

**TOWN OF MONKTON, VERMONT**  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
DECEMBER 31, 2015

# **TOWN OF MONKTON, VERMONT**

**DECEMBER 31, 2015**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Select Board  
Town of Monkton, VT

We have reviewed the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Monkton, VT, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting described in Note 1.

### Supplementary Information

The budgetary comparison information and combining non-major fund financial schedules on pages 18 to 24 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the modified cash basis of accounting described in Note 1. We have not audited the information and, accordingly, do not express an opinion on such information.

The Select Board  
Town of Monkton, VT

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Pace & Hawley, LLC*

Montpelier, VT  
August 8, 2016

**TOWN OF MONKTON, VERMONT**  
**Statement of Net Position - Modified Cash Basis**  
**December 31, 2015**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash	\$ <u>520,426</u>
Noncurrent assets:	
Capital Assets	1,849,554
(Accumulated depreciation)	<u>(813,532)</u>
Total noncurrent assets	<u>1,036,022</u>
Total assets	<u>1,556,448</u>
<b>Liabilities</b>	
Current liabilities:	
Property taxes due to school district	87,150
Property taxes due to taxpayers	14,797
Notes and bonds payable, current portion	<u>68,223</u>
Total current liabilities	<u>170,170</u>
Noncurrent liabilities:	
Notes and bonds payable, less current portion	<u>105,590</u>
Total liabilities	<u>275,760</u>
<b>Net position</b>	
Net investment in capital assets	862,209
Restricted	190,718
Unrestricted	<u>227,761</u>
Total net position	\$ <u>1,280,688</u>

*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended December 31, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities</b>				
General government	\$ 311,908	\$ 35,820	\$ 114,693	\$ (161,395)
Highways	777,176	715	146,448	(630,013)
Library	23,666	-	380	(23,286)
Recreation	9,068	4,514	-	(4,554)
Land and wildlife conservation	500	-	119,214	118,714
Appropriations	76,174	-	-	(76,174)
Interest on long-term debt	3,369	-	-	(3,369)
Total governmental activities	\$ <u>1,201,861</u>	\$ <u>41,049</u>	\$ <u>380,735</u>	<u>(780,077)</u>
<b>General revenues</b>				
				855,264
				16,485
				148
				4,081
				<u>875,978</u>
				95,901
				<u>1,184,787</u>
				\$ <u>1,280,688</u>

*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Balance Sheet - Modified Cash Basis - Governmental Funds**  
**December 31, 2015**

	General Fund	Highway Fund	Capital Project Fund	Reappraisal Fund	Agricultural and Natural Area Conservation Fund	Wildlife Crossing Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ <u>642</u>	\$ <u>-</u>	\$ <u>70,100</u>	\$ <u>94,684</u>	\$ <u>197,236</u>	\$ <u>95,358</u>	\$ <u>62,406</u>	\$ <u>520,426</u>
<b>Liabilities and fund balances</b>								
Liabilities:								
Property taxes due to school district	\$ 87,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,150
Property taxes due to taxpayers	<u>14,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,797</u>
Total liabilities	<u>101,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,947</u>
Fund balances:								
Restricted								
Reappraisal	-	-	-	94,684	-	-	-	94,684
Wildlife crossing	-	-	-	-	-	95,358	-	95,358
PVR Education	-	-	-	-	-	-	676	676
Committed								
Tax stabilization	15,551	-	-	-	-	-	-	15,551
Capital projects	-	-	70,100	-	-	-	-	70,100
Land conservation	-	-	-	-	197,236	-	-	197,236
Community Center	-	-	-	-	-	-	10,025	10,025
Library	-	-	-	-	-	-	34,393	34,393
Recreation	-	-	-	-	-	-	17,312	17,312
Unassigned	<u>(116,856)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,856)</u>
Total fund balances	<u>(101,305)</u>	<u>-</u>	<u>70,100</u>	<u>94,684</u>	<u>197,236</u>	<u>95,358</u>	<u>62,406</u>	<u>418,479</u>
Total liabilities and fund balances	\$ <u>642</u>	\$ <u>-</u>	\$ <u>70,100</u>	\$ <u>94,684</u>	\$ <u>197,236</u>	\$ <u>95,358</u>	\$ <u>62,406</u>	\$ <u>520,426</u>

*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds**  
**to the Statement of Net Position - Modified Cash Basis**  
**December 31, 2015**

Total fund balances - governmental funds	\$ 418,479
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Amounts reported for governmental activities in the government-wide statement of net position are different because:

Capital assets used in governmental funds are not current financial resources and therefore are not reported in the government funds balance sheet

Capital assets	1,849,554
Accumulated depreciation	(813,532)

