

**TOWN OF RYEGATE, VERMONT**  
**AUDIT REPORT AND FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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# FOTHERGILL SEGALE & VALLEY

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## INDEPENDENT AUDITOR'S REPORT

January 30, 2012

To the Selectboard  
Town of Ryegate  
Ryegate Corner, Vermont

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Town of Ryegate Vermont, as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Town of Ryegate, Vermont as of December 31, 2010, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ryegate, Vermont's basic financial statements. The supplementary information on pages 28 through page 31 are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

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

TOWN OF RYEGATE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2010

Our discussion and analysis of the Town of Ryegate, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2010. 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 assets increased by \$226,685, an approximate 11% increase from December 31, 2009, as a result of this year's operations.
- The total cost of all of the Town's programs was \$719,493.

#### *Fund statements*

- The General Fund reported an increase in fund balance this year of \$1,723 which was a favorable variance of \$1,723 compared to the budget.
- The fund balance for the General Fund was \$440,983 as of December 31, 2010 compared to a fund balance of \$439,260 as of December 31, 2009.
- The Non-Major Funds reported an increase in fund balance of \$12,373. The fund balance for the non-major funds increased from \$637,045 to \$649,418.

### **Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets 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*

Our analysis of the Town as a whole is reflected on Exhibit A & B. 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 Assets 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 RYEGATE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets – 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 assets are 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*

Our analysis of the financial statements of the Town's major governmental funds is reflected on Exhibit C. 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 fund in the Town fund statements is the General Fund, which contains most of the Town operations. All other funds are considered non-major funds. There is one category for all 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 Assets and the Statement of Activities) and governmental funds in Exhibits D and F.

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

This is the first year that we are implementing GASB 34 and we are able to provide meaningful comparisons for Table 1 but are not able to provide meaningful comparisons for other government-wide financial statements. Future analysis will include comparisons to prior years.

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

The Town's combined net assets increased by \$226,685 from a year ago – increasing from \$2,155,915 to \$2,382,600.

TOWN OF RYEGATE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

Table 1 – Net Assets

	2010	2009	Change
Current and other assets	\$ 1,224,317	\$ 1,169,045	\$ 55,272
Capital assets	1,256,933	1,077,268	179,665
Total assets	<u>2,481,250</u>	<u>2,246,313</u>	<u>234,937</u>
Long-term debt outstanding	61,203	74,820	(13,617)
Other liabilities	37,447	15,578	21,869
Total liabilities	<u>98,650</u>	<u>90,398</u>	<u>8,252</u>
Net assets:			
Invested in capital assets, net of debt	1,195,730	1,002,448	193,282
Restricted	649,418	637,045	12,373
Unrestricted	537,452	516,422	21,030
Total net assets	<u>\$ 2,382,600</u>	<u>\$ 2,155,915</u>	<u>\$ 226,685</u>

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from \$516,422 at December 31, 2009 to \$537,452 at December 31, 2010, an increase of \$21,030.

Table 2 - Change in Net Assets

	2010
REVENUES	
Program revenues:	
Charges for services	\$ 21,383
Operating grants and contributions	135,296
Capital grants and contributions	88,868
General revenues:	
Property taxes	670,233
Earnings on investments	22,775
Other general revenues	7,623
Total revenues	<u>946,178</u>
PROGRAM EXPENSES	
General government and administration	185,988
Public safety	70,949
Highways and streets	447,487
Cultural and recreation	11,538
Interest on long-term debt	3,531
Total program expenses	<u>719,493</u>
Increase (decrease) in net assets	<u>\$ 226,685</u>

TOWN OF RYEGATE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

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.

Table 3  
Governmental Activities

	Total Cost of Services 2010	Net (Revenue)/ Cost of Services 2010
General government	\$ 185,988	\$ 148,248
Public safety	70,949	70,949
Highways and streets	447,487	239,680
Cultural and recreational	11,538	11,538
Debt interest	3,531	3,531
Totals	\$ 719,493	\$ 473,946

**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 \$1,090,401, which is above last year's total of \$1,076,305, which is a 1.3% increase.

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 \$440,983. During fiscal year 2010, expenditures exceeded revenues by \$1,723, which was a favorable budget variance of \$1,723.

Exhibit G show the comparison of actual to budget for the General Fund. The larger variances were as follows:

	Budget	Actual	Variance
Revenues			
Property taxes	\$ 670,262	\$ 650,926	\$ (19,336)
Highway state grant	0	88,868	88,868
Expenditures			
Road resurfacing grant	0	99,580	(99,580)

The reason for these variances is as follows:

- Property taxes decrease was mostly due to an increase in delinquencies, resulting in the deferred revenue (taxes not collected within 60 days after year end) to increase.
- Highway state grant revenue variance was not an expected grant at the time the budget was set. The offsetting expense of the Road resurfacing grant expense was covered by this grant. The additional required grant match was covered by highway fund balance.

