

TOWN OF NEW HAVEN VERMONT

FINANCIAL REPORT

December 31, 2015

TABLE OF CONTENTS

Independent Auditor’s Report	1-2
Management Discussion & Analysis	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Funds to the Statement of Activities.....	15
Combining Balance Sheet – Major Governmental Funds.....	16
Combining State of Revenues and Expenditures and Change in Fund Balance – Major Governmental Funds.....	17
Notes to Financial Statements	18-28
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Change in Fund Balance – Budget to Actual – General Fund.....	29
Statement of Revenues, Expenditures, and Change in Fund Balance – Budget to Actual – Road Fund.....	30
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	31
Combining State of Revenues and Expenditures and Change in Fund Balance – Nonmajor Governmental Funds.....	32

Telling & Associates, CPA PC

Certified Public Accountants
5 Park Street – Middlebury, VT 05753

Independent Auditor's Report

The Board of Selectmen
Town of New Haven
New Haven, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Haven, Vermont, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Haven, Vermont, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 27-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Haven, Vermont's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Telling & Associates, CPA, PC

Telling & Associates, CPA, PC
Middlebury, Vermont
January 20, 2016
License # 092-0000692

TOWN OF NEW HAVEN, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

The following is a discussion and analysis of the Town of New Haven, Vermont's financial performance for the fiscal year ended December 31, 2015. This section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The Town of New Haven, Vermont's revenues were \$4,865,056 compared to \$5,336,658 for the years ended December 31, 2015 and 2014, respectively; this is an 8.8% decrease.

The Town of New Haven, Vermont's expenditures were \$4,862,410 compared to \$4,723,350 for the years ended December 31, 2015 and 2014, respectively; this is a 2.9% increase.

The Town of New Haven, Vermont's total assets, in accordance with GASB 34 accounting, were \$4,619,687 compared to \$4,648,245 for the years ended December 31, 2015 and 2014, respectively.

The Town of New Haven, Vermont's total liabilities, in accordance with GASB 34 accounting, were \$412,188 compared to \$442,298 for the years ended December 31, 2015 and 2014, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: MD&A (this section), the basic financial statements, the required supplementary information, and the supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are Town-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Town-wide statements. The fund financial statements concentrate on the Town's major funds with all other non-major funds listed in total in one column.
- The governmental funds statements tell how basic services such as roads and capital improvements were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the Town-Wide and Fund Financial Statements

	Town-Wide	Fund Financial Statements Governmental Funds
Scope	Entire Town	The activities of the Town that are not propriety or fiduciary, such as roads.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of assets/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-Wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it has changed. Net position – the difference between the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the Town's financial health or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Town's overall health, you need to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of buildings and other facilities.

In the government-wide financial statements, the Town's activities are shown as Governmental Activities. Most of the Town's basic services are included here, such as general government and public works. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds – not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The Town establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as state grants).

The Town has the following types of funds:

- **Governmental Funds:** All of the Town's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that 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.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's total assets as of December 31, 2015 were \$4,619,687, a 0.6% decrease from the prior year.

Total liabilities as of December 31, 2015 were \$412,188, a 6.8% decrease from the prior year as a result of principal payments on long-term debt. The excess of revenues over expenditures resulted in the increase in net position.

All the changes are detailed as follows:

	December 31, 2015	December 31, 2014	Percentage Change
Assets			
Other assets	\$ 1,068,562	\$ 987,165	8.2%
Capital assets	3,551,125	3,661,080	-3.0
Total assets	<u>\$ 4,619,687</u>	<u>\$ 4,648,245</u>	<u>-0.6%</u>
Liabilities			
Long-term debt outstanding	\$ 380,000	\$ 410,000	-7.3%
Other liabilities	32,188	32,298	-0.3
Total liabilities	<u>412,188</u>	<u>442,298</u>	<u>-6.8</u>
Deferred inflows of resources			
Taxes paid in advance	<u>1,845</u>	<u>2,939</u>	<u>-37.2</u>
Net position			
Net investment in capital assets	3,141,125	3,221,080	-2.5
Restricted	177,638	112,117	58.4
Unrestricted	886,891	869,811	2.0
Total net position	<u>4,205,654</u>	<u>4,203,008</u>	<u>0.1</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,619,687</u>	<u>\$ 4,648,245</u>	<u>-0.6%</u>

For the year ended December 31, 2015, total revenue decreased 8.8%. This was a result of a decrease in property tax revenue and grant revenues.

