (Jeff) Fothergill, CPA
Michael L. Segale, CPA
Sheila R. Valley, CPA
Teresa H. Kajenski, CPA
Donald J. Murray, CPA

INDEPENDENT AUDITOR'S REPORT

To the Selectboard and Management
Town of Huntington, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Huntington, Vermont as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 *Governmental 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 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, each major fund, and the aggregate remaining fund information of the Town of Huntington, Vermont, as of June 30, 2016, and the respective changes in financial position thereof and the respective budget comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-10 and the Schedule 4 pension related information on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of expenditures – budget and actual, and the combining and individual nonmajor fund financial statements are presented on Schedules 1-3 for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures – budget and actual and the combining and individual nonmajor fund financial statements 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 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 schedule of expenditures – budget and actual and the combining and individual nonmajor fund financial statements 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 December 22, 2016, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
Montpelier, Vermont
Vermont Public Accountancy License #110

December 22, 2016

TOWN OF HUNTINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Our discussion and analysis of the Town of Huntington, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Town's financial statements that begin with Exhibit A. This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives.

Financial Highlights

Government-wide statements

- The Town's net position increased by \$133,793, an approximate 1.98% increase from June 30, 2015, as a result of this year's operations.
- The total cost of all of the Town's programs was \$1,724,246, which was a decrease of \$50,957, or 2.87%, compared to the prior year.

Fund statements

- The General Fund reported a decrease in fund balance this year of \$95,785 which was worse than budget by \$15,785.
- The fund balance for the General Fund was \$153,067 as of June 30, 2016 compared to a fund balance of \$248,852 as of June 30, 2015.
- The Conservation Fund reported an increase in fund balance of \$16,135, increasing the fund balance from \$188,108 to \$204,243.
- The Non-Major Funds reported a decrease in fund balance of \$221,273. The fund balance for the non-major funds decreased from \$351,597 to \$130,324.

Using This Annual Report

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

Reporting the Town as a Whole

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets (net of depreciation) and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

TOWN OF HUNTINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

These two statements report the Town's net position and changes in them. You can think of the Town's net position – the difference between assets and liabilities – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

All of the Town's basic services are governmental activities, including the general administration. Property taxes, state and federal grants finance most of these activities.

Reporting the Town's Most Significant Funds

The fund financial statements begin on page 13 and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town's Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. Major funds in the Town fund statements are the General Fund, which contains most of the Town operations and the Conservation Fund. There is one category for these funds, as follows:

Governmental fund

The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and F.

The Town as Agent

The Town is the trustee, or fiduciary, for the Fire Department. It is responsible for these assets because of a trust arrangement in which the assets can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Exhibit H. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

TOWN OF HUNTINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

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

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

The Town's combined net position increased by \$133,793 from a year ago – increasing from \$6,745,297 to \$6,879,090. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Table 1
Net Position

	2016	2015	Change
Current and other assets	\$ 929,942	\$ 1,121,564	\$ (191,622)
Capital assets	7,073,308	6,691,754	381,554
Total assets	<u>8,003,250</u>	<u>7,813,318</u>	<u>189,932</u>
Deferred outflows of resources	60,304	19,837	40,467
Long-term liabilities	689,601	795,067	(105,466)
Net pension liability	100,640	11,896	88,744
Other liabilities	394,223	244,212	150,011
Total liabilities	<u>1,184,464</u>	<u>1,051,175</u>	<u>133,289</u>
Deferred inflows of resources	<u>0</u>	<u>36,683</u>	<u>(36,683)</u>
Net position:			
Invested in capital assets, net of debt	6,383,707	5,896,687	487,020
Restricted	190,684	195,598	(4,914)
Unrestricted	304,699	653,012	(348,313)
Total net position	<u>\$ 6,879,090</u>	<u>\$ 6,745,297</u>	<u>\$ 133,793</u>

Unrestricted net position decreased from \$653,012 at June 30, 2015 to \$304,699 at June 30, 2016, a decrease of \$348,313. Capital assets and the amount of capital assets net of related debt increased due to significant capital purchases without incurring debt. Deferred outflows, net pension liability, and inflows of resources are actuarially determined and reported by the Town annually in accordance with GASB 68.

TOWN OF HUNTINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

Table 2
Change in Net Position

	<u>2016</u>	<u>2015</u>	<u>Change</u>
REVENUES			
Program revenues:			
Charges for services	\$ 71,727	\$ 67,923	\$ 3,804
Operating grants and contributions	226,599	332,446	(105,847)
Capital grants and contributions	97,170	119,242	(22,072)
General revenues:			
Property taxes, related int. & pen.	1,268,583	1,246,017	22,566
Earnings on investments	10,690	12,250	(1,560)
General state grants	122,043	116,773	5,270
Gain on disposal of assets	58,151	0	58,151
Other general revenues	3,076	344	2,732
Total revenues	<u>1,858,039</u>	<u>1,894,995</u>	<u>(36,956)</u>
PROGRAM EXPENSES			
General government and administration	366,449	383,342	(16,893)
Public safety	211,653	190,202	21,451
Highways and streets	988,574	1,048,243	(59,669)
Health services	27,922	30,056	(2,134)
Cultural and recreation	89,823	80,210	9,613
County tax	9,578	9,753	(175)
Interest on long-term debt	30,247	33,397	(3,150)
Total program expenses	<u>1,724,246</u>	<u>1,775,203</u>	<u>(50,957)</u>
Increase in net position	<u>\$ 133,793</u>	<u>\$ 119,792</u>	<u>\$ 14,001</u>

Operating grants and contributions are lower in FY2016, primarily due to a decrease in Federal and State disaster grant reimbursements for damage to Town roadways. Decreases in the Highway Department were primarily due to not having lower storm related maintenance and damage expenses.

Table 3 presents the cost of each of the Town's programs – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TOWN OF HUNTINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

Table 3

	Governmental Activities			
	Total Cost of Services	Net (Revenue)/ Cost of Services	Total Cost of Services	Net (Revenue)/ Cost of Services
	2016	2016	2015	2015
General government	\$ 366,449	\$ 245,877	\$ 383,342	\$ 208,533
Public safety	211,653	191,901	190,202	183,282
Highways and streets	988,574	747,789	1,048,243	742,198
Health services	27,922	26,372	30,056	13,306
Cultural and recreational	89,823	76,986	80,210	65,123
County tax	9,578	9,578	9,753	9,753
Debt interest	30,247	30,247	33,397	33,397
Totals	<u>\$ 1,724,246</u>	<u>\$ 1,328,750</u>	<u>\$ 1,775,203</u>	<u>\$ 1,255,592</u>

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

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$487,634, which is below last year's total of \$788,557, a decrease of approximately 38%.

Over the course of the year, the Selectboard members compare year-to-date actual amounts of revenues and expenditures to the budget. The General Fund ended the year with a fund balance of \$153,067. During fiscal year 2016, revenues were less than expenditures and other financing uses by \$95,785, which was an unfavorable budget variance of \$15,785.