Long-term liabilities, including notes and bonds payable, are not due and payable in the current year and therefore are not reported in the governmental funds balance sheet	<u>(173,813)</u>
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Net position - governmental activities	\$ <u>1,280,688</u>
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*See independent accountant's review report.*



**TOWN OF MONKTON, VERMONT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Modified Cash Basis - Governmental Funds**  
**For the Year Ended December 31, 2015**

	General Fund	Highway Fund	Capital Project Fund	Reappraisal Fund	Agricultural and Natural Area Conservation Fund	Wildlife Crossing Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Property taxes	\$ 208,292	\$ 582,322	\$ 30,000	\$ -	\$ 10,000	\$ -	\$ 24,650	\$ 855,264
Penalties and interest on delinquent taxes	16,485	-	-	-	-	-	-	16,485
Intergovernmental	106,421	146,448	-	7,649	-	-	491	261,009
Licenses, permits and fines	860	715	-	-	-	-	-	1,575
Charges for services	34,960	-	-	-	-	-	4,514	39,474
Investment income	72	-	-	-	18	19	39	148
Donations	-	-	-	-	-	119,214	511	119,725
Miscellaneous	114	1,081	-	-	-	-	2,886	4,081
Total revenues	<u>367,204</u>	<u>730,566</u>	<u>30,000</u>	<u>7,649</u>	<u>10,018</u>	<u>119,233</u>	<u>33,091</u>	<u>1,297,761</u>
<b>Expenditures</b>								
General government	283,435	-	-	21,476	-	-	555	305,466
Highways, streets and bridges	-	687,212	-	-	-	-	-	687,212
Library	-	-	-	-	-	-	23,129	23,129
Recreation	-	-	-	-	-	-	9,068	9,068
Land and wildlife conservation	-	-	-	-	500	-	-	500
Appropriations	76,174	-	-	-	-	-	-	76,174
Capital outlay	6,614	89,060	-	-	-	23,875	7,662	127,211
Debt service - principal	20,000	54,509	-	-	-	-	-	74,509
Debt service - interest	1,206	2,163	-	-	-	-	-	3,369
Total expenditures	<u>387,429</u>	<u>832,944</u>	<u>-</u>	<u>21,476</u>	<u>500</u>	<u>23,875</u>	<u>40,414</u>	<u>1,306,638</u>
Excess of revenues or (expenditures)	<u>(20,225)</u>	<u>(102,378)</u>	<u>30,000</u>	<u>(13,827)</u>	<u>9,518</u>	<u>95,358</u>	<u>(7,323)</u>	<u>(8,877)</u>
<b>Other financing sources (uses)</b>								
Proceeds from capital lease	-	89,060	-	-	-	-	-	89,060
Net change in fund balances	(20,225)	(13,318)	30,000	(13,827)	9,518	95,358	(7,323)	80,183
Fund balances, beginning of year	<u>(81,080)</u>	<u>13,318</u>	<u>40,100</u>	<u>108,511</u>	<u>187,718</u>	<u>-</u>	<u>69,729</u>	<u>338,296</u>
Fund balances, end of year	\$ <u>(101,305)</u>	\$ <u>-</u>	\$ <u>70,100</u>	\$ <u>94,684</u>	\$ <u>197,236</u>	\$ <u>95,358</u>	\$ <u>62,406</u>	\$ <u>418,479</u>

*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Modified Cash Basis Governmental Funds**  
**to the Statement of Activities - Modified Cash Basis**  
**For the Year Ended December 31, 2015**

Net change in fund balances - governmental funds	\$	80,183
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Amounts reported for governmental activities in the government-wide statement of activities are different because:

Governmental funds report capital outlays as expenditures however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay		127,211
Current year depreciation		(72,965)
Loss on disposal of asset		(23,977)

Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.

Proceeds from note payable		(89,060)
Repayment of bond and note principal		<u>74,509</u>

Change in net position - governmental activities	\$	<u>95,901</u>
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*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Statement of Fiduciary Net Position**  
**Modified Cash Basis - Fiduciary Funds**  
**December 31, 2015**

	Tax Sale Fund
	<hr/>
	Agency Fund
	<hr/>
<b>Assets</b>	
Cash	\$ <u>3,245</u>
<b>Liabilities</b>	
Due to third party	<u>3,245</u>
<b>Net position</b>	\$ <u><u>-</u></u>

*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Notes to Financial Statements**  
**December 31, 2015**

**1. Summary of significant accounting policies**

The Town of Monkton, Vermont (herein the "Town") operates under a Select Board form of government and provides the following services: highways and streets, health and social services, community/economic development, recreation, public improvements, planning and zoning and administrative services.