TOWN OF RYEGATE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

**Capital Assets and Debt Administration**

*Capital Assets*

At December 31, 2010, the Town had \$1,256,933 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 \$179,665 over last year.

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

	2010	2009	Change
Land	\$ 27,905	\$ 27,905	\$ 0
Buildings and improvements	236,733	245,384	(8,651)
Vehicles and equipment	415,021	370,899	44,122
Infrastructure	577,274	433,080	144,194
Totals	\$ 1,256,933	\$ 1,077,268	\$ 179,665

This year's major additions included:

Truck with plow & sander	\$ 103,291
Paving and road work	186,374
	\$ 289,665

*Debt Administration*

At December 31, 2010, the Town had \$61,203 in a lease payable versus \$74,820 on December 31, 2009 – a decrease of \$13,617.

**Economic Factors and Next Year's Budgets and Rates**

The Town's elected and appointed officials considered many factors when setting the 2011 budget for town operations. The Selectboard based their figures on previous year spending and departmental budget requests. The total expenditure town and highway budget for 2011 was \$852,263, approximately the same as the prior year's budget. The tax rate was set based on the voter approved budget amount for taxes divided by the Grand List.

**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 Ryegate, 18 South Bailey-Hazel, Ryegate, Vermont.



TOWN OF RYEGATE, VERMONT  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2010

EXHIBIT A

	Governmental Activities		
<b>ASSETS</b>			
Cash and investments	\$ 1,060,008		
Delinquent taxes,	131,843		
Due from Blue Mtn School District	17,506		
Accounts receivable - other	14,960		
Capital assets:			
Land	27,905		
Property and equipment (net of allowance for accumulated depreciation of \$795,477)	1,229,028		
Total assets			2,481,250
<b>LIABILITIES</b>			
Accounts payable	37,447		
Lease payable -			
Due within one year	14,259		
Due after one year	46,944		
Total liabilities			98,650
<b>NET ASSETS</b>			
Unrestricted	537,452		
Restricted	649,418		
Invested in capital assets, net of related debt	1,195,730		
Total net assets			\$ 2,382,600

TOWN OF RYEGATE, VERMONT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2010

EXHIBIT B

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Change in Net Assets
Governmental Activities:					
General government and administration	\$ 185,988	\$ 21,383	\$ 16,357	\$ 0	\$ (148,248)
Public safety	70,949	0	0	0	(70,949)
Highways and streets	447,487	0	118,939	88,868	(239,680)
Cultural and recreational	11,538	0	0	0	(11,538)
Interest on long-term debt	3,531	0	0	0	(3,531)
Total governmental activities	<u>\$ 719,493</u>	<u>\$ 21,383</u>	<u>\$ 135,296</u>	<u>\$ 88,868</u>	<u>(473,946)</u>
General Revenues:					
Property taxes					670,233
Earnings on investments and on delinquent taxes					22,775
Miscellaneous					7,623
Total general revenues					<u>700,631</u>
Change in net assets					226,685
Net assets - January 1, 2010					<u>2,155,915</u>
Net assets - December 31, 2010					<u>\$ 2,382,600</u>

TOWN OF RYEGATE, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

EXHIBIT C

	Major Fund	Non-Major Funds	
	General Fund	Other Governmental Funds	Totals
<b>ASSETS</b>			
Cash and investments	\$ 656,247	\$ 403,761	\$ 1,060,008
Accounts receivable:			
Delinquent taxes	131,843	0	131,843
Blue Mountain Unified School District	17,506	0	17,506
Due from other funds	0	245,657	245,657
Other receivables	14,960	0	14,960
Total assets	\$ 820,556	\$ 649,418	\$ 1,469,974
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 37,447	\$ 0	\$ 37,447
Deferred property taxes	96,469	0	96,469
Due to other funds	245,657	0	245,657
Total liabilities	379,573	0	379,573
 <b>Fund Balances</b>			
<b>Unreserved</b>			
General Fund	440,983	0	440,983
<b>Reserved</b>			
Special revenue funds	0	348,614	348,614
Capital projects funds	0	300,804	300,804
Total fund balances	440,983	649,418	1,090,401
 Total liabilities and fund balances	\$ 820,556	\$ 649,418	\$ 1,469,974

TOWN OF RYEGATE, VERMONT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2010

EXHIBIT D

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,090,401

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  
\$2,052,410 and the accumulated depreciation is \$795,477. 1,256,933

Deferred tax revenues are recognized as earned on the accrual basis  
in the statement of net assets, not the modified accrual basis. 96,469