Exhibit G and Schedule 1 show the comparison of actual to budget for the General Fund. The larger variances are as follows:

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Intergovernmental	\$ 215,000	\$ 456,952	\$ 241,952
Expenses			
Highways and streets	676,938	697,207	(20,269)
Capital outlays	89,435	654,321	(564,886)
Other financing sources - transfers	0	324,100	324,100

The reasons for these variances are as follows:

The largest intergovernmental revenue variances for FY 15-16 include receipt of \$112,203 in FEMA disaster reimbursement for the June 2015 storm; current use reimbursement from the State of Vermont that was \$9,716 greater than anticipated; a delay in anticipated grant reimbursements of \$50,850 for Town Hall renovation work and \$10,056 for the Lower Village scoping study; and \$2,894 more judicial traffic fine payments than anticipated.

TOWN OF HUNTINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

The Town's large expense savings included \$32,359 in diesel fuel, propane, and heating oil costs (Fire Station, Town Garage, Town Office, and Union Meeting House); \$10,092 in Highway sand/salt/signs; \$9,297 in highway administration expenses; \$5,790 in Town Treasurer health benefits; \$4,638 in delayed Town Garage repairs/maintenance); and \$3,741 in IT support.

Large expense overages included \$104,269 for capital purchases approved at Town meeting that were or will be offset by other financing sources (a new highway truck and early delivery of the new grader); \$97,529 for paving (we did not receive an anticipated highway grant); \$15,010 for highway equipment repairs (Truck 1, the old grader, and the 1995 backhoe); \$9,400 for Town Hall asbestos abatement; \$5,035 for higher Zoning Administration expenses due to an increase in zoning violations; and \$4,899 for traffic control devices to address speeding and safety problems in the Lower Village.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2016, the Town had \$7,073,308 invested in a broad range of capital assets, including highway and fire equipment, and buildings. (See Table 4 below) This amount represents a net increase (including additions and deductions) of \$381,554 over last year.

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	2016	2015	Change
Land	\$ 33,257	\$ 33,257	\$ 0
Construction in progress	42,217	6,825	35,392
Buildings and improvements	1,117,057	1,098,174	18,883
Vehicles and equipment	923,519	700,709	222,810
Infrastructure	4,957,258	4,852,789	104,469
Totals	\$ 7,073,308	\$ 6,691,754	\$ 381,554

This year's major additions included:

Storage shed electrical	\$ 6,705
Grader	270,100
Ford F550	76,013
Traffic signal	10,094
Paving	251,422
Culverts	51,167
Bridge - construction in progress	35,392
Town Hall improvements	50,820
	\$ 751,713

TOWN OF HUNTINGTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

Debt Administration

At June 30, 2016, the Town had \$689,601 in bonds and notes outstanding versus \$795,067 on June 30, 2015 – a decrease of \$105,466 – as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	2016	2015	Change
Vermont Municipal Bond Bank	\$ 475,000	\$ 520,000	\$ (45,000)
Vermont Municipal Bond Bank	195,000	210,000	(15,000)
Merchants Bank	0	35,667	(35,667)
State of Vermont	19,601	29,400	(9,799)
Totals	<u>\$ 689,601</u>	<u>\$ 795,067</u>	<u>\$(105,466)</u>

Economic Factors and Next Year's Budgets and Rates

At this time, the Selectboard is not aware of any unanticipated facts, decisions, or conditions that may have a significant effect on the Town's financial net position.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at Town of Huntington, 4930 Main Road, Huntington, Vermont.

TOWN OF HUNTINGTON, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2016

EXHIBIT A

	Governmental Activities	
ASSETS		
Current assets:		
Cash and investments	\$ 765,801	
Delinquent taxes and interest receivable	81,490	
Due from State of Vermont	25,697	
Due from others	54,290	
Prepaid expenses	2,664	
Capital assets:		
Land	33,257	
Construction in progress	42,217	
Property and equipment (net of allowance for accumulated depreciation of \$3,003,669)	6,997,834	
Total assets		8,003,250
 DEFERRED OUTFLOWS OF RESOURCES		
Pension related		60,304
Total assets and deferred outflows of resources		8,063,554
 LIABILITIES		
Accounts payable	311,669	
Accrued payroll expenses	4,563	
Due to Fiduciary Fund	77,991	
Bonds and notes payable due within one year	69,800	
Net pension liability	100,640	
Bond and notes payable due after one year	619,801	
Total liabilities		1,184,464
 NET POSITION		
Invested in capital assets, net of related debt	6,383,707	
Restricted	190,684	
Unrestricted	304,699	
Total net position		\$ 6,879,090

TOWN OF HUNTINGTON, VERMONT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

EXHIBIT B

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenues and Change in Net Assets</u>
Governmental Activities:					
General government and administration	\$ 366,449	\$ 59,203	\$ 10,549	\$ 50,820	\$ (245,877)
Public safety	211,653	0	19,752	0	(191,901)
Highways and streets	988,574	6,950	187,485	46,350	(747,789)
Health services	27,922	1,550	0	0	(26,372)
Cultural and recreational	89,823	4,024	8,813	0	(76,986)
County tax	9,578	0	0	0	(9,578)
Interest on long-term debt	30,247	0	0	0	(30,247)
Total governmental activities	\$ 1,724,246	\$ 71,727	\$ 226,599	\$ 97,170	(1,328,750)
General Revenues:					
Property taxes					1,268,583
General state grants (current use & pilot)					122,043
Earnings on investments and on delinquent taxes					10,690
Gain on disposal of assets					58,151
Miscellaneous					3,076
Total general revenues					1,462,543
Change in net position					133,793
Net position - July 1, 2015					6,745,297
Net position - June 30, 2016					\$ 6,879,090

TOWN OF HUNTINGTON, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

EXHIBIT C

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Totals</u>
	<u>General Fund</u>	<u>Conservation Fund</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and investments	\$ 759,042	\$ 0	\$ 6,759	\$ 765,801
Delinquent taxes and interest receivable	81,490	0	0	81,490
Due from State of Vermont	25,697	0	0	25,697
Due from others	54,290	0	0	54,290
Prepaid expenses	2,664	0	0	2,664
Due from other funds	0	204,243	123,565	327,808
	<u>0</u>	<u>204,243</u>	<u>123,565</u>	<u>327,808</u>
Total assets	<u>\$ 923,183</u>	<u>\$ 204,243</u>	<u>\$ 130,324</u>	<u>\$ 1,257,750</u>
LIABILITIES				
Accounts payable	\$ 311,669	\$ 0	\$ 0	\$ 311,669
Accrued payroll expenses	4,563	0	0	4,563
Due to Fiduciary Fund	77,991	0	0	77,991
Due to other funds	327,808	0	0	327,808
	<u>327,808</u>	<u>0</u>	<u>0</u>	<u>327,808</u>
Total liabilities	<u>722,031</u>	<u>0</u>	<u>0</u>	<u>722,031</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	48,085	0	0	48,085
Total unavailable revenue	<u>48,085</u>	<u>0</u>	<u>0</u>	<u>48,085</u>
FUND BALANCES				
Nonspendable	2,664	0	0	2,664
Restricted - Special Revenue purposes	0	0	190,684	190,684
Assigned:				
Library grants	7,071	0	0	7,071
Capital project purposes	0	204,243	27,298	231,541
Fiscal year 2017 tax rate	57,000	0	0	57,000
Unassigned	86,332	0	(87,658)	(1,326)
	<u>153,067</u>	<u>204,243</u>	<u>(87,658)</u>	<u>(1,326)</u>
Total fund balances	<u>153,067</u>	<u>204,243</u>	<u>130,324</u>	<u>487,634</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 923,183</u>	<u>\$ 204,243</u>	<u>\$ 130,324</u>	<u>\$ 1,257,750</u>