As discussed further in Note 1.C., these financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

- A. Financial reporting entity - The Town is a primary unit of government under reporting criteria established by the GASB. Those criteria include separate legal standing, separate elected governing body, and fiscal independence from other governmental entities. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units and evaluated them against the criteria established by the GASB. Based on these criteria, there are no other entities that are considered to be component units of the Town that should be included in these financial statements.
- B. Basis of presentation - Fund accounting: The accounts of the Town are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Government-wide statements: The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. The effect of interfund activity has been removed from these statements.

Fund financial statements: Fund financial statements are presented according to each fund category; governmental and fiduciary. Separate financial statements are provided for each of these categories. Major governmental funds are reported as separate columns in the fund financial statements. Non-major governmental funds are reported aggregate as a single column in the fund financial statements.

The Town reports the following major governmental funds:

General Fund - The General Fund is used to account for the primary activity of the Town. Revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Highway Fund - The Highway Fund is used to account for activities related to the highway department.

Capital Project Fund - The Capital Project Fund is used to account for resources to be used for acquisition, construction or improvement of major capital facilities, infrastructure and equipment.

Reappraisal Fund - The Reappraisal Fund accounts for resources restricted and/or committed for the purpose of conducting town-wide reappraisals.

Agricultural and Nature Area Conservation Fund - The ANAC Fund accounts for resources committed for the purpose of preserving agricultural and natural areas.

**TOWN OF MONKTON, VERMONT**  
**Notes to Financial Statements**  
**December 31, 2015**

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

Wildlife Crossing Fund – The Wildlife Crossing Fund accounts for resources restricted for the design and construction of wildlife crossings.

The Town also reports fiduciary activities for the Tax Sale Agency Fund.

- C. Measurement focus and basis of accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus refers to what items are reported on the financial statements. Basis of accounting refers to when cash receipts and cash disbursements are recognized in the accounts and reported in the financial statements.

Measurement focus: The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of changes in net position and net financial position. All assets, deferred outflows, liabilities, deferred inflows associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources for a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of accounting: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, amounts due to the State of Vermont or local school district, payroll withholdings, property taxes paid in advance and amounts outstanding on its lines of credit, interfund receivables and payables. Capital assets and long-term debt arising from cash and cash equivalent transactions are reported on the statement of net position.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues and certain liabilities and their related expenses or expenditures are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

- D. Governmental fund equity - In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – Resources which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

**TOWN OF MONKTON, VERMONT**  
**Notes to Financial Statements**  
**December 31, 2015**

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

Restricted – Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner. For the purposes of defining the committed fund balance category, the Town considers the taxpayers, through voted Town Articles, its highest level of decision making authority.

Assigned – Resources neither restricted nor committed for which a government has a stated intended use as established by the Select Board, or a body or official to which the Select Board has delegated the authority, to assign amounts for specific purposes.

Unassigned – Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include any negative residual balance resulting from expenditures exceeding amounts restricted, committed or assigned for a specific purpose.

For the classification of governmental fund balances, the Town does not have a formal policy regarding which classification should be reduced first when more than one classification is available. However, the Town has generally considered an expenditure to be made from the most restrictive first when more than one classification is available.

- E. Budgetary accounting - The Town uses the following procedure in establishing the General Fund budget presented in the financial statements:

Budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year.

- F. Estimates - The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, or expenses, during the reported period. Actual results could differ from those estimates.
- G. Cash and cash equivalents - Cash and cash equivalents consists of cash and short-term investments with an original maturity of three months or less. The Town pools cash of multiple funds in order to enhance operating efficiency and physical custody and controls. Each fund's share of its pooled cash is included in cash and cash equivalents.
- H. Capital assets - Capital assets, which include land, buildings, furniture and equipment, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are reported in the government-wide financial statements and depreciated in order for their costs to be charged as expenses over their estimated useful lives. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the Town are depreciated using the straight line method over the following useful lives:

**TOWN OF MONKTON, VERMONT**  
**Notes to Financial Statements**  
**December 31, 2015**

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

Infrastructure	50 years
Buildings and improvements	50 years
Equipment	15 years.

- I. Interfund balances and transfers - Interfund receivables and payables represent transactions incurred within the fund for other funds. These accounts are expected to be eliminated in the normal course of operations. Interfund transfers represent flows of cash or goods from one fund to another without a requirement for repayment.
- J. Education property taxes - The Town serves as an agent for the State of Vermont. As required by State statute, the Town bills, collects and remits education property taxes. Amounts received for such purposes are considered an agency function and are not recorded as Town revenues.

**2. Cash and cash equivalents**

As of December 31, 2015, the Town reported cash of \$523,671 including \$3,245 held as an escrow agent and reported in fiduciary activities.

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2015, the Town's bank balance was \$607,269. Of this amount, \$250,000 was insured by the FDIC. The remaining amount of \$357,269 was collateralized with securities held by the pledging bank's trust department but not in the Town's name.