Long-term liabilities, including lease payable, are not  
due and payable in the current period and therefore are not  
reported as liabilities in the fund statements. (61,203)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 2,382,600

TOWN OF RYEGATE, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

EXHIBIT E

	Major Fund	Non-Major Funds	Totals
	General Fund	Other Governmental Funds	
<b>REVENUES</b>			
Property taxes	\$ 650,926	\$ 0	\$ 650,926
Intergovernmental	216,077	8,087	224,164
Licenses and fees	14,112	0	14,112
Fines and penalties	7,271	0	7,271
Investment income	15,651	7,124	22,775
Miscellaneous	0	7,623	7,623
Total revenues	<u>904,037</u>	<u>22,834</u>	<u>926,871</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	172,787	10,030	182,817
Public safety	63,036	0	63,036
Highways and street	348,204	1,261	349,465
Cultural and recreational	8,090	2,554	10,644
Capital outlay	186,374	103,291	289,665
<b>Debt service</b>			
Principal	13,617	0	13,617
Interest	3,531	0	3,531
Total expenditures	<u>795,639</u>	<u>117,136</u>	<u>912,775</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>108,398</u>	<u>(94,302)</u>	<u>14,096</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from General Fund	0	156,675	156,675
Transfer to General Fund	0	(50,000)	(50,000)
Transfer to Fire Department Reserve	(1,178)	0	(1,178)
Transfer from Highway Reserve	50,000	0	50,000
Transfer to Highway Reserve	(72,197)	0	(72,197)
Transfer to Highway Machine Fund	(75,000)	0	(75,000)
Transfer to Cemetery Fund	(8,300)	0	(8,300)
Total other financing sources (uses)	<u>(106,675)</u>	<u>106,675</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,723	12,373	14,096
<b>FUND BALANCES - JANUARY 1, 2010 - Restated</b>	<u>439,260</u>	<u>637,045</u>	<u>1,076,305</u>
<b>FUND BALANCES - DECEMBER 31, 2010</b>	<u>\$ 440,983</u>	<u>\$ 649,418</u>	<u>\$1,090,401</u>

TOWN OF RYEGATE, VERMONT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2010

EXHIBIT F

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	14,096
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Amounts reported for governmental activities in the statement of activities are different because:

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 (\$289,665) exceeds depreciation expense (\$110,000) in the period.		179,665
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Repayment of lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		13,617
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Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis. The deferred property taxes increased by \$19,307.		<u>19,307</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>226,685</u></u>
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TOWN OF RYEGATE, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

EXHIBIT G

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes	\$ 670,262	\$ 650,926	\$ (19,336)
Intergovernmental:			
Highway state aid	110,000	118,939	8,939
Highway state grant	0	88,868	88,868
Pilot	500	1,537	1,037
Miscellaneous grant revenue	0	6,733	6,733
Licenses and fees:			
Equalized Grand List Maintenance	0	108	108
Liquor licenses	50	50	0
Permits zoning/planning	200	280	80
Marriage licenses	0	360	360
Dog licenses	1,600	2,412	812
Town Clerk fees	7,000	9,402	2,402
Town of Groton recycling	1,500	1,500	0
Fines and penalties:			
Delinquent tax penalty	0	6,485	6,485
Traffic control	500	786	286
Interest:			
Delinquent tax interest	4,000	6,849	2,849
Interest	5,000	8,802	3,802
Total revenues	800,612	904,037	103,425
<b>EXPENDITURES</b>			
<b>Current</b>			
<b>General Government:</b>			
<b>Officials</b>			
Animal care	500	440	60
Auditors salaries	1,500	131	1,369
Auditors supplies	0	20	(20)
Ballot clerk salaries	750	942	(192)
Cemetery fencing & repair	500	0	500
Dog catcher labor	1,000	518	482
Health officer	50	0	50
Listers' computer support	950	1,352	(402)
Listers' salaries	15,000	12,738	2,262
Listers' supplies	500	410	90
Listers' telephone	450	472	(22)
Selectmen salaries	3,000	3,000	0
Tax collector commission	0	6,485	(6,485)