TOWN OF HUNTINGTON, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

EXHIBIT D

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 487,634
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$10,171,363 and the accumulated depreciation is \$3,098,055.	7,073,308
Deferred tax revenues are recognized as earned on the accrual basis in the statement of net assets, not the modified accrual basis.	48,085
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	60,304
Long-term liabilities, including bonds and notes payable, and net pension obligations are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Net pension liability	(100,640)
Bonds and notes payable	<u>(689,601)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 6,879,090</u>

TOWN OF HUNTINGTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

EXHIBIT E

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Totals</u>
	<u>General Fund</u>	<u>Conservation Fund</u>	<u>Other Governmental Funds</u>	
REVENUES				
Property taxes	\$ 1,267,446	\$ 0	\$ 0	\$ 1,267,446
Licenses and permits	40,373	0	0	40,373
Intergovernmental	456,952	0	0	456,952
Charges for services	18,039	0	13,315	31,354
Interest income	10,220	135	335	10,690
Donations	0	0	26,846	26,846
Local grants	3,861	0	0	3,861
Miscellaneous	3,076	0	0	3,076
Total revenues	<u>1,799,967</u>	<u>135</u>	<u>40,496</u>	<u>1,840,598</u>
EXPENDITURES				
Current				
General government	345,198	0	4,342	349,540
Public safety	138,380	0	18,862	157,242
Highways and streets	697,207	0	0	697,207
Health services	24,676	0	513	25,189
Cultural and recreational	55,779	0	21,560	77,339
County tax	9,578	0	0	9,578
Debt service				
Interest	30,247	0	0	30,247
Principal	105,466	0	0	105,466
Capital outlay	654,321	0	35,392	689,713
Total expenditures	<u>2,060,852</u>	<u>0</u>	<u>80,669</u>	<u>2,141,521</u>
EXCESS REVENUES (UNDER) EXPENDITURES	<u>(260,885)</u>	<u>135</u>	<u>(40,173)</u>	<u>(300,923)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	324,100	16,000	143,000	483,100
Transfers out	(159,000)	0	(324,100)	(483,100)
Total other financing sources (uses)	<u>165,100</u>	<u>16,000</u>	<u>(181,100)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(95,785)	16,135	(221,273)	(300,923)
FUND BALANCES - JULY 1, 2015	<u>248,852</u>	<u>188,108</u>	<u>351,597</u>	<u>788,557</u>
FUND BALANCES - JUNE 30, 2016	<u>\$ 153,067</u>	<u>\$ 204,243</u>	<u>\$ 130,324</u>	<u>\$ 487,634</u>

TOWN OF HUNTINGTON, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

EXHIBIT F

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	(300,923)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays net of disposals (\$747,864) exceeded depreciation expense (\$366,310) in the period.</p>		381,554
<p>Unavailable grant revenues are not recognized on the modified accrual basis, but are recognized on the accrual basis in the statement of net position.</p>		(41,847)
<p>Repayment of bond and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		105,466
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:</p>		
Town pension contributions		16,387
Cost of benefits earned net of employee contributions		(27,981)
<p>Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis. The deferred property taxes increased by \$1,137.</p>		<u>1,137</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>133,793</u></u>

TOWN OF HUNTINGTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE COMPARED TO BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2016

EXHIBIT G

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 1,278,604	\$ 1,267,446	\$ (11,158)
Licenses, fees and permits	34,400	40,373	5,973
Intergovernmental	215,000	456,952	241,952
Charges for services	22,900	18,039	(4,861)
Interest income	8,150	10,220	2,070
Local grants	0	3,861	3,861
Miscellaneous	550	3,076	2,526
Total revenues	<u>1,559,604</u>	<u>1,799,967</u>	<u>240,363</u>
EXPENDITURES			
Current			
General government	345,485	345,198	287
Public safety	140,186	138,380	1,806
Highways and streets	676,938	697,207	(20,269)
Health services	26,113	24,676	1,437
Cultural and recreational	56,668	55,779	889
County tax	9,821	9,578	243
Capital outlay	89,435	654,321	(564,886)
Debt service			
Interest	30,492	30,247	245
Principal	105,466	105,466	0
Total expenditures	<u>1,480,604</u>	<u>2,060,852</u>	<u>(580,248)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>79,000</u>	<u>(260,885)</u>	<u>(339,885)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	0	324,100	324,100
Transfers out	(159,000)	(159,000)	0
Total other financing sources (uses)	<u>(159,000)</u>	<u>165,100</u>	<u>324,100</u>
NET CHANGE IN FUND BALANCE	<u>\$ (80,000)</u>	<u>(95,785)</u>	<u>\$ (15,785)</u>
FUND BALANCE - JULY 1, 2015		<u>248,852</u>	
FUND BALANCE - JUNE 30, 2016		<u>\$ 153,067</u>	

TOWN OF HUNTINGTON, VERMONT
 STATEMENT OF FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2016

EXHIBIT H

	<u>Fire Dept Fiduciary Fund</u>
ASSETS	
Due from the General Fund	<u>\$ 77,991</u>
NET POSITION	
Held in trust for other purposes	<u>\$ 77,991</u>

TOWN OF HUNTINGTON, VERMONT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2016

EXHIBIT I

	<u>Fire Dept Fiduciary Fund</u>
ADDITIONS:	
Interest income	<u>\$ 57</u>
Total additions	57
DEDUCTIONS:	
Donation to Town	<u>13,361</u>
Total deductions	<u>13,361</u>
Change in net position	(13,304)
NET POSITION - JULY 1, 2015	<u>91,295</u>
NET POSITION - JUNE 30, 2016	<u>\$ 77,991</u>

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

The Town of Huntington, 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 Selectboard. The Town provides various services as authorized and funded by State government or Town voters.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on those criteria, the Town has no component units.

Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the Town's activities are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenue must be directly associated with the function (highway, public safety, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue and expenditures. The various funds are reported by major fund within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category type or the governmental and enterprise combined) for the determination of major funds. All other funds are nonmajor and are combined in a single column in each of the respective fund financial statements.

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (source, uses, and balance of financial resources) rather than upon net income. The Town reports these major governmental funds:

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

Conservation Fund is used to account for conservation resources.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Because by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Basis of Accounting

Basis of accounting refers to the point at which revenue or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which they are levied. Other nonexchange revenue, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period. Property taxes and related revenues are considered available if collected within 60 days. All other revenue is considered available if collectible within six months. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and accrued compensated absences, which are recognized when due and payable.

Fund Equity

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balances - Indicates the portion of fund equity that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted fund balances - Indicates the portion of fund equity that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation (e.g. federal and state grants, bondholders, trust and trustee accounts).

Committed fund balances - Indicates the portion of fund equity that is set aside for a specific purpose. Formal action must be taken by the Selectboard by a simple majority vote prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned fund balances - Indicates the portion of fund equity that is set aside with the intent to be used for a specific purpose by the Selectboard. Assigned funds cannot cause a deficit in the unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned fund balances - Indicates the portion of fund equity that has not been classified in the previous four categories. All funds in this category are considered spendable resources. This category provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied first to committed, then assigned, then unassigned.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand and demand deposits.