For the year ended December 31, 2015 total expenditures increased by 2.9%. This was a result of increases in public safety, public works, and cemetery expenses.

All the changes are detailed as follows:

	December 31, 2015	December 31, 2014	Percentage Change
Revenues			
Program Revenues			
Charges for services	\$ 100,398	\$ 60,421	66.2%
Operating grants	125,047	352,291	-64.5
Capital grants	-	223,743	-100.0
General revenues			
Real property taxes	4,597,408	4,686,655	-1.9
Investment income	887	3,490	-74.6
Miscellaneous	41,316	10,058	310.7
Total revenues	<u>4,865,056</u>	<u>5,336,658</u>	<u>-8.8%</u>
Expenses			
General government	473,751	407,499	16.3
Cemetery	11,034	8,254	33.7
Education	3,463,546	3,484,722	-0.6
Employee benefits	103,234	102,174	1.0
Public safety	79,732	51,707	54.2
Public works	688,899	627,389	9.8
Recreation	23,862	22,516	6.0
Interest	18,352	19,089	-3.9
Total expenses	<u>4,862,410</u>	<u>4,723,350</u>	<u>2.9</u>
Change in net position	<u>2,646</u>	<u>613,308</u>	<u>-99.6</u>
Net position – beginning of year, as previously stated	4,203,008	3,261,225	28.9
Prior period adjustment	-	328,475	-100.0
Net position – beginning of year, as restated	<u>4,203,008</u>	<u>3,589,700</u>	<u>17.1</u>
Net position – end of year	<u>\$ 4,205,654</u>	<u>\$ 4,203,008</u>	<u>0.1%</u>

**FINANCIAL ANALYSIS OF THE
TOWN'S FUNDS**

The Town's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the fund's projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from issuance of debt, the current payments for capital assets, and the current payment for debt in its revenue and expenditures.

General Fund Budgetary Highlights

The Town had a negative performance of expenditures with the budget of \$674,213 and actual performance of \$676,600.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

For the year ended December 31, 2015, the Town had \$3,551,125 invested in capital assets (net of accumulated depreciation), compared to \$3,661,080 for the year ended December 31, 2014.

Capital Assets (Net of Depreciation)			
	Governmental Activities and Total Town		Percentage Change
	<u>Beginning</u>	<u>Ending</u>	
Land	\$ 65,000	\$ 65,000	0.0%
Building and improvements	971,406	955,201	-1.7
Infrastructure	1,729,176	1,651,206	-4.5
Office furniture	3,620	1,689	-53.3
Vehicles	193,024	155,096	-19.6
Machinery and equipment	81,829	99,231	21.3
Construction in progress	617,025	623,702	1.1
Total	\$ <u>3,661,080</u>	\$ <u>3,551,125</u>	<u>-3.0%</u>

Long-Term Debt

At year-end, the Town had \$410,000 in long-term liabilities as follows:

Outstanding Long-term Debt	<u>Total Town</u>		<u>Percentage Change</u>
	<u>Beginning</u>	<u>Ending</u>	
Note payable	\$ 440,000	\$ 410,000	-6.8%
Total	\$ 440,000	\$ 410,000	-6.8%

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town was not aware of any circumstances that could affect its future financial health.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Town Office
 Town of New Haven, Vermont
 78 North Street
 New Haven, VT 05472
 (802) 453-3516

TOWN OF NEW HAVEN, VERMONT
Statement of Net Position
December 31, 2015

Assets

Current assets:

Cash	\$	979,339
Property taxes receivable		78,897
Interest and penalties receivable		10,326
Total current assets		1,068,562

Noncurrent assets:

Land, building, and equipment - net of accumulated depreciation of \$2,176,819		3,551,125
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Total assets	\$	4,619,687
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Liabilities

Current liabilities:

Accrued liabilities	\$	2,188
Current portion of long-term debt		30,000
Total current liabilities		32,188

Long-term liabilities:

Bond payable, less current portion		380,000
Total liabilities		412,188

Deferred inflows of resources

Taxes paid in advance		1,845
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Net Position

Net investment in capital assets		3,141,125
Restricted		177,638
Unrestricted		886,891
Total net position		4,205,654

Total liabilities, deferred inflows of resources, and net position	\$	4,619,687
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The accompanying notes are an integral part of the financial statements.