TOWN OF RYEGATE, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

EXHIBIT G

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Tax collector expense	200	176	24
Town officers conf/mtgs	1,000	730	270
Town patrol/sheriff contract	4,000	5,078	(1,078)
Zoning/Planning commission	200	136	64
Total Officials	<u>29,600</u>	<u>32,628</u>	<u>(3,028)</u>
Town Offices			
Office salaries	37,516	37,419	97
Medical benefits	16,488	16,651	(163)
Retirement benefits	1,250	1,323	(73)
Workers' compensation	300	320	(20)
Computer support	2,000	1,704	296
Machinery & equipment repair	100	0	100
Machinery & equipment purchase	100	0	100
Marriage license fees	0	280	(280)
Dog fees	1,400	1,512	(112)
Postage	1,100	1,002	98
Supplies	1,200	1,340	(140)
Telephone & internet	1,200	1,122	78
Town website	600	231	369
Fuel oil	2,200	1,754	446
Groundwork	900	726	174
Utilities	950	914	36
Total Town Office	<u>67,304</u>	<u>66,298</u>	<u>1,006</u>
General			
Beach repairs & maintenance	2,000	2,368	(368)
Cemetery flags	200	144	56
County tax	13,630	13,630	0
Elections advertising	150	0	150
FICA - employer	17,219	16,014	1,205
Fire Warden expense	200	0	200
Legal and outside audit fees	3,500	10,149	(6,649)
Meeting & bid advertising	100	38	62
Recycling expense	4,000	3,343	657
Ryegate Green-Up	800	544	256
Ryegate Historical Society	200	200	0
Tax maps	1,500	0	1,500
Town building repairs & maintenance	3,000	528	2,472
Town report	1,600	1,706	(106)
VLCT dues	1,841	1,841	0
VLCT PACIF insurance	20,845	16,624	4,221



TOWN OF RYEGATE, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

EXHIBIT G

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Miscellaneous grant expense	0	6,732	(6,732)
Total General	70,785	73,861	(3,076)
<b>Total General Government</b>	<b>167,689</b>	<b>172,787</b>	<b>(5,098)</b>
<b>Public Safety</b>			
Fire Department			
Buildings (So. Ryegate)	200	55	145
Buildings (Ryegate Corner)	5,000	4,208	792
Diesel	1,000	537	463
Dispatch	1,500	1,500	0
Dry hydrant	1,000	0	1,000
Dues	900	789	111
Dumpster	200	156	44
Equipment Replacement Fund	1,000	1,000	0
Fuel oil (Ryegate Corner)	2,800	2,285	515
Fuel oil (So. Ryegate)	700	348	352
Gasoline	300	274	26
Insurance - accident	2,000	1,975	25
Machinery & equipment (Ryegate Corner)	10,000	10,686	(686)
Repairs	2,500	5,253	(2,753)
Supplies	1,000	1,167	(167)
Telephone & internet	900	991	(91)
Training	2,000	2,001	(1)
Utilities (So. Ryegate)	500	354	146
Utilities (Ryegate Corner)	1,200	851	349
Volunteer administration	6,000	5,755	245
Workers' compensation	1,300	637	663
Budget reclassification to reserve	(1,178)	0	(1,178)
Total Fire Department	40,822	40,822	0
Ambulance	16,214	16,214	0
Fast Squad - Groton/Ryegate	6,000	6,000	0
Total Public Safety	63,036	63,036	0
<b>Highway &amp; Streets - Highway Department</b>			
2001 loader	3,000	2,018	982
2004 Chevy truck/plow/sander	3,000	2,176	824
2004 grader	3,000	1,779	1,221
2006 Chevy truck/plow/sander	2,000	2,905	(905)
2008 Int'l truck/plow/sander	1,500	1,859	(359)
2009 Int'l truck/plow/sander	1,500	1,538	(38)
2011 Int'l truck/plow/sander	0	1,341	(1,341)
Class IV roads	3,000	694	2,306

TOWN OF RYEGATE, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

EXHIBIT G

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Cold patch	500	440	60
Culvert steamer	250	0	250
Diesel	25,000	22,795	2,205
Equipment rental	3,000	2,600	400
Fuel oil	3,500	3,036	464
Gasoline	10,000	8,530	1,470
Gravel	40,000	35,147	4,853
Guardrails	5,000	3,500	1,500
Medical benefits	46,047	47,073	(1,026)
Motor oil	1,750	918	832
Road repairs	5,500	0	5,500
Retirement benefits	10,312	8,988	1,324
Road signs	500	106	394
Roadside mowing	4,000	4,604	(604)
Summer calcium chloride	6,000	3,160	2,840
Culverts	2,500	2,019	481
Summer road labor	65,000	60,449	4,551
Supplies	5,000	4,010	990
Telephone	600	554	46
Tires	5,000	4,244	756
Tools	1,000	1,012	(12)
Town garage upkeep	1,500	450	1,050
Training	500	125	375
Tree removal/brush cutting	2,500	0	2,500
Uniforms	4,500	4,375	125
Utilities	1,350	1,367	(17)
VLCT unemployment insurance	1,162	1,162	0
Winter labor	100,000	85,197	14,803
Winter road salt	12,000	8,902	3,098
Winter road sand	15,000	5,859	9,141
Workers' compensation insurance	13,000	13,272	(272)
Budget reclassification to reserve	(72,197)	0	(72,197)
Total Highway & Streets - Highway Dept.	<u>336,774</u>	<u>348,204</u>	<u>(11,430)</u>
<b>Cultural and Recreational - Contributions</b>			
American Red Cross	200	200	0
BMU Little League	100	100	0
Catamount Arts	400	400	0
4th of July Committee	200	200	0
Groton Food Shelf	300	300	0
Home Health Care	1,000	1,000	0