Investments

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20 – 50 years
Machinery and equipment	8 – 20 years
Infrastructure	15 – 50 years

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective with the beginning of fiscal year 2004 and is not required to report these assets retroactively. General infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

The Town does not capitalize its library books because they are considered a collection.

Compensated Absences

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Vacation and sick days are not accrued since they are not paid when the employee terminates employment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - Vested or accumulated vacation leave that has matured is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

Deferred Inflows of Resources - Governmental Funds

The Town's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). The Town will recognize the related revenues when a future event occurs. The Town's governmental fund revenues are not recognized until available (collected not later than sixty days after the end of the Town's fiscal year for property taxes, and six months for all other revenues) under the modified accrual basis of accounting. Accordingly, unavailable property taxes are reported in the governmental funds balance sheet as deferred inflows of resources.

Deferred Outflows of Resources – Governmental Activities

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year's financial statements are 1) differences between expected and actual results 2) changes of assumptions 3) net difference between projected and actual earnings on plan investments 4) changes in proportion and differences between Town contributions and proportionate share of contributions and 5) contributions made to the Town's defined benefit pension plans between the measurement date of the net position liabilities from those plans and the end of the Town's fiscal year. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Pensions

GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) and additions to/deductions from VMERS's fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Government-wide net position are divided into three components:

Investment in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consist of net assets that are restricted by enabling legislation, by grantors, and by other contributions.

Unrestricted net position – all other net assets are reported in this category.

Interfund Activities

Interfund activities are reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activities are treated as transfers. Transfers between funds are netted in the preparation of the government-wide financial statements.

Budgetary Accounting

The Town approves a budget for the General Fund at an annual Town Meeting and the tax rate is determined by the Selectboard based on the budget and Grand List. Formal budgetary accounting is employed as a management control device during the year for the General Fund.

The Town is not legally required to adopt a budget for the Conservation Fund. Therefore, no budgetary comparison information is presented for this fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS

The Treasurer invests excess cash according to policies established by the Selectboard. There currently are no written deposit or investment policies.

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. As of June 30, 2016, the Town’s bank balance of \$786,562 was exposed to custodial credit risk as follows:

FDIC insured	\$	50,274
Collateralized		736,288
Total bank balance	<u>\$</u>	<u>786,562</u>

Investments

Investments at June 30, 2016 are as follows:

Investment Type:		Market Value & Carrying Amount
Common Stock	<u>\$</u>	<u>1,102</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The Town, for cash management and internal control purposes, maintains a central checking account for purposes of expense disbursements and for most of its revenue receipts. The interfund receivable and payable balances held by the General Fund on behalf of all these funds as of June 30, 2015 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 0	\$ 327,808
Conservation Fund	<u>204,243</u>	<u>0</u>
Non-major funds - Other governmental funds:		
Recreation Fund	11,047	0
Record Restoration Fund	57,051	0
Library Fund	17,577	0
Town Hall Insurance Fund	15,907	0
Town Hall Misc. funds	11,568	0
Cemetery Fund	70,775	0
Highway Pavement Fund	5,979	0
Highway Equipment Fund	(87,658)	0
Fire Equipment Fund	20,007	0
Bridge Reserves Fund	1,312	0
Total other governmental funds	<u>123,565</u>	<u>0</u>
Total all funds	<u>\$ 327,808</u>	<u>\$ 327,808</u>

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - INTERFUND TRANSFERS

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

Interfund transfers for the year ended June 30, 2016, included budgeted transfers of \$16,000 from the General Fund to the Conservation Fund, \$20,000 from the General Fund to the Fire Equipment Fund, \$40,000 to the Highway Equipment Fund, \$33,000 to the Bridge Reserves Fund, and \$50,000 to the Highway Pavement Fund. In addition, the Pavement Fund transferred \$156,000 to the General Fund to pay for paving, and the Equipment Fund transferred \$168,100 to the General Fund to pay for a new grader.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>June 30, 2016</u>
Capital assets not depreciated					
Land	\$ 33,257	\$ 0	\$ 0	\$ 0	\$ 33,257
Construction in progress	6,825	35,392	0	0	42,217
Total capital assets not depreciated	<u>40,082</u>	<u>35,392</u>	<u>0</u>	<u>0</u>	<u>75,474</u>
Capital assets being depreciated					
Buildings and improvements	1,506,724	57,525	0	0	1,564,249
Vehicles and equipment	1,889,632	356,207	(275,773)	0	1,970,066
Infrastructure	6,258,985	302,589	0	0	6,561,574
Total capital assets depreciated	<u>9,655,341</u>	<u>716,321</u>	<u>(275,773)</u>	<u>0</u>	<u>10,095,889</u>
Less accumulated depreciation for:					
Buildings and improvements	(408,550)	0	0	(38,642)	(447,192)
Vehicles and equipment	(1,188,923)	0	271,924	(129,548)	(1,046,547)
Infrastructure	(1,406,196)	0	0	(198,120)	(1,604,316)
Total accumulated depreciation	<u>(3,003,669)</u>	<u>0</u>	<u>271,924</u>	<u>(366,310)</u>	<u>(3,098,055)</u>
Total capital assets, net	<u>\$ 6,691,754</u>	<u>\$ 751,713</u>	<u>\$ (3,849)</u>	<u>\$ (366,310)</u>	<u>\$7,073,308</u>

Capital additions of \$751,713 differ from capital outlays of \$689,713 on Exhibit E because in the fund financial statements the outlay is reported net of trade allowances.

Depreciation expense of \$366,310 is included in the expenses as follows: general government \$11,112, public safety \$54,411, highway and streets \$285,570, health services \$2,733, and cultural and recreational \$12,484.

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – DEFERRED INFLOWS OF RESOURCES – GENERAL FUND

Deferred inflows of \$48,085 represent property taxes which are unavailable because they were not collected within 60-days of year-end.

NOTE 7 - LONG-TERM DEBT

Long-term debt at June 30, 2016 consisted of the following:

	Total	Due in one year
Bond payable - VT Municipal Bond Bank, annual principal payments beginning at \$45,000 and reduced to \$25,000 plus interest adjusted annually between 1.391% and 4.981%, due November 15, 2029.	\$ 475,000	\$ 45,000
Bond payable - VT Municipal Bond Bank, annual payments of \$15,000 plus interest adjusted annually between 1.9% and 4.65%. Due November 15, 2028. (For East Street Bridge)	195,000	15,000
Note payable - State of Vermont, annual payments of \$9,800 plus interest at 2%, due June 30, 2018. (For single axle truck)	19,601	9,800
Total long-term debt	\$ 689,601	\$ 69,800

Changes in long-term debt were as follows:

Balance at July 1, 2015	\$ 795,067
Principal loan decreases	(105,466)
Balance at June 30, 2016	\$ 689,601

The total amount of interest paid on these long-term debts during fiscal year 2016 was \$30,247.