TOWN OF NEW HAVEN, VERMONT
Statement of Activities
Governmental Activities
For the Year Ended December 31, 2015

Functions and programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Governmental activities				
General government	\$ 473,751	\$ 75,927	\$ 392	\$ (397,432)
Cemetery	11,034	-	-	(11,034)
Education	3,463,546	-	-	(3,463,546)
Employee benefits	103,234	-	-	(103,234)
Public safety	79,732	24,471	124,655	69,394
Public works	688,899	-	-	(688,899)
Recreation	23,862	-	-	(23,862)
Interest	18,352	-	-	(18,352)
Total functions and programs	\$ 4,862,410	\$ 100,398	\$ 125,047	\$ (4,636,965)
General revenues				
Real property taxes				4,597,408
Investment income				887
Miscellaneous				41,316
Total general revenues				4,639,611
Change in net position				2,646
Total net position - beginning of year				4,203,008
Total net position - end of year				4,205,654

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW HAVEN, VERMONT
Balance Sheet - Governmental Funds
December 31, 2015

	<u>General</u>	<u>Road</u>	<u>Major Special Revenue</u>	<u>Nonmajor Special Revenue</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 223,388	\$ -	\$ 658,064	\$ 97,887	\$ 979,339
Property taxes receivable	78,897	-	-	-	78,897
Interest and penalties receivable	10,326	-	-	-	10,326
Due from other funds	-	177,638	-	-	177,638
Total assets	\$ 312,611	\$ 177,638	658,064	\$ 97,887	\$ 1,246,200
Liabilities					
Due to other funds	\$ 177,638	\$ -	\$ -	\$ -	\$ 177,638
Unearned property tax revenue	85,684	-	-	-	85,684
Total liabilities	263,322	-	-	-	263,322
Deferred inflows of resources					
Taxes paid in advance	1,845	-	-	-	1,845
Total deferred inflows of resources	1,845	-	-	-	1,845
Fund balances					
Restricted <i>Road fund</i>	-	177,638	-	-	177,638
Committed	-	-	-	-	-
Assigned <i>by board</i>	-	-	658,064	97,887	755,951
Unassigned <i>General Fund Budget</i>	47,444	-	-	-	47,444
Total fund balances	47,444	177,638	658,064	97,887	981,033
Total liabilities, deferred inflows of resources, and fund balances	\$ 312,611	\$ 177,638	\$ 658,064	\$ 97,887	\$ 1,246,200

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW HAVEN, VERMONT
Reconciliation of Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2015

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position</u>
Assets				
Cash	\$ 979,339	\$ -	\$ -	\$ 979,339
Property taxes receivable	78,897	-	-	78,897
Interest and penalties receivable	10,326	-	-	10,326
Due from other funds	177,638	-	(177,638)	-
Capital assets, net of accumulated depreciation	<u>-</u>	<u>3,551,125</u>	<u>-</u>	<u>3,551,125</u>
Total assets	<u>\$ 1,246,200</u>	<u>\$ 3,551,125</u>	<u>\$ (177,638)</u>	<u>\$ 4,619,687</u>
Liabilities				
Accrued liabilities	\$ -	\$ 2,188	\$ -	\$ 2,188
Due to other funds	177,638	-	(177,638)	-
Unearned property tax revenue	85,684	(85,684)	-	-
Bonds payable	<u>-</u>	<u>410,000</u>	<u>-</u>	<u>410,000</u>
Total liabilities	<u>263,322</u>	<u>326,504</u>	<u>(177,638)</u>	<u>412,188</u>
Deferred inflows of resources				
Taxes paid in advance	<u>1,845</u>	<u>-</u>	<u>-</u>	<u>1,845</u>
Total deferred inflows of resources	<u>1,845</u>	<u>-</u>	<u>-</u>	<u>1,845</u>
Fund balance/net position				
Total fund balance/net position	<u>981,033</u>	<u>3,224,621</u>	<u>-</u>	<u>4,205,654</u>
Total liabilities, deferred inflows of resources, and fund balance/net position	<u>\$ 1,246,200</u>	<u>\$ 3,551,125</u>	<u>\$ (177,638)</u>	<u>\$ 4,619,687</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW HAVEN, VERMONT
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2015