TOWN OF RYEGATE, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE COMPARED TO BUDGET  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

EXHIBIT G

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Libraries	200	200	0
Little River's Health Care	2,000	2,000	0
NEK Mental Health	500	500	0
NEK Adult Basic Education	200	200	0
NEK Youth Services	250	250	0
Northern Vermont Development Assoc.	500	500	0
Oxbow Sr. Independence Program	300	300	0
Rural Community Transport	850	850	0
Rivers Reach	1,200	0	1,200
Umbrella	400	400	0
VT Center for Independent Living	265	265	0
VT Green Up	25	25	0
VT Office of Aging	300	300	0
VT Veteran Memorial	100	100	0
Total Cultural & Recreation - Contributions	<u>9,290</u>	<u>8,090</u>	<u>1,200</u>
<b>Capital outlay</b>			
Road resurfacing	100,000	86,794	13,206
Road resurfacing grant	0	99,580	(99,580)
Total Capital Outlay	<u>100,000</u>	<u>186,374</u>	<u>(86,374)</u>
<b>Debt Service</b>			
Principal	13,617	13,617	0
Interest	3,531	3,531	0
Total Debt Service	<u>17,148</u>	<u>17,148</u>	<u>0</u>
Total expenditures	<u>693,937</u>	<u>795,639</u>	<u>(101,702)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>106,675</u>	<u>108,398</u>	<u>1,723</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to Fire Dept. Equipment Fund	(1,178)	(1,178)	0
Transfer from Highway & Road Fund	50,000	50,000	0
Transfer to Highway & Road Fund	(72,197)	(72,197)	0
Transfer to Highway Machine Fund	(75,000)	(75,000)	0
Transfer to Cemetery Fund	(8,300)	(8,300)	0
Total other financing sources (uses)	<u>(106,675)</u>	<u>(106,675)</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 0</u>	<u>1,723</u>	<u>\$ 1,723</u>
<b>FUND BALANCE - JANUARY 1, 2010 - Restated</b>		<u>439,260</u>	
<b>FUND BALANCE - DECEMBER 31, 2010</b>		<u>\$ 440,983</u>	

TOWN OF RYEGATE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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

**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 responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and implemented in 2010 by the Town are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statements No. 34 and No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The Town has elected to implement these standards in 2010. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Town's activities.

- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 38 establishes and modifies certain financial statement note disclosure requirements to make the financial statements more useful in the context of GASB Statement No. 34 reporting model. The statement had an impact on the presentation of the notes to the financial statements, but no impact on net assets.

The Town's management has implemented the revenue recognition reporting for property tax revenue. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e.: both measurable and available. "Available" for property tax revenue means collectable within 60 days. Delinquent property taxes not collected within 60 days of year end are recorded as deferred tax revenue. Property taxes are reported when levied with no consideration of when they are collected.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Town has elected to implement the general provisions of the Statement in the current year.

TOWN OF RYEGATE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 GASB 14 as amended by GASB 39 and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on the aforementioned 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 Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and 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.).

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.

TOWN OF RYEGATE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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, reserves, fund equity, revenue and expenditures. The various funds are reported by major funds within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB No. 34 and No. 37 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The General Fund is shown as a major fund. All other funds are nonmajor and are combined in one column in the fund financial statements.

The Town reports on the following major governmental fund:

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.

*Basis of Accounting*

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

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 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.

*Investments*

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

TOWN OF RYEGATE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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	7 – 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.

*Government-wide Net Assets*

Government-wide net assets 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 assets – consist of net assets that are restricted by enabling legislation, by grantors, and by other contributions.

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

*Governmental Fund Balances*

Governmental fund balances are reported as “reserved” when balances are not available for appropriation or expenditures (for example, because they represent supplies inventories) or because they are legally segregated for a specific use. The remaining balances are “unreserved” fund balances.

TOWN OF RYEGATE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Interfund Activities*

During the course of normal operations, the Town of Ryegate has transactions between funds including expenditures and transfers of resources to provide services, construct assets, and service debt. Interfund receivables and payables arise from transactions between funds and are recorded by all funds affected in the period in which the transactions are executed.

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.

*Budget Adoption and Comparisons*

The Selectboard approves a budget for the General Fund based on the budget and the Grand List and then determines the tax rate. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The Town is not legally required to adopt a budget for the Other Governmental Funds. Therefore, a budgetary comparison is not presented for this fund.