The long-term bond and note debt is due to mature as follows:

Fiscal Year	Principal	Interest	Total
June 30, 2017	\$ 69,800	\$ 27,377	\$ 97,177
June 30, 2018	64,801	25,188	89,989
June 30, 2019	55,000	22,963	77,963
June 30, 2020	55,000	20,836	75,836
June 30, 2021	55,000	18,635	73,635
June 30, 2022-2026	245,000	67,769	312,769
June 30, 2027-2031	145,000	12,934	157,934
	\$ 689,601	\$ 195,702	\$ 885,303

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RESTRICTED AND ASSIGNED FUND BALANCES – OTHER GOVERNMENTAL FUNDS

The restricted and assigned fund balances aggregated in the other governmental funds as of June 30, 2016 consisted of the following:

	Restricted Fund Balance	Assigned Fund Balance	Totals
Highway Pavement Fund	\$ 0	\$ 5,979	\$ 5,979
Bridge reserves	0	1,312	1,312
Fire Equipment Fund	0	20,007	20,007
Cemetery Fund	71,878	0	71,878
Recreation Fund	11,047	0	11,047
Fire Department Fund	5,656	0	5,656
Library Fund	17,577	0	17,577
Record Restoration Vault Fund	57,051	0	57,051
Town Hall Insurance Fund	15,907	0	15,907
Town Hall Misc. Fund	11,568	0	11,568
Totals	<u>\$ 190,684</u>	<u>\$ 27,298</u>	<u>\$ 217,982</u>

NOTE 9 - PROPERTY TAXES

The Town levies its property tax based upon the assessed value as of April 1, for all real and personal property, with exemptions to qualifying veterans and excludes assessments on municipal, school and church properties. The tax is payable in four installments due August 17, November 16, February 16 and May 16. Interest at 1% per month is charged for installments not paid by the due date and any tax levies not paid by May 16 are delinquent and are assessed an 8% penalty. The following shows the tax rates for fiscal year 2015/2016:

	Residential	Non-residential
General Fund	\$ 0.5966	\$ 0.5966
State Education Tax	1.4446	1.5321
	<u>\$ 2.0412</u>	<u>\$ 2.1287</u>

NOTE 10 – PENSION PLAN

Plan description

The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS) which is a cost sharing multiple employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

NOTE 10 – PENSION PLAN (Continued)

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees, consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives – one elected by the governing bodies of participating employers of the system and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Summary of System Provisions

Membership is open to all full time employees of participating municipalities. The municipality elects coverage under Groups A, B, C, or D. The Town System only has Group B and C members.

Creditable service is service as a member plus purchased service.

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – PENSION PLAN (Continued)

Benefits provided and contributions:

Avg Final Compensation (AFC)	Group A	Group B	Group C	Group D
	Average annual compensation during highest 5 consecutive years	Average annual compensation during highest 3 consecutive years	Average annual compensation during highest 3 consecutive years	Average annual compensation during highest 2 consecutive years
Service Retirement Allowance				
Eligibility	Earlier of age 65 with 5 years of service or age 55 with 35 years of service	Earlier of age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Amount	1.4% of AFC times service	1.7% of AFC times service as Group B member plus percentage earned as a Group A member times AFC	2.5% of AFC times service as Group C member plus percentage earned as a Group A or B member times AFC	2.5% of AFC times service as Group D member plus percentage earned as a Group A, B, or C member times AFC
Maximum Benefit	60% of AFC, including portion of allowance provided by member contributions		50% of AFC, including portion of allowance provided by member contributions	
Early Retirement Allowance				
Eligibility	Age 55 with 5 years of service		n/a	Age 50 with 20 years of service
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age		n/a	Normal allowance based on service and AFC at early retirement, without reduction
Vested Retirement Allowance				
Eligibility	5 years of service	5 years of service	5 years of service	5 years of service
Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the CPI, subject to the limits on "Post-Retirement Adjustments" described below.			
Disability Retirement Allowance				
Eligibility	5 years of service and disability as determined by Retirement Board			
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.			
Death Benefit				
Eligibility	After 5 years of service	After 5 years of service	After 5 years of service	After 5 years of service
Amount	Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of the date of death.			70% of the unreduced accrued benefit plus children's benefit
Optional Benefit and Death after Retirement				
	Lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contributions guarantee.			Lifetime allowance or 70% contingent annuitant option with no reduction
Refund of Contribution				
	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.			
Post-Retirement Adjustments				
	Allowance in payment for at least one year, increased on each January 1 by one-half of the percentage increase in CPI but not more than the following percentage:			
	2%	3%	3%	3%
Member Contributions	2.5% effective 1/1/00	4.75% effective 7/1/14	9.625% eff. 7/1/14 and 9.75% eff. 1/1/15	11.25% effective 7/1/14
Employer Contributions	4%	5.375% effective 7/1/14	6.875% eff. 7/1/14 and 7% eff 1/1/15	9.75% effective 7/1/14
Retirement Stipend	\$25 per month payable at the option of the Board of Retirees			

TOWN OF HUNTINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – PENSION PLAN (Continued)

For the year ended June 30, 2016, the Town’s contributions to the Plan were \$16,387.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the Town reported a liability of \$100,640 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the Town’s proportion was 0.1305%, which was an increase of 0.0002% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$27,981. At June 30, 2016, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual results	\$ 3,181
Changes of assumptions	20,043
Net difference between projected and actual earnings on Plan investments.	19,443
Changes in proportion and differences between Town contributions and proportionate share of contributions.	1,250
Member contributions subsequent to the measurement date.	16,387
Total	\$ 60,304

The \$16,387 of deferred outflows of resources resulting from the Town’s contributions subsequent to the measurement date will be recognized as net pension expense in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending	Amount
June 30, 2017	\$ 8,783
June 30, 2018	8,783
June 30, 2019	8,783
June 30, 2020	17,568

TOWN OF HUNTINGTON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 10 - PENSION PLAN (Continued)

Actuarial Assumptions

Interest rate – 7.95% per annum. Through July 1, 2014, a select-and-ultimate rate was used, as specified below. The interest rate set is restarted every year.

Year 1	6.25%	Year 10	8.50%
Year 2	6.75%	Year 11	8.50%
Year 3	7.00%	Year 12	8.50%
Year 4	7.50%	Year 13	8.50%
Year 5	7.75%	Year 14	8.50%
Year 6	8.25%	Year 15	8.50%
Year 7	8.25%	Year 16	8.75%
Year 8	8.25%	Year 17 and later	9.00%
Year 9	8.50%		

Salary increase –5% per year

Deaths

Active participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females

Non-disabled retirees and terminated vested participants – the 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females

Disabled retirees – RP-2000 Disabled Life Tables

Beneficiaries – 1995 Buck Mortality Tables for males and females

Spouse's age – husbands are assumed to be three years older than their wives

Cost of Living Adjustments to Benefits of Terminated Vested and Retired Participants - Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D.

Actuarial Cost Method – Entry Age Normal – Level Percentage of Pay.

Asset Valuation Method – Invested assets are reported at fair value.

Inflation - The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

TOWN OF HUNTINGTON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 10 - PENSION PLAN (Continued)

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity	8.61%
Fixed Income	1.91%
Alternatives	6.93%
Multi-strategy	4.88%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate – The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's proportionate share of the net pension liability to change in the discount rate – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is 1-percentage-point lower (6.95 percent) or 1-percentage-point higher (8.95 percent) than the current rate:

1% Decrease (6.95%)	Discount Rate (7.95%)	1% Increase (8.95%)
\$ 201,022	\$ 100,640	\$ 16,491

NOTE 10 - PENSION PLAN (Continued)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance and Management website.

NOTE 11 - RISK MANAGEMENT

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

NOTE 12 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2016, expenditures exceed appropriations in the General Fund by \$580,248. The excess expenditures were primarily funded by transfers from the Highway Paving and Highway Equipment Funds.