	<u>General</u>	<u>Road</u>	<u>Major Special Revenue</u>	<u>Nonmajor Special Revenue</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 3,930,451	\$ 635,467	-	\$ -	\$ 4,565,918
State of Vermont	392	124,655	-	-	125,047
Licenses, permits and fees	100,398	-	-	-	100,398
Investment income	559	-	285	43	887
Miscellaneous	221	22,937	-	18,158	41,316
Total revenues	<u>4,032,021</u>	<u>783,059</u>	<u>285</u>	<u>18,201</u>	<u>4,833,566</u>
Expenditures					
General government	430,343	-	20,888	6,230	457,461
Cemetery	7,314	-	-	3,720	11,034
Education	3,463,546	-	-	-	3,463,546
Employee benefits	45,006	57,654	-	574	103,234
Public safety	79,732	-	-	-	79,732
Public works	13,850	581,384	-	-	595,234
Recreation	23,862	-	-	-	23,862
Debt retirement:			-	-	
Principal	30,000	-	-	-	30,000
Interest	18,462	-	-	-	18,462
Total expenditures	<u>4,112,115</u>	<u>639,038</u>	<u>20,888</u>	<u>10,524</u>	<u>4,782,565</u>
Excess (deficiency) of revenues over expenditures	<u>(80,094)</u>	<u>144,021</u>	<u>(20,603)</u>	<u>7,677</u>	<u>51,001</u>
Other financing source (uses)					
Transfers in	-	35,000	141,000	532	176,532
Transfers out	(28,032)	(113,500)	(35,000)	-	(176,532)
Total other financing sources (uses)	<u>(28,032)</u>	<u>(78,500)</u>	<u>106,000</u>	<u>532</u>	<u>-</u>
Change in fund balance	(108,126)	65,521	85,397	8,209	51,001
Fund balance - beginning of year	<u>155,570</u>	<u>112,117</u>	<u>572,667</u>	<u>89,678</u>	<u>930,032</u>
Fund balances - end of year	<u>\$ 47,444</u>	<u>\$ 177,638</u>	<u>658,064</u>	<u>\$ 97,887</u>	<u>\$ 981,033</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW HAVEN, VERMONT
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
For the Year Ended December 31, 2015

	Total Governmental Funds	Long-term Revenues, Expenses	Capital Related Funds	Long-term Debt Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenues						
Property taxes	\$ 4,565,918	\$ 31,490	\$ -	\$ -	\$ -	\$ 4,597,408
State of Vermont	125,047	-	-	-	-	125,047
Licenses, permits and fees	100,398	-	-	-	-	100,398
Investment income	887	-	-	-	-	887
Miscellaneous	41,316	-	-	-	-	41,316
Total revenues	<u>4,833,566</u>	<u>31,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,865,056</u>
Expenditures/Expenses						
General government	457,461	38,178	(21,888)	-	-	473,751
Cemetery	11,034	-	-	-	-	11,034
Education	3,463,546	-	-	-	-	3,463,546
Employee benefits	103,234	-	-	-	-	103,234
Public safety	79,732	-	-	-	-	79,732
Public works	595,234	313,806	(220,141)	-	-	688,899
Recreation	23,862	-	-	-	-	23,862
Debt retirement:						
Principal	30,000	-	-	(30,000)	-	-
Interest	18,462	(110)	-	-	-	18,352
Total expenditures/expenses	<u>4,782,565</u>	<u>351,874</u>	<u>(242,029)</u>	<u>(30,000)</u>	<u>-</u>	<u>4,862,410</u>
Excess (deficiency) of revenues over expenditures	<u>51,001</u>	<u>(320,384)</u>	<u>242,029</u>	<u>30,000</u>	<u>-</u>	<u>2,646</u>
Other financing sources (uses)						
Transfers in	176,532	-	-	-	(176,532)	-
Transfers out	(176,532)	-	-	-	176,532	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change for the year	<u>\$ 51,001</u>	<u>\$ (320,384)</u>	<u>\$ 242,029</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 2,646</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW HAVEN, VERMONT
Combining Balance Sheets
Major Governmental- Special Revenue Funds
December 31, 2015