*Use of Estimates*

The presentation 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Treasurer invests excess cash according to policies established by the Selectboard.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The table below shows the custodial credit risk of the Town's deposits.

Insured by FDIC/SIPC	\$	505,400
Uninsured		491,301
Total	\$	<u>996,701</u>



TOWN OF RYEGATE, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2010  
 (Continued)

*Investments*

Investments as of December 30, 2010 were as follows:

Investment Type:	<u>Market Value &amp; Carrying Amount</u>
Mutual Funds	\$ 53,288
Common Stock	16,444
Total	<u>\$ 69,732</u>

*Interest Rate Risk* – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – The Town has no investment policy that would limit its investment choices.

*Concentration of Credit Risk* – The Town places no limit on the amount the Town may invest in any one issuer.

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The Town has combined some of the cash resources of its governmental funds for accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2010 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 0	\$ 245,657
Special Revenue Funds -		
Highway and Roads Fund	146,821	0
Reappraisal Fund	29,518	0
So. Ryegate Sewer Fund	31,974	0
Sand Shed Fund	20,000	0
Bridges Fund	5,682	0
Records Restoration Fund	10,484	0
Fire Dept. Equipment Fund	1,178	0
Total Special Revenue Funds	<u>245,657</u>	<u>0</u>
Total	<u>\$ 245,657</u>	<u>\$ 245,657</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010 was as noted below.

Depreciation expense of \$110,000 is included in the expenses as follows: general government \$3,171, public safety \$7,913, highway and streets \$98,022, and cultural and recreational \$894.

TOWN OF RYEGATE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

	Balance Dec. 31, 2009	Additions	Depreciation	Balance Dec. 31, 2010
Capital assets not depreciated - Land	\$ 27,905	\$ 0	\$ 0	\$ 27,905
Capital assets being depreciated				
Buildings and improvements	405,721	0	0	405,721
Equipment and vehicles	789,606	103,291	0	892,897
Infrastructure	539,513	186,374	0	725,887
Total capital assets being depreciated	<u>1,734,840</u>	<u>289,665</u>	<u>0</u>	<u>2,024,505</u>
Less accumulated depreciation for:				
Buildings and improvements	(160,337)	0	(8,651)	(168,988)
Equipment and vehicles	(418,707)	0	(59,169)	(477,876)
Infrastructure	(106,433)	0	(42,180)	(148,613)
Total accumulated depreciation	<u>(685,477)</u>	<u>0</u>	<u>(110,000)</u>	<u>(795,477)</u>
Total capital assets, net	<u>\$ 1,077,268</u>	<u>\$ 289,665</u>	<u>\$ (110,000)</u>	<u>\$ 1,256,933</u>

**NOTE 5 - DEFERRED REVENUE**

Deferred revenue in the General Fund consists of \$96,469 in delinquent taxes not collected within sixty (60) days after the calendar year end.

**NOTE 6 - LONG-TERM LEASE LIABILITY**

Long-term lease liability at December 31, 2010 consisted of the following:

Kansas State Bank, interest at 4.72% with annual principal and interest payments of \$17,148 beginning January 15, 2005, due January 15, 2014. \$ 61,203

The interest portion of the payment made during the year ended December 31, 2010 was \$3,531.

Maturities for long-term lease debt are as follows:

	Principal	Interest	Totals
2011	\$ 14,259	\$ 2,889	\$ 17,148
2012	14,932	2,216	17,148
2013	15,637	1,511	17,148
2014	16,375	773	17,148
Totals	<u>\$ 61,203</u>	<u>\$ 7,389</u>	<u>\$ 68,592</u>

The following change to the long-term lease liability during 2010 was a principal payment of \$13,617.

TOWN OF RYEGATE, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2010  
 (Continued)

**NOTE 7 – RESTRICTED NET ASSETS/ RESERVED FUND BALANCES**

The restricted net assets and reserved fund balances consisted of the following as of December 31, 2010:

	Restricted/ <u>Reserved</u>
Highway and roads	146,821
Reappraisal	29,518
So. Ryegate Sewer	31,974
Sand shed	20,000
Bridges	5,682
Records Restoration	10,484
Act 200 Fund	5,989
Fire Department Equipment	23,138
Highway Machine	105,163
Ryegate History Comm.	17,490
Nicole Hayne Fund	16,353
M. Hall Library Fund	51,421
W. Sutton Memorial	106
E. Ryegate Library Fund	1,880
Cemetery Trust Fund	50,723
Ticklenaked Pond	3,520
Lind Homes Housing	4,303
Cemetery Fund	121,264
Misc. Others	3,589
Total	<u>\$ 649,418</u>

**NOTE 8 – RESTATED JANUARY 1, 2010 FUND BALANCE**

The beginning fund balance at January 1, 2010 has been restated by \$77,162 to reflect a change in accounting policy related to management’s implementation of the revenue recognition for property tax revenue. See the detail explanation in Note 1 on page 19.