NOTE 13 – BUDGETED DEFICIT

The Town voted to use \$80,000 of the General Fund balance to fund capital purchases. This is budgeted deficit is reflected on Exhibit G.

NOTE 14 – FUND DEFICIT

The Highway Equipment Fund reported a deficit of \$87,658. The Town had originally budgeted for a new grader purchase to occur in fiscal year 2017. The grader was ready ahead of schedule and was delivered to the Town in May. The deficit will be corrected in fiscal year 2017.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2016, the date which the financial statements were available for issue.

In February of 2016, the Town approved issuing a bond in an amount not to exceed \$393,000 for the purpose of funding a new fire truck and the Town's match on two bridge projects. The bond was issued in July of 2016 and calls for annual principal payments of \$39,300 for ten years plus interest which ranges from 1.491% to 2.571%.

On July 5, 2016, the Town approved the purchase of a fire truck for \$323,376, of which \$287,500 will be funded by bond proceeds as noted above.

TOWN OF HUNTINGTON, VERMONT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

SCHEDULE 1

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Selectboard			
Salaries	\$ 3,229	\$ 3,229	\$ 0
Office supplies	750	617	133
Advertising	350	2,248	(1,898)
Postage and shipping	600	402	198
Dues, meetings, training	200	190	10
Purchased services	200	127	73
Merit pay pool	650	139	511
Total Selectboard	5,979	6,952	(973)
Board of Civil Authority			
Dues, meetings, training	100	0	100
Postage and shipping	125	20	105
Total Board of Civil Authority	225	20	205
Town Administrator			
Salaries	50,850	50,033	817
Assistant salary	8,633	8,995	(362)
Employee benefits	25,805	29,023	(3,218)
Phone and internet	1,100	1,307	(207)
Office supplies	500	309	191
Dues, meeting, training	200	60	140
Travel and transportation	575	609	(34)
Equipment purchase/rental	225	215	10
Total Town Administrator	87,888	90,551	(2,663)
Elections			
Salaries and benefits	646	1,593	(947)
Office supplies	50	40	10
Advertising	100	0	100
Postage and shipping	125	204	(79)
Dues, meetings, training	100	0	100
Purchased services	300	0	300
Printing and binding	60	216	(156)
Travel and transportation	60	84	(24)
Equipment	40	43	(3)
Total Elections	1,481	2,180	(699)
Treasurer			
Salaries	28,000	28,000	0
Salaries - assistant	4,088	3,923	165
Benefits	14,258	6,805	7,453
Office supplies	150	311	(161)
Advertising	150	155	(5)
Postage and shipping	400	168	232
Dues, meetings, training	300	80	220
Travel and transportation	300	270	30
Telephone/internet	625	869	(244)
Purchased services	0	280	(280)
Equipment purchase	100	50	50
Total Treasurer	48,371	40,911	7,460

TOWN OF HUNTINGTON, VERMONT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

SCHEDULE 1

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Auditors			
Salaries and benefits	538	538	0
Postage and shipping	250	229	21
Purchased services	14,525	13,200	1,325
Printing and binding	3,175	1,860	1,315
Dues, meetings, training	125	0	125
Travel and transportation	100	0	100
Total Auditors	<u>18,713</u>	<u>15,827</u>	<u>2,886</u>
Listers			
Salaries and benefits	15,215	13,274	1,941
Office supplies	300	48	252
Postage and shipping	300	32	268
Dues, meetings, training	100	0	100
Purchased services	12,450	12,454	(4)
Tax mapping	1,800	1,600	200
Travel and transportation	400	59	341
Telephone/internet	750	1,030	(280)
Equipment purchase	150	0	150
Total Listers	<u>31,465</u>	<u>28,497</u>	<u>2,968</u>
Delinquent Tax Collector			
Salaries and benefits	6,494	4,764	1,730
Tax Collector fee	484	484	0
Office supplies	100	0	100
Postage and shipping	150	96	54
Total Delinquent Tax Collector	<u>7,228</u>	<u>5,344</u>	<u>1,884</u>
Town Clerk			
Salaries	33,135	33,135	0
Salaries - assistant	8,299	8,428	(129)
Benefits	15,746	14,419	1,327
Office supplies	350	212	138
Advertising	175	75	100
Postage and shipping	200	158	42
Dues, meetings, training	660	460	200
Land records / indexing	800	1,225	(425)
Travel and transportation	505	603	(98)
Telephone/internet	625	869	(244)
Equipment purchase	100	0	100
Total Town Clerk	<u>60,595</u>	<u>59,584</u>	<u>1,011</u>
Legal Services	<u>1,500</u>	<u>1,580</u>	<u>(80)</u>
Planning Commission			
Salaries - Clerk	1,506	1,119	387
Office supplies	50	0	50
Advertising	300	0	300
Postage and shipping	500	108	392
Dues, meetings, training	200	0	200
Travel and transportation	50	63	(13)
Printing and binding	500	194	306
Planning grant expense	0	5	(5)
Total Planning Commission	<u>3,106</u>	<u>1,489</u>	<u>1,617</u>

TOWN OF HUNTINGTON, VERMONT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

SCHEDULE 1

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Zoning Administrator			
Salaries and benefits	5,166	9,649	(4,483)
Postage/shipping/supplies	100	82	18
Travel and transportation	874	1,444	(570)
Total Zoning Administrator	<u>6,140</u>	<u>11,175</u>	<u>(5,035)</u>
Development Review Board			
Salaries and benefits	2,231	952	1,279
Advertising	1,400	500	900
Supplies, postage, travel	425	129	296
Total Development Review Board	<u>4,056</u>	<u>1,581</u>	<u>2,475</u>
Conservation Commission			
Salaries	517	560	(43)
Operating supplies	140	0	140
Dues, meetings, training	120	52	68
Workshops	240	145	95
Purchased services	500	0	500
Total Conservation Commission	<u>1,517</u>	<u>757</u>	<u>760</u>
Regional Planning	<u>2,692</u>	<u>2,692</u>	<u>0</u>
VT League of Cities and Towns	<u>3,049</u>	<u>3,049</u>	<u>0</u>
Town Hall			
Insurance	603	591	12
Purchased services	600	132	468
Utilities	400	421	(21)
Repairs - maintenance	1,095	12,357	(11,262)
Total Town Hall	<u>2,698</u>	<u>13,501</u>	<u>(10,803)</u>
Town Office			
Operating supplies	900	891	9
Insurance	2,099	2,034	65
Copiers	2,600	3,016	(416)
Computers and IT support	7,840	3,565	4,275
Repairs and maintenance	4,250	5,244	(994)
Utilities	4,200	2,739	1,461
Total Town Office	<u>21,889</u>	<u>17,489</u>	<u>4,400</u>
Miscellaneous	<u>2,373</u>	<u>7,250</u>	<u>(4,877)</u>
Employment Insurance			
Workers' compensation	21,683	21,043	640
Unemployment compensation insurance	152	460	(308)
Total Employment Insurance	<u>21,835</u>	<u>21,503</u>	<u>332</u>
Liability Insurance			
General	4,806	5,372	(566)
Streets and roads	4,537	4,652	(115)
Public officials / errors and omissions	3,342	3,242	100
Total Liability Insurance	<u>12,685</u>	<u>13,266</u>	<u>(581)</u>
TOTAL GENERAL GOVERNMENT	<u>345,485</u>	<u>345,198</u>	<u>287</u>