	<u>Fire Truck</u>	<u>Road Equipment</u>	<u>Reserve Facilities</u>	<u>Bridge</u>	<u>Totals</u>
Assets					
Cash	\$ <u>132,646</u>	\$ <u>121,871</u>	\$ <u>176,477</u>	\$ <u>227,070</u>	\$ <u>658,064</u>
Total assets	\$ <u><u>132,646</u></u>	\$ <u><u>121,871</u></u>	\$ <u><u>176,477</u></u>	\$ <u><u>227,070</u></u>	\$ <u><u>658,064</u></u>
Fund balance					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	132,646	121,871	176,477	227,070	658,064
Unassigned	-	-	-	-	-
	<u>132,646</u>	<u>121,871</u>	<u>176,477</u>	<u>227,070</u>	<u>658,064</u>
Total	\$ <u><u>132,646</u></u>	\$ <u><u>121,871</u></u>	\$ <u><u>176,477</u></u>	\$ <u><u>227,070</u></u>	\$ <u><u>658,064</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW HAVEN, VERMONT
Schedule of Revenues, Expenditures
And Changes in Fund Balances - Major Special Revenue Funds
For the Year Ended December 31, 2015

	<u>Fire Truck</u>	<u>Road Equipment</u>	<u>Reserve Facilities</u>	<u>Bridge</u>	<u>Total</u>
Revenues					
Investment income	\$ 56	\$ 40	\$ 95	\$ 94	\$ 285
Miscellaneous	-	-	-	-	-
Total revenues	<u>56</u>	<u>40</u>	<u>95</u>	<u>94</u>	<u>285</u>
Expenditures					
Expenses	-	-	20,888	-	20,888
Total expenditures	<u>-</u>	<u>-</u>	<u>20,888</u>	<u>-</u>	<u>20,888</u>
Excess (deficiency) of revenues over expenditures	<u>56</u>	<u>40</u>	<u>(20,793)</u>	<u>94</u>	<u>(20,603)</u>
Other financing sources (uses)					
Transfers in	27,500	63,500	-	50,000	141,000
Transfers out	-	(35,000)	-	-	(35,000)
Total	<u>27,500</u>	<u>28,500</u>	<u>-</u>	<u>50,000</u>	<u>106,000</u>
Change in fund balance	27,556	28,540	(20,793)	50,094	85,397
Fund balances, beginning of year	<u>105,090</u>	<u>93,331</u>	<u>197,270</u>	<u>176,976</u>	<u>572,667</u>
Fund balances, end of year	<u>\$ 132,646</u>	<u>\$ 121,871</u>	<u>\$ 176,477</u>	<u>\$ 227,070</u>	<u>\$ 658,064</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW HAVEN, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

The Town of New Haven, Vermont (the Town) is a unit of local government chartered by the State of Vermont. The Town operates under a Select Board – form of government and provides services as outlined in its charter. The Town provides the following services: public safety, roads and streets, public improvements, planning and zoning, and general administrative services.

a) Reporting Entity

Town of New Haven, Vermont is governed by a five member elected Select Board. Control or dependence on the Board was determined on the basis of budget adoptions, designation of management, influence over operations, and accountability for fiscal matters. The Town of New Haven, Vermont applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

b) Basis of Presentation

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. Adjustments have been made to minimize the effect of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town of New Haven, Vermont are organized on the basis of funds and account groups, each of which is considered a separate entity. The operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues and expenditures as appropriate.

TOWN OF NEW HAVEN, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Governmental Funds

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups are grouped, in the financial statements in this report, as follows:

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

Road Fund - This fund is used to account for revenue and expenditures of the Road Fund.

Special Revenue Funds - To account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

c) Measurement Focus and Basis of Accounting

The Town-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property tax revenue is considered available if collected within sixty days of fiscal year end.

d) Cash and Cash Equivalents

For the purpose of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

e) Capital assets

Property, vehicles and equipment are recorded at cost with depreciation computed using the straight-line method over their estimated useful lives of 7 to 40 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; renewals and betterments are capitalized. The capitalization threshold (the dollar value above which asset acquisitions are added to capital assets) is \$1,000.