**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. The tax is payable in one installment due September 10. Interest of 1% per month is charged for installments not paid by the due date and any taxes not paid by October 10 are delinquent and are assessed an 8% penalty.

The tax rate for fiscal year 2010 was:

Town	\$ 0.1574
Highway	0.3143
Total Tax Rate	<u>\$ 0.4717</u>

TOWN OF RYEGATE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

**NOTE 10 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2010, expenditures exceeded appropriations in the General Fund by \$101,702. The excess expenditures were funded by excess revenues.

**NOTE 11 - RETIREMENT BENEFIT PLAN**

*Vermont Municipal Employees' Retirement System*

All eligible full-time employees are covered by the Vermont Municipal Employees' Retirement System. The Vermont Municipal Employees' Retirement System is a cost sharing multiple-employer public employees' retirement system. Vermont State statutes provide the authority under which benefit provisions and the obligation to contribute are established.

The Town and employees make required contributions to the System based upon a valuation report prepared by the System's actuary.

The Town participates in the Group C level of contributions and benefits of the System. Under Group C, the employee contributions are 9% of gross pay and employer contributions are 6% of gross pay from January 1, 2010 through June 30, 2010. Effective July 1, 2010 the employee rate increased to 9.25% and the employer rate increased to 6.5%. Of the Town's total payroll of \$216,297, \$143,829 was covered under the Vermont Municipal Employees' Retirement System. Total employer contributions made to the System for the year ended December 31, 2010 were \$8,988.

The State of Vermont issues an audited Financial Report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

**NOTE 12 - RISK MANAGEMENT**

The Town of Ryegate 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 of Ryegate maintains commercial insurance coverage for each of these 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 fiscal years.

**NOTE 13 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 30, 2012, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.

SCHEDULE 1

TOWN OF RYEGATE, VERMONT  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 DECEMBER 31, 2010

	Highway & Roads	Reappraisal	So. Ryegate Sewer	Sand Shed	Bridges	Records Restoration	Act 200 Fund	Fire Dept. Equip.	Highway Machine	Ryegate History Comm.
Cash and investments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,989	\$ 21,960	\$ 105,163	\$ 17,490
Due from other funds	146,821	29,518	31,974	20,000	5,682	10,484	0	1,178	0	0
Total assets	<u>\$ 146,821</u>	<u>\$ 29,518</u>	<u>\$ 31,974</u>	<u>\$ 20,000</u>	<u>\$ 5,682</u>	<u>\$ 10,484</u>	<u>\$ 5,989</u>	<u>\$ 23,138</u>	<u>\$ 105,163</u>	<u>\$ 17,490</u>

LIABILITIES AND  
 FUND BALANCES

Fund balances - Reserved										
Special revenue funds	\$ 0	\$ 29,518	\$ 31,974	\$ 0	\$ 0	\$ 10,484	\$ 5,989	\$ 0	\$ 0	\$ 17,490
Capital projects funds	146,821	0	0	20,000	5,682	0	0	23,138	105,163	0
Total liabilities and fund balances	<u>\$ 146,821</u>	<u>\$ 29,518</u>	<u>\$ 31,974</u>	<u>\$ 20,000</u>	<u>\$ 5,682</u>	<u>\$ 10,484</u>	<u>\$ 5,989</u>	<u>\$ 23,138</u>	<u>\$ 105,163</u>	<u>\$ 17,490</u>

(Continued on next page)

SCHEDULE 1

TOWN OF RYEGATE, VERMONT  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	Nicole Hayne Fund	M. Hall Library Fund	W. Sutton Memorial	E. Ryegate Library Fund	Cemetery Trust Fund	Ticklenaked Pond	Lind Homes Housing	Cemetery Fund	Misc. Others	Total
Cash and investments	\$ 16,353	\$ 51,421	\$ 106	\$ 1,880	\$ 50,723	\$ 3,520	\$ 4,303	\$ 121,264	\$ 3,589	\$ 403,761
Due from other funds	0	0	0	0	0	0	0	0	0	245,657
Total assets	\$ 16,353	\$ 51,421	\$ 106	\$ 1,880	\$ 50,723	\$ 3,520	\$ 4,303	\$ 121,264	\$ 3,589	\$ 649,418