**3. Reserve funds**

Through various taxpayer approved Articles, voters have established Reserve Funds in order to set aside money for specific purposes. The Town has pooled this money into its general operating account for the purposes of coordinating cash flow needs. The Town has not established a formal borrowing agreement or terms for repayment.

**4. Property taxes**

Property taxes become an enforceable lien upon Town of Monkton property holders as of April 1<sup>st</sup> of each year. Property taxes were payable in one installment due November 16<sup>th</sup>, 2015. Taxes not paid by November 17<sup>th</sup>, were listed as delinquent taxes and were assessed related penalties and interest. For the year ending December 31, 2015, the assessed property tax rates were as follows:

	<u>Nonresidential</u>	<u>Residential</u>
Education	1.7926	1.9064
Municipal	<u>0.4707</u>	<u>0.4707</u>
Total tax rate per \$100 of assessed valuation	<u>2.2633</u>	<u>2.3771</u>

The Town serves as agent for the State of Vermont for the purpose of collecting and distributing education property taxes for those taxpayers residing in the Town of Monkton. As instructed by the State of Vermont, the Town collected \$2,804,711 of education property taxes during the year ending December 31, 2015 for the state's 2015/2016 fiscal year. A liability was recorded as of December 31, 2015 for the remaining unpaid balance of education property taxes due to the local school districts.

**TOWN OF MONKTON, VERMONT**  
**Notes to Financial Statements**  
**December 31, 2015**

**5. Risk management**

The Town is exposed to various risks of loss related to torts; 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.

**6. Capital assets**

Changes in capital assets consisted of the following:

	Balance January 1, <u>2015</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2015</u>
Governmental activities				
Capital assets, not depreciated:				
Land	\$ 185,000	\$ -	\$ -	\$ 185,000
Construction in process	<u>7,612</u>	<u>31,537</u>	<u>7,612</u>	<u>31,537</u>
	<u>192,612</u>	<u>31,537</u>	<u>7,612</u>	<u>216,537</u>
Capital assets, depreciated:				
Land improvements	-	7,612	-	7,612
Infrastructure	121,817	-	-	121,817
Buildings & improvements	550,477	-	-	550,477
Equipment, machinery and vehicles	<u>929,369</u>	<u>95,674</u>	<u>71,932</u>	<u>953,111</u>
	<u>1,601,663</u>	<u>103,286</u>	<u>71,932</u>	<u>1,633,017</u>
Less accumulated depreciation for:				
Land improvements	-	-	-	-
Infrastructure	7,309	2,436	-	9,745
Buildings & improvements	267,280	10,087	-	277,367
Equipment, machinery and vehicles	<u>513,933</u>	<u>60,442</u>	<u>47,955</u>	<u>526,420</u>
	<u>788,522</u>	<u>72,965</u>	<u>47,955</u>	<u>813,532</u>
Total capital assets depreciated, net	<u>813,141</u>	<u>30,321</u>	<u>23,977</u>	<u>819,485</u>
Capital assets, net, governmental activities	\$ <u>1,005,753</u>	\$ <u>61,858</u>	\$ <u>31,589</u>	\$ <u>1,036,022</u>

Depreciation expense in the governmental activities totaling \$72,965 was allocated to the following functions: general government \$6,441, highway \$65,987 and library \$537.

**7. Long-term liabilities**

The Town issues general obligation bonds to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year. The town's debt obligations for less costly projects (e.g. road equipment) are notes and capital leases payable.



**TOWN OF MONKTON, VERMONT**  
**Notes to Financial Statements**  
**December 31, 2015**

**7. Long-term liabilities (continued)**

The following is a summary of general obligation bonds, notes payable and leases payable at December 31, 2015:

Vermont Municipal Bond Bank, Fire Station bond payable, interest at variable rate (net interest cost 2.965%) paid semi-annually, principal of \$20,000 due December 1st of each year until 2015, then \$15,000 due on December 1 <sup>st</sup> of 2016. Originally borrowed \$275,000 on July 2, 2002, bond refinanced July 2011.	\$ 15,000
Merchants Bank, 2013 Mack dump truck note payable, interest at 1.69% payable June 14, 2013. This will be renewed annually for 5 years , with a principal reduction payment annually of \$21,806, until June 13, 2017. Truck purchased June 28, 2012 for \$189,030 Total borrowed was \$109,030.	44,418
Merchants Bank, 2013 John Deere 524K bucket loader note payable interest at 1.80% payable June 9, 2015. This will be renewed annually for 3 years , with a principal reduction payment annually of \$19,615, until June 9, 2017. Loader purchased April 25, 2014 for \$88,844. Total borrowed was \$58,844.	39,229
Deere Credit, Inc., lease purchase agreement, 2014 John Deere 75G excavator, interest at 3.00% payable April 15, 2015. This will be renewed annually for 7 years, with a payment annually of \$13,894 until April 15, 2021. Total borrowed was \$89,060.	75,166
	\$ <u>173,813</u>