TOWN OF NEW HAVEN, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

f) Net Position/Governmental Fund Balance

In the government-wide financial statements, net position are classified in the following categories:

Net Investment in Capital Assets— This category groups all capital assets into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category includes both designated and undesignated net position of the Town. Designated net position include reserves that were established by the Board, which are considered internally designated. Undesignated net position are not restricted for any project or purpose.

In the fund basis statements there are five classifications of fund balance:

Non-spendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balances. The Town has established the following restricted fund balances:

Road Fund: According to Vermont State statute, road funds must be used for road expenses of the Town. The reserve must be accounted for separate and apart from all other funds a detailed report of the operation and condition must be provided to the Board.

Committed – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, i.e., the legal voters of the Town. The Town has \$0 committed fund balance as of December 31, 2015.

Assigned – Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance in the General Fund. Encumbrances reported in the General Fund amounted to \$0. Assigned fund balance in the special revenue funds amounted to \$755,951.

Unassigned – Includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town.

TOWN OF NEW HAVEN, VERMONT

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

f) Net Position/Governmental Fund Balance (continued)

Order of use of fund balance:

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignment of fund balance cannot cause a negative unassigned fund balance.

g) Taxes Paid in Advance

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report taxes paid in advance as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

h) Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumption regarding certain types of assets, liabilities, revenues, and expenses. Such estimated primarily related to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated source.

Note 2. Stewardship, Compliance, and Accountability

a) Budgetary Information

At the annual meeting, the Select Board presents a general fund budget for the proposed expenditures of the fiscal year commencing January 1 of current year. The budget, as enacted by town meeting establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues.

b) Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to the budgetary data.

TOWN OF NEW HAVEN, VERMONT

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability (continued)

b) Budget/GAAP Reconciliation (continued)

The following is a summary of adjustments made to the actual revenues to conform to the budgetary basis of accounting.

General fund:	
Total revenues (GAAP basis)	\$ 4,032,021
Adjust tax revenue to accrual basis	(3,355,421)
Total revenues budgetary basis	\$ <u>676,600</u>

Note 3. Explanation of Certain Differences between Governmental Fund Statements and the Government-wide Statements

Total fund balances of the Town's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the statement of net position includes those capital assets among the assets of the Town as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. Long-term liabilities are reported in the statements of net position, but not in the governmental funds, because they are not due and payable in the current period.

Explanation of difference between Governmental Fund Balance and Government-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 981,033
Capital assets, net of related depreciation	3,551,125
Liabilities:	
Accrued interest	(2,188)
Unearned property taxes	85,684
Long-term:	
Bonds payable	<u>(410,000)</u>
Ending net position reported in Statement of Net Position for governmental activities	\$ <u>4,205,654</u>

TOWN OF NEW HAVEN, VERMONT

Notes to Financial Statements

Note 3. Explanation of Certain Differences between Governmental Fund Statements and the Government-wide Statements (continued)

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three categories. The amounts shown below represent:

i) Long-term Revenue and Expense Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

TOWN OF NEW HAVEN, VERMONT

Notes to Financial Statements

Note 3. Explanation of Certain Differences Between Fund Statements and Government-wide Statements (continued)

Explanation of Differences Between Governmental Funds Operating Statements and the Government Wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$	4,833,566
Revenue in the statement of activities that do not provide current financial resources (property taxes not collected within 60 days of fiscal year end) are not reported as revenue in the funds. This amount represents an increase in deferred property taxes.		
		31,940
Total revenues of governmental activities in the Statement of Activities	\$	4,865,056
 Total expenditures reported in governmental funds	 \$	 4,782,565

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlays		(242,029)
Current year depreciation		351,984

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.