LIABILITIES AND  
 FUND BALANCES

Fund balances - Reserved										
Special revenue funds	\$ 16,353	\$ 51,421	\$ 106	\$ 1,880	\$ 50,723	\$ 3,520	\$ 4,303	\$ 121,264	\$ 3,589	\$ 348,614
Capital projects funds	0	0	0	0	0	0	0	0	0	300,804
Total liabilities and fund balances	\$ 16,353	\$ 51,421	\$ 106	\$ 1,880	\$ 50,723	\$ 3,520	\$ 4,303	\$ 121,264	\$ 3,589	\$ 649,418

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TOWN OF RYEGATE, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2010

	Highway & Roads	Reappraisal	So. Ryegate Sewer	Sand Shed	Bridges	Records Restoration	Act 200 Fund	Fire Dept. Equip.	Highway Machine	Ryegate History Comm.
<b>REVENUES</b>										
Intergovernmental	\$ 0	\$ 7,277	\$ 0	\$ 0	\$ 0	\$ 810	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous	0	0	3,136	0	0	0	0	1,000	0	0
Investment income	0	0	0	0	0	0	30	53	254	87
Total revenues	0	7,277	3,136	0	0	810	30	1,053	254	87
<b>EXPENDITURES</b>										
General government	0	1,425	0	0	0	0	0	0	0	0
Highways and street	0	0	0	0	566	0	0	0	695	0
Cultural and recreational	0	0	0	0	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0	0	103,291	0
Total expenditures	0	1,425	0	0	566	0	0	0	103,986	0
<b>EXCESS REVENUES (EXPENDITURES)</b>	0	5,852	3,136	0	(566)	810	30	1,053	(103,732)	87
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers to General Fund	(50,000)	0	0	0	0	0	0	0	0	0
Transfers from General Fund	72,197	0	0	0	0	0	0	1,178	75,000	0
Total other financing	22,197	0	0	0	0	0	0	1,178	75,000	0
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	22,197	5,852	3,136	0	(566)	810	30	2,231	(28,732)	87
<b>FUND BALANCES - JANUARY 1, 2010</b>	124,624	23,666	28,838	20,000	6,248	9,674	5,959	20,907	133,895	17,403
<b>FUND BALANCES - DECEMBER 31, 2010</b>	\$ 146,821	\$ 29,518	\$ 31,974	\$20,000	\$ 5,682	\$ 10,484	\$ 5,989	\$23,138	\$ 105,163	\$ 17,490

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SCHEDULE 2

TOWN OF RYEGATE, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2010

	Nicole Hayne Fund	M. Hall Library Fund	W. Sutton Memorial	E. Ryegate Library Fund	Cemetery Trust Fund	Ticklenaked Pond Fund	Lind Homes Housing	Cemetery Fund	Misc. Others	Total
<b>REVENUES</b>										
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,087
Miscellaneous	1,000	355	0	0	117	1,075	0	940	0	7,623
Investment income	203	4,197	1	2	1,169	0	21	1,091	16	7,124
Total revenues	1,203	4,552	1	2	1,286	1,075	21	2,031	16	22,834
<b>EXPENDITURES</b>										
General government	0	0	0	0	0	0	0	8,605	0	10,030
Highways and street	0	0	0	0	0	0	0	0	0	1,261
Cultural and recreational	600	400	0	0	445	1,109	0	0	0	2,554
Capital outlay	0	0	0	0	0	0	0	0	0	103,291
Total expenditures	600	400	0	0	445	1,109	0	8,605	0	117,136
<b>EXCESS REVENUES (EXPENDITURES)</b>	603	4,152	1	2	841	(34)	21	(6,574)	16	(94,302)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers to General Fund	0	0	0	0	0	0	0	0	0	(50,000)
Transfers from General Fund	0	0	0	0	0	0	0	8,300	0	156,675
Total other financing	0	0	0	0	0	0	0	8,300	0	106,675
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	603	4,152	1	2	841	(34)	21	1,726	16	12,373
<b>FUND BALANCES - JANUARY 1, 2010</b>	15,750	47,269	105	1,878	49,882	3,554	4,282	119,538	3,573	637,045
<b>FUND BALANCES - DECEMBER 31, 2010</b>	\$ 16,353	\$ 51,421	\$ 106	\$ 1,880	\$ 50,723	\$ 3,520	\$ 4,303	\$ 121,264	\$ 3,589	\$ 649,418

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# FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



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## 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*

January 30, 2012

To the Selectboard  
Town of Ryegate  
Ryegate Corner, Vermont

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Town of Ryegate, Vermont as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

*A material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town of Ryegate, Vermont in a separate letter dated January 30, 2012.

This report is intended solely for the information and use of management, the Selectboard, others within the entity, legislative or regulatory body and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Fothergill Segale + Valley, CPAs*

FOTHERGILL SEGALE & VALLEY, CPAs  
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