Changes in long-term liabilities for the year ended December 31, 2015 were as follows:

	Balance January 1, <u>2015</u>	Additions	Retirements	Balance December 31, <u>2015</u>	Due Within <u>One Year</u>
Governmental activities:					
Note payable, '13 John Deere loader	\$ 58,844	\$ -	\$ 19,615	\$ 39,229	\$ 19,615
Note payable, '13 Mack dump truck	65,418	-	21,000	44,418	22,418
Capital lease payable, '14 John Deere grader	-	89,060	13,894	75,166	11,608
Bond payable, Fire Station	<u>35,000</u>	<u>-</u>	<u>20,000</u>	<u>15,000</u>	<u>15,000</u>
	\$ <u>159,262</u>	\$ <u>89,060</u>	\$ <u>74,509</u>	\$ <u>173,813</u>	\$ <u>68,641</u>

**TOWN OF MONKTON, VERMONT**  
**Notes to Financial Statements**  
**December 31, 2015**

**7. Long-term liabilities (continued)**

Annual maturities of long-term debt at December 31, 2015 were as follows

Year ending December 31,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 68,641	\$ 4,082
2017	53,576	2,660
2018	12,325	1,569
2019	12,599	1,295
2020	13,188	707
2021	<u>13,484</u>	<u>410</u>
	\$ <u>173,813</u>	\$ <u>10,723</u>

**8. Retirement plan**

Vermont Municipal Employees Retirement System - The Town contributes to the Vermont Municipal Retirement System (VMERS) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contributions plans, administered by the State of Vermont. VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State statutory provisions, found in Title 24, V.S.A., Chapter 125, govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the operation of VMERS is vested in the Board of Trustees. VMERS issues annual financial information which is available at the VMERS' office, 133 State Street, Montpelier, Vermont 05602.

Employees meeting certain eligibility requirements are covered under the VMERS defined benefit plan. Town employees participating in this plan (Group B) are required to contribute 4.875% of gross wages and the Town contributes 5.5% of the employees' gross wages to the plan. Total payroll for the year ending December 31, 2015 was \$333,179, while covered payroll was \$184,399. The Town's contributions to VMERS for the years ended December 31, 2015, 2014 and 2013 were \$10,021, \$9,908 and \$10,216, respectively.

The Town has considered the requirements of GASB No 68, *Accounting and Financial Reporting for Pensions*, and has determined that the Town's proportionate share of the VMERS's net pension liability, deferred outflows, deferred inflows and note disclosures are immaterial and therefore has not included those balances in the government-wide financial statements and has not included those related disclosures in the notes to the financial statements.

**9. Addison County Solid Waste Management District**

The Town is a participating member in the Addison County Solid Waste Management District (the District); which is a union municipal district that exists to cooperatively and comprehensively address the solid waste management interest of its 19 member towns. The District is governed by a Board of Supervisors composed of one representative from each of the participating municipalities. The District has primary liability for its future obligations, including operating costs and debt service. Municipalities have contingent liability through membership in the District.

**TOWN OF MONKTON, VERMONT**  
**Notes to Financial Statements**  
**December 31, 2015**

**10. Contingencies**

The Town receives significant financial assistance from the State of Vermont through grants and other forms of state aid. Entitlement to these resources is generally based on compliance with terms and conditions of grant agreements and applicable state regulations, including the expenditure of the resources for eligible purposes. These funds are subject to audit by the granting authority in order to ensure compliance. Any disallowance as a result of these audits becomes a liability of the Town. Management believes that there are no significant contingent liabilities relating to compliance with grant agreements and applicable state regulations.

**11. Excess of expenditures over budget**

For the year ended December 31, 2015, Highway Fund expenditures exceeded appropriations by \$97,050. This was primarily due to unbudgeted expenditures for capital outlays and highway equipment repairs. These expenditures were substantially offset by unbudgeted capital lease proceeds.

**12. Tax stabilization**

The \$15,551 reported as stabilization in the General Fund is the remainder of the amount authorized by voters at the March 2000 Town Meeting for the purpose of setting aside \$125,000 of Town money as a reserve fund to be kept in a non-risk interest bearing account.

**13. Fund balance deficit**

For the year ended December 31, 2015, the General Fund had an unassigned deficit balance of \$116,856. This deficit is anticipated to be eliminated through revenues exceeding expenditures in future years.

**14. Commitments and subsequent events**

During 2015, the Town took delivery of a new highway truck and plow. In 2016, the Town paid \$71,365 for the purchase of the vehicle and on May 11, 2016, obtained a note payable in the amount of \$71,365 at an interest rate of 2.05% with principal and interest due annually through May 10, 2021 to finance the purchase. Consistent with the modified cash basis of accounting, the Town has not recorded the capital outlay on its financial statements for the year ending December 31, 2015.