TOWN OF HUNTINGTON, VERMONT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

SCHEDULE 1

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY			
First Response/Rescue			
Richmond rescue services	32,085	32,085	0
Dues and training	1,000	479	521
Operating cost	8,260	8,812	(552)
Total First Response/Rescue	<u>41,345</u>	<u>41,376</u>	<u>(31)</u>
Crime Investigation			
C.U.S.I. appropriation	2,000	2,000	0
Purchased services	22,608	21,786	822
Total Crime Investigation	<u>24,608</u>	<u>23,786</u>	<u>822</u>
Fire Department			
Compensation training	4,800	4,800	0
Stipend - Chief	1,614	1,614	0
Salary - maintenance	3,309	1,171	2,138
Office and operating supplies	2,400	1,938	462
Dues, meetings, training	600	2,080	(1,480)
Insurance	10,310	9,006	1,304
Pagers/Phone	5,900	6,413	(513)
Protective clothing	7,500	8,699	(1,199)
Repairs and maintenance - vehicles	10,750	11,494	(744)
Repairs and maintenance - building	8,000	9,146	(1,146)
Repairs and maintenance - comm.	1,000	4,332	(3,332)
Utilities	8,300	4,797	3,503
Dry hydrants	3,000	1,739	1,261
Fuel	1,500	37	1,463
Equipment purchased	4,500	2,684	1,816
Equipment - communications	750	3,268	(2,518)
Total Fire Department	<u>74,233</u>	<u>73,218</u>	<u>1,015</u>
TOTAL PUBLIC SAFETY	<u>140,186</u>	<u>138,380</u>	<u>1,806</u>
HIGHWAYS AND STREETS			
Highway Administration			
Salaries	197,516	188,534	8,982
Benefits	118,293	113,546	4,747
Dues, meetings, training	250	0	250
Repairs/maint-comm. equip	450	5,144	(4,694)
Office supplies	150	342	(192)
Travel and transportation	1,000	1,767	(767)
Uniforms	3,100	3,560	(460)
Total Highway Administration	<u>320,759</u>	<u>312,893</u>	<u>7,866</u>
Highway Equipment			
Insurance	6,030	5,833	197
Repairs and maintenance - equipment	30,000	45,110	(15,110)
Tires, small tools and supplies	6,500	6,186	314
Equipment rental	0	6,264	(6,264)
Fuel	55,000	27,320	27,680
License and registration	50	21	29
Total Highway Equipment	<u>97,580</u>	<u>90,734</u>	<u>6,846</u>

TOWN OF HUNTINGTON, VERMONT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

SCHEDULE 1

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Highway Roads			
Purchased services and rentals	3,270	9,425	(6,155)
Repairs	0	13,990	(13,990)
Culverts and guardrails	25,000	38,590	(13,590)
Gravel and hauling	62,115	62,009	106
Dust control	14,000	14,330	(330)
Salt	40,000	34,998	5,002
Sand	55,000	48,280	6,720
Hot mix/cold patch	2,000	924	1,076
Ditching material	16,000	20,429	(4,429)
Signs	4,500	315	4,185
Traffic control devices	0	4,899	(4,899)
Bike/ped scoping study	0	10,056	(10,056)
Total Highway Roads	221,885	258,245	(36,360)
Highway purchased services			
Blacktop & Bridges	10,000	12,107	(2,107)
Total Highway purchased services	10,000	12,107	(2,107)
Highway Garage			
Operating supplies and maintenance	6,700	4,712	1,988
Garage improvements	6,295	7,320	(1,025)
Insurance	2,319	2,277	42
Phone	850	799	51
Utilities	10,450	8,070	2,380
Underground storage tank	100	50	50
Total Highway Garage	26,714	23,228	3,486
TOTAL HIGHWAY AND STREETS	676,938	697,207	(20,269)
HEALTH SERVICES			
Provision of Health Services			
Health Officer	850	657	193
Women Helping Battered Women	750	750	0
Visiting Nurses Association	4,000	4,000	0
Howard Mental Health	600	600	0
Champlain Valley Agency on Aging	1,200	1,200	0
Chittenden Emergency Food Shelf	500	500	0
VCIL	250	250	0
Lund Family Cener	1,750	1,750	0
H.E.R.O	600	600	0
Special Services - transportation	1,000	1,000	0
Total Provision of Health Services	11,500	11,307	193

TOWN OF HUNTINGTON, VERMONT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

SCHEDULE 1

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Animal Control			
Salaries and benefits	2,065	1,293	772
Travel and transportation	150	24	126
Purchased services	250	0	250
Operating supplies	335	173	162
Advertising, dues and training	220	76	144
Total Animal Control	3,020	1,566	1,454
Cemeteries			
Mowing, trimming and miscellaneous	11,593	11,803	(210)
TOTAL HEALTH SERVICES	26,113	24,676	1,437
CULTURE AND RECREATION			
Library			
Salaries and benefits	31,763	33,847	(2,084)
Operating supplies	800	353	447
Books	3,022	3,456	(434)
Postage and shipping	275	275	0
Phone/internet	1,060	1,108	(48)
Meeting and training	50	30	20
Insurance	4,243	4,170	73
Purchased services	1,100	617	483
Repairs and maintenance	3,745	1,370	2,375
Equipment	200	0	200
Travel and transportation	400	52	348
Workshop programs	300	1,131	(831)
Resource sharing and performance	0	1,297	(1,297)
Utilities	4,050	2,348	1,702
Total Library	51,008	50,054	954
Recreation			
Purchased services	3,600	3,123	477
Rentals	960	1,220	(260)
Total Recreation	4,560	4,343	217
Town Park	1,100	1,382	(282)
TOTAL CULTURE AND RECREATION	56,668	55,779	889
CHITTENDEN COUNTY TAX	9,821	9,578	243
CAPITAL OUTLAY			
Paving	0	251,422	(251,422)
Truck	80,000	64,013	15,987
Grader	0	220,100	(220,100)
Traffic signal	0	10,094	(10,094)
Culverts	2,730	51,167	(48,437)
Town Hall improvements	0	50,820	(50,820)
Shed electrical	6,705	6,705	0
TOTAL CAPITAL OUTLAY	89,435	654,321	(564,886)

TOWN OF HUNTINGTON, VERMONT
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2016

SCHEDULE 1

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
DEBT SERVICE			
Fire station - principal	2,143	2,143	0
Fire station - interest	1,091	1,091	0
Fire truck - principal	15,000	15,000	0
Fire truck - interest	5,262	5,262	0
Fire engine - interest (rebate)	0	(263)	263
Tandem truck - principal	35,667	35,667	0
Tandem truck - interest	713	731	(18)
Single axle truck - principal	9,800	9,800	0
Single axle truck - interest	588	588	0
Main road slide loan - principal	4,394	4,394	0
Main road slide loan - interest	2,237	2,237	0
Town garage roof - principal	2,248	2,248	0
Town garage roof - interest	1,144	1,144	0
Sand/salt shed - principal	5,289	5,289	0
Sand/salt shed - interest	2,693	2,693	0
East Street Bridge loan - principal	15,000	15,000	0
East Street Bridge loan - interest	8,657	8,657	0
Stokes Bridge - principal	7,402	7,402	0
Stokes Bridge - interest	3,768	3,768	0
Brace Bridge - principal	3,757	3,757	0
Brace Bridge - interest	1,913	1,913	0
Carse Bridge - principal	4,766	4,766	0
Carse Bridge - interest	2,426	2,426	0
TOTAL DEBT SERVICE	<u>135,958</u>	<u>135,713</u>	<u>245</u>
TOTAL EXPENDITURES	<u>\$ 1,480,604</u>	<u>\$ 2,060,852</u>	<u>\$ (580,248)</u>