Principal		(30,000)
Accrued interest		(110)

Total expenses of governmental activities in the Statement of Activities	\$	4,862,410
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Note 4. Cash and Cash Equivalents – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's aggregate bank balance (disclosed in the financial statements) included balances not covered by depository insurance at year-end, collateralized as follows:

Balance covered by collateralized securities held by the pledging financial institution: \$502,463

TOWN OF NEW HAVEN, VERMONT

Notes to Financial Statements

Note 5. Property Taxes

Property taxes attach as an enforceable lien on property as of the beginning of the year. Taxes are levied by September 1, and are payable by October 1. The Town of New Haven, Vermont bills and collects its own property taxes, as well as those for the Town School District and other assessments. Collections of the school taxes and other assessments and remittance of them are accounted for in the General Fund. All unpaid taxes become delinquent the date that the taxes are due. All delinquent taxes are assessed a late payment penalty of eight percent of the amount delinquent, and are charged interest at the rate of one percent per month. Delinquent taxes and related penalties and interest are recognized as revenue when received.

Town tax rate	\$.3750
Education tax rate - residential		1.5986
Education tax rate - nonresidential		1.5210

Note 6. Capital Assets

Property, vehicles and equipment used by the Town are as follows:

	12/31/14	Additions	Retirement	12/31/15
	Balance			Balance
Land	\$ 65,000	\$ -	\$ -	\$ 65,000
Buildings & improvements	1,302,688	21,888	-	1,324,576
Infrastructure	2,611,927	178,465	-	2,790,392
Office furniture	22,110	-	-	22,110
Vehicles	490,625	-	-	490,625
Machinery and equipment	411,539	35,000	(35,000)	411,539
Construction in progress	617,025	6,676	-	623,701
Total	5,520,914	242,029	(35,000)	5,727,943
	12/31/14	Additions	Retirement	12/31/15
Accumulated depreciation:	Balance			Balance
Building & improvements	331,282	38,094	-	369,376
Infrastructure	882,751	256,434	-	1,139,185
Office furniture	18,490	1,931	-	20,421
Vehicles	297,601	37,928	-	335,529
Machinery and equipment	329,710	17,597	(35,000)	312,307
Total	1,859,834	351,984	(35,000)	2,176,818
Total capital assets - net	\$ 3,661,080	\$ (109,955)	\$ -	\$ 3,551,125

Depreciation expense was charged to the governmental functions as follows:

General government	\$	38,178
Public works		313,806
Total	\$	351,984

TOWN OF NEW HAVEN, VERMONT

Notes to Financial Statements

Note 7. Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Unearned revenue in the General Fund consists of \$85,684 in delinquent taxes receivable not collected within 60 days of year.

Note 8. Long-Term Debt

Long-term liability activity for the year ended December 31, 2015 was as follows:

	12/31/14 Balance	Additions	Reduction	12/31/15 Balance
Governmental Activities				
Bonds payable	\$ 440,000	\$ -	\$ (30,000)	\$ 410,000
	\$ 440,000	\$ -	\$ (30,000)	\$ 410,000

Description	Interest Rate	Maturity Date	12/31/15 Balance
Bond payable – Town office renovations	1.391-4.981%	11/15/29	\$ 410,000
			\$ 410,000

The debt service requirements at December 31, 2015 for the next five years and thereafter are as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2016	\$ 30,000	\$ 17,504
2017	30,000	16,544
2018	30,000	15,497
2019	30,000	14,389
2020	30,000	13,231
2021 – 2025	150,000	47,041
2026 – 2029	110,000	12,952
	\$ 410,000	\$ 137,158

TOWN OF NEW HAVEN, VERMONT

Notes to Financial Statements

Note 9. Commitments

The Town of New Haven, Vermont leases a photocopier under an operating lease agreement. Total lease expense for the year ended December 31, 2015 was \$4,965.

Future minimum payments required under the terms of the current lease and contract agreements are as follows:

Year Ending December 31,	
2016	5,054
2017	5,469
2018	5,469
2019	5,469
2020	<u>5,469</u>
Total future minimum lease payments	\$ <u>26,930</u>

Note 10. Pension Plan

The Town provides a SIMPLE-IRA pension plan. The Town matches employee contribution up to 3%. Employees who receive a regular weekly paycheck and make more than \$5,000 per year are eligible for the plan. The Town's contribution for the year ended December 31, 2015 was \$3,364.

Note 11. Health Reimbursement Account

The Town provides a health reimbursement account for its employees not covered by Medicare. The Selectboard allocated specific dollar amounts per type of insurance and allowed each person to choose a plan. The portion of the