**TOWN OF MONKTON, VERMONT**  
**Schedule of Revenues, Expenditures - Modified Cash Basis**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2015**  
(Page 1 of 3)

Schedule 1

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 252,857	\$ 252,857	\$ 208,292	\$ (44,565)
Penalties and interest on delinquent taxes	25,500	25,500	16,485	(9,015)
Intergovernmental	101,642	101,642	106,421	4,779
Licenses, permits and fines	1,920	1,920	860	(1,060)
Charges for services	33,400	33,400	34,960	1,560
Investment income	30	30	72	42
Miscellaneous	11,500	11,500	114	(11,386)
Total revenues	<u>426,849</u>	<u>426,849</u>	<u>367,204</u>	<u>(59,645)</u>
<b>Expenditures</b>				
General government payroll:				
Town Clerk fees	20,000	20,000	20,866	(866)
Town Clerk salary	10,500	10,500	10,500	-
Assistant Town Clerk	11,000	11,000	11,096	(96)
Treasurer	32,500	32,500	32,500	-
Assistant Treasurer	-	-	4,800	(4,800)
Delinquent Tax Collector	3,500	3,500	3,500	-
Webmaster	300	300	300	-
Select Board	7,700	7,700	8,245	(545)
Select Board administrative	1,500	1,500	810	690
Auditors	8,000	8,000	6,913	1,087
BCA - Election Officials	2,200	2,200	1,839	361
Custodian	1,000	1,000	1,038	(38)
Constable	250	250	250	-
Fire Warden	250	250	250	-
Health Officer	600	600	745	(145)
Animal Control Officer	1,000	1,000	540	460
FICA	11,400	11,400	10,009	1,391
Appraisal	15,000	15,000	14,951	49
Reappraisal	-	-	2,315	(2,315)
Zoning Administrator	16,000	16,000	14,130	1,870
DRB - board members	2,000	2,000	750	1,250
DRB - clerical	1,500	1,500	473	1,027
DRB - recording secretary	-	-	720	(720)
Planning Commission - board members	1,680	1,680	850	830
Planning Commission - clerical	200	200	-	200
ANAC clerical	-	-	169	(169)
Total general government payroll	<u>148,080</u>	<u>148,080</u>	<u>148,559</u>	<u>(479)</u>
Town office:				
Copier rental	3,268	3,268	3,462	(194)
Office and general supplies	5,000	5,000	5,254	(254)
Postage	2,650	2,650	3,060	(410)
Equipment and furniture	500	500	58	442
Computer equipment and software	2,500	2,500	328	2,172
Computer contract service	1,500	1,500	2,662	(1,162)
Conferences and training	1,000	1,000	545	455

*continued*

*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Schedule of Revenues, Expenditures - Modified Cash Basis**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2015**  
(Page 2 of 3)

Schedule 1

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Mileage reimbursement	1,000	1,000	337	663
Telephone	2,200	2,200	1,857	343
Heat	3,500	3,500	2,452	1,048
Electricity	1,700	1,700	1,366	334
Service/finance charges	-	-	64	(64)
Total Town office	<u>24,818</u>	<u>24,818</u>	<u>21,445</u>	<u>3,373</u>
General expenditures:				
Sheriff department	26,436	26,436	26,958	(522)
Insurance - workmen's compensation	15,862	15,862	15,219	643
Insurance - property and liability	16,200	16,200	3,086	13,114
Appraisal	1,000	1,000	497	503
PVR education	600	600	-	600
Printing and advertising	7,000	7,000	5,525	1,475
Property maintenance and upgrade	3,000	3,000	1,025	1,975
Consultant fees	5,000	5,000	4,112	888
Association dues and fees	3,100	3,100	3,184	(84)
Legal fees	15,000	15,000	18,020	(3,020)
BCA - election	1,400	1,400	1,029	371
Property tax appeal settled	1,000	1,000	-	1,000
Legal fees - ANGP	-	-	1,598	(1,598)
Recycling	8,000	8,000	12,477	(4,477)
Animal expense	1,500	1,500	1,032	468
Restoration of records	2,500	2,500	-	2,500
Cemetery maintenance	4,000	4,000	4,000	-
County taxes	10,000	10,000	9,238	762
Tax maps	1,400	1,400	-	1,400
Debt payments - interest	4,900	4,900	1,206	3,694
Debt payments - principal	20,000	20,000	20,000	-
Miscellaneous	750	750	-	750
Total general expenditures	<u>148,648</u>	<u>148,648</u>	<u>128,206</u>	<u>20,442</u>
Development Review Board:				
Supplies and postage	300	300	-	300
Printing	100	100	-	100
Advertising	500	500	355	145
Conferences and training	200	200	-	200
Mileage reimbursement	100	100	-	100
Legal fees	4,000	4,000	-	4,000
Miscellaneous	500	500	-	500
Total Development Review Board	<u>5,700</u>	<u>5,700</u>	<u>355</u>	<u>5,345</u>
Planning Commission:				
Supplies and postage	1,000	1,000	25	975
Printing	500	500	-	500
Advertising	500	500	-	500
Mileage reimbursement	800	800	138	662
Consultants	2,000	2,000	2,792	(792)
<i>continued</i>				

See independent accountant's review report.