TOWN OF HUNTINGTON, VERMONT
 COMBINING AND INDIVIDUAL FUND BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 JUNE 30, 2016

SCHEDULE 2

	Special Revenue Funds						Capital Projects Funds				Total	
	Record		Fire Dept Fund	Library Fund	Town Hall		Highway Pavement Fund	Highway Equipment Fund	Fire Equipment Fund	Bridge Reserves Fund		
	Recreation Fund	Restoration/ Vault Fund			Insurance Fund	Town Hall Misc Fund						Cemetery Fund
ASSETS												
Cash and investments	\$ 0	\$ 0	\$ 5,656	\$ 0	\$ 0	\$ 0	\$ 1,103	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,759
Due from (to) other funds	11,047	57,051	0	17,577	15,907	11,568	70,775	5,979	(87,658)	20,007	1,312	123,565
Total assets	<u>\$11,047</u>	<u>\$ 57,051</u>	<u>\$ 5,656</u>	<u>\$ 17,577</u>	<u>\$ 15,907</u>	<u>\$ 11,568</u>	<u>\$ 71,878</u>	<u>\$ 5,979</u>	<u>\$(87,658)</u>	<u>\$ 20,007</u>	<u>\$ 1,312</u>	<u>\$ 130,324</u>
FUND BALANCES (DEFICIT)												
Restricted												
Special Revenue purposes	\$11,047	\$ 57,051	\$ 5,656	\$ 17,577	\$ 15,907	\$ 11,568	\$ 71,878	\$ 0	\$ 0	\$ 0	\$ 0	\$ 190,684
Assigned												
Capital Projects purposes	0	0	0	0	0	0	0	5,979	0	20,007	1,312	27,298
Unassigned	0	0	0	0	0	0	0	0	(87,658)	0	0	(87,658)
Total fund balances	<u>\$11,047</u>	<u>\$ 57,051</u>	<u>\$ 5,656</u>	<u>\$ 17,577</u>	<u>\$ 15,907</u>	<u>\$ 11,568</u>	<u>\$ 71,878</u>	<u>\$ 5,979</u>	<u>\$(87,658)</u>	<u>\$ 20,007</u>	<u>\$ 1,312</u>	<u>\$ 130,324</u>

TOWN OF HUNTINGTON, VERMONT
 COMBINING AND INDIVIDUAL FUND SCHEDULE OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE 3

	Special Revenue Funds							Capital Projects Funds				Total
	Recreation Fund	Record Restoration/Vault Fund	Fire Dept Fund	Library Fund	Town Hall Insurance Fund	Town Hall Misc. Fund	Cemetery Fund	Highway Pavement Fund	Highway Equipment Fund	Fire Equipment Fund	Bridge Reserves Fund	
Revenues												
Charges for services	\$ 4,024	\$ 7,686	\$ 0	\$ 0	\$ 0	\$ 55	\$ 1,550	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,315
Interest	8	36	1	19	11	10	117	85	38	7	3	335
Donations	68	0	19,752	7,026	0	0	0	0	0	0	0	26,846
Total revenues	<u>4,100</u>	<u>7,722</u>	<u>19,753</u>	<u>7,045</u>	<u>11</u>	<u>65</u>	<u>1,667</u>	<u>85</u>	<u>38</u>	<u>7</u>	<u>3</u>	<u>40,496</u>
Expenditures												
Current												
General government	0	332	0	0	0	4,010	0	0	0	0	0	4,342
Public safety	0	0	18,862	0	0	0	0	0	0	0	0	18,862
Health services	0	0	0	0	0	0	513	0	0	0	0	513
Culture and recreation	3,552	0	0	18,008	0	0	0	0	0	0	0	21,560
Capital outlay	0	0	0	0	0	0	0	0	0	0	35,392	35,392
Total expenditures	<u>3,552</u>	<u>332</u>	<u>18,862</u>	<u>18,008</u>	<u>0</u>	<u>4,010</u>	<u>513</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35,392</u>	<u>80,669</u>
Excess (deficiency) of revenues over expenditures	<u>548</u>	<u>7,390</u>	<u>891</u>	<u>(10,963)</u>	<u>11</u>	<u>(3,945)</u>	<u>1,154</u>	<u>85</u>	<u>38</u>	<u>7</u>	<u>(35,389)</u>	<u>(40,173)</u>
Other financing sources												
Transfers in (out)	0	0	0	0	0	0	0	(106,000)	(128,100)	20,000	33,000	(181,100)
Net changes in fund balances (deficit)	548	7,390	891	(10,963)	11	(3,945)	1,154	(105,915)	(128,062)	20,007	(2,389)	(221,273)
Fund balances - July 1, 2015	<u>10,499</u>	<u>49,661</u>	<u>4,765</u>	<u>28,540</u>	<u>15,896</u>	<u>15,513</u>	<u>70,724</u>	<u>111,894</u>	<u>40,404</u>	<u>0</u>	<u>3,701</u>	<u>351,597</u>
Fund balances (deficit) - June 30, 2016	<u>\$ 11,047</u>	<u>\$ 57,051</u>	<u>\$ 5,656</u>	<u>\$ 17,577</u>	<u>\$ 15,907</u>	<u>\$ 11,568</u>	<u>\$ 71,878</u>	<u>\$ 5,979</u>	<u>\$ (87,658)</u>	<u>\$ 20,007</u>	<u>\$ 1,312</u>	<u>\$ 130,324</u>

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
VERMONT EMPLOYEES MUNICIPAL RETIREMENT PLAN
AS OF MEASUREMENT DATE JUNE 30,

	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	0.1305%	0.1303%
Town's proportionate share of the net pension liability (asset)	\$ 100,640	\$ 11,896
Town's covered-employee payroll	\$ 322,589	\$ 299,434
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.20%	3.97%
Plan fiduciary net position as a percentage of the total pension liability	87.42%	98.32%

SCHEDULE OF TOWN CONTRIBUTIONS
VERMONT EMPLOYEES MUNICIPAL RETIREMENT PLAN
YEARS ENDED

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contributions	\$ 16,387	\$ 18,247	\$ 16,914	\$ 14,991
Contributions in relation to the contractually required contribution	<u>(16,387)</u>	<u>(18,247)</u>	<u>(16,914)</u>	<u>(14,991)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's covered-employee payroll	\$ 286,786	\$ 322,589	\$ 299,434	\$ 282,783
Contributions as a percentage of covered-employee payroll	5.714%	5.656%	5.649%	5.301%

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



John E. (Jeff) Fothergill, CPA
Michael L. Segale, CPA
Sheila R. Valley, CPA
Teresa H. Kajenski, CPA
Donald J. Murray, CPA

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

To the Selectboard and Management
Town of Huntington, Vermont

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Huntington, Vermont, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 22, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of this Report

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

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
Montpelier, Vermont
Vermont Public Accountancy License #110

December 22, 2016