**TOWN OF MONKTON, VERMONT**  
**Schedule of Revenues, Expenditures - Modified Cash Basis**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2015**  
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Schedule 1

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Assigned reserve expenditures	-	-	8,199	(8,199)
Legal fees	500	500	-	500
Addison County Regional Planning Commission	2,429	2,429	2,429	-
Total Planning Commission	7,729	7,729	13,583	(5,854)
Conservation Commission: Consultant	-	-	(1,337)	1,337
Energy Committee:				
Supplies and postage	200	200	339	(139)
Mileage reimbursement	200	200	70	130
Miscellaneous	100	100	35	65
Total Energy Committee	500	500	444	56
Appropriations:				
Addison Cty Community Action	1,250	1,250	1,250	-
Addison Cty Counseling Services, Inc.	1,500	1,500	1,500	-
Addison Cty Home Health & Hospice	1,946	1,946	1,946	-
Addison Cty Parent / Child	1,600	1,600	1,600	-
Bristol Recreation Department	2,000	2,000	2,000	-
Bristol Rescue Squad	4,000	4,000	4,000	-
Central Vermont Agency on Aging	1,100	1,100	1,100	-
Elderly Services	800	800	800	-
Hospice Volunteer Service	300	300	300	-
Lewis Creek Association	550	550	550	-
Open Door Clinic	500	500	500	-
Otter Creek Natural Resources CD	198	198	198	-
Retired & Senior Volunteer Program	285	285	285	-
Vergennes Rescue Squad	600	600	600	-
Vermont Adult Learning	700	700	700	-
Women Safe	1,000	1,000	1,000	-
Vermont Center for Independent Living	195	195	195	-
Addison Cty Transit Resources	850	850	850	-
Bristol Family Center	250	250	250	-
Green Up Vermont	150	150	150	-
John W Graham Emergency Shelter	1,000	1,000	1,000	-
Addison Cty Humane Society	250	250	250	-
Addison Cty Court Diversion	550	550	550	-
Addison Cty Readers, Inc.	450	450	450	-
Rural Fire Protection Program	100	100	100	-
Monkton Volunteer Fire Department, Inc.	33,000	33,000	33,000	-
Russell Memorial Library	20,150	20,150	20,150	-
Monkton Museum Historical Society	900	900	900	-
Total appropriations	76,174	76,174	76,174	-
Total expenditures	411,649	411,649	387,429	24,220
Net change in fund balances	\$ 15,200	\$ 15,200	\$ (20,225)	\$ (35,425)

*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Schedule of Revenues, Expenditures - Modified Cash Basis**  
**Budget and Actual - Highway Fund**  
**For the Year Ended December 31, 2015**  
(Page 1 of 2)

Schedule 2

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 586,094	\$ 586,094	\$ 582,322	\$ (3,772)
Intergovernmental	147,000	147,000	146,448	(552)
Licenses, permits and fines	700	700	715	15
Miscellaneous	2,100	2,100	1,081	(1,019)
Total revenues	<u>735,894</u>	<u>735,894</u>	<u>730,566</u>	<u>(5,328)</u>
<b>Expenditures</b>				
Highway payroll:				
Regular employees	193,257	193,257	183,860	9,397
Part-time employees	600	600	-	600
FICA	14,803	14,803	13,536	1,267
VMERS retirement contribution	9,826	9,826	10,021	(195)
Health insurance	65,302	65,302	58,321	6,981
Dental insurance	3,100	3,100	3,110	(10)
Short-term disability insurance	396	396	362	34
Unemployment insurance	1,700	1,700	717	983
Life insurance	115	115	56	59
Total highway payroll	<u>289,099</u>	<u>289,099</u>	<u>269,983</u>	<u>19,116</u>
Highway garage:				
Equipment, tools and supplies	5,000	5,000	9,477	(4,477)
Conferences and training	300	300	-	300
Telephone	1,700	1,700	1,553	147
Heat	5,500	5,500	2,990	2,510
Electricity	1,900	1,900	1,594	306
Trash removal	1,700	1,700	1,693	7
Capital equipment	2,500	2,500	89,060	(86,560)
Property maintenance and upgrade	4,000	4,000	2,378	1,622
Total highway garage	<u>22,600</u>	<u>22,600</u>	<u>108,745</u>	<u>(86,145)</u>
Highway general:				
Insurance - property and liability	12,577	12,577	13,956	(1,379)
Grease and oil	2,400	2,400	1,706	694
Equipment fuel	50,000	50,000	34,245	15,755
Repairs, parts and blades	30,000	30,000	68,150	(38,150)
Oxygen and acetylene	400	400	106	294
Debt service - interest	2,498	2,498	2,163	335
Debt service - principal	41,421	41,421	40,614	807
Miscellaneous	600	600	1,949	(1,349)
Total highway general	<u>139,896</u>	<u>139,896</u>	<u>162,889</u>	<u>(22,993)</u>
Highway road maintenance:				
Rental equipment	15,500	15,500	17,054	(1,554)
Gravel	57,099	57,099	55,875	1,224
Salt	34,000	34,000	26,089	7,911
Winter sand	23,000	23,000	19,519	3,481
<i>continued</i>				

See independent accountant's review report.

**TOWN OF MONKTON, VERMONT**  
**Schedule of Revenues, Expenditures - Modified Cash Basis**  
**Budget and Actual - Highway Fund**  
**For the Year Ended December 31, 2015**  
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Schedule 2

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<i>continued</i>				
Chloride	24,500	24,500	22,368	2,132
Hot mix	101,000	101,000	123,723	(22,723)
Cold patch	400	400	282	118
Culverts	6,000	6,000	6,622	(622)
Signs, painting	3,300	3,300	826	2,474
911 signs	200	200	78	122
Winter solution chloride	3,300	3,300	2,847	453
Highway upgrade and paving	16,000	16,000	16,044	(44)
Total highway road maintenance	<u>284,299</u>	<u>284,299</u>	<u>291,327</u>	<u>(7,028)</u>
Total expenditures	<u>735,894</u>	<u>735,894</u>	<u>832,944</u>	<u>(97,050)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(102,378)</u>	<u>(102,378)</u>
Other financing sources (uses)				
Proceeds from note payable	<u>-</u>	<u>-</u>	<u>89,060</u>	<u>89,060</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(13,318)</u>	\$ <u>(13,318)</u>

*See independent accountant's review report.*



**TOWN OF MONKTON, VERMONT**  
**Combining Balance Sheet - Modified Cash Basis**  
**Other Governmental Funds**  
**December 31, 2015**

Schedule 3

	Community Center Building Fund	Library Fund	PVR Education Fund	Recreation Fund	Total
<b>Assets</b>					
Cash	\$ <u>10,025</u>	\$ <u>34,393</u>	\$ <u>676</u>	\$ <u>17,312</u>	\$ <u>62,406</u>
<b>Liabilities and fund balances</b>					
Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund balances:					
Restricted					
PVR Education	-	-	676	-	676
Committed					
Community Center	10,025	-	-	-	10,025
Library	-	34,393	-	-	34,393
Recreation	-	-	-	17,312	17,312
Total fund balances	<u>10,025</u>	<u>34,393</u>	<u>676</u>	<u>17,312</u>	<u>62,406</u>
Total liabilities and fund balances	\$ <u>10,025</u>	\$ <u>34,393</u>	\$ <u>676</u>	\$ <u>17,312</u>	\$ <u>62,406</u>

*See independent accountant's review report.*

**TOWN OF MONKTON, VERMONT**  
**Combining Schedule of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Modified Cash Basis - Other Governmental Funds**  
**For the Year Ended December 31, 2015**

Schedule 4

	Community Center Building Fund	Library Fund	PVR Education Fund	Recreation Fund	Total
<b>Revenues</b>					
Property taxes	\$ -	\$ 20,150	\$ -	\$ 4,500	\$ 24,650
Intergovernmental	-	100	391	-	491
Charges for services	-	-	-	4,514	4,514
Investment interest	2	36	-	1	39
Donations	-	280	-	231	511
Miscellaneous	-	2,886	-	-	2,886
Total revenues	<u>2</u>	<u>23,452</u>	<u>391</u>	<u>9,246</u>	<u>33,091</u>
<b>Expenditures</b>					
General government	180	-	375	-	555
Library	-	23,129	-	-	23,129
Recreation	-	-	-	9,068	9,068
Capital outlay	<u>7,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,662</u>
Total expenditures	<u>7,842</u>	<u>23,129</u>	<u>375</u>	<u>9,068</u>	<u>40,414</u>
Net change in fund balances	(7,840)	323	16	178	(7,323)
Fund balances, Beginning of year	<u>17,865</u>	<u>34,070</u>	<u>660</u>	<u>17,134</u>	<u>69,729</u>
Fund balances, End of year	\$ <u>10,025</u>	\$ <u>34,393</u>	\$ <u>676</u>	\$ <u>17,312</u>	\$ <u>62,406</u>

See independent accountant's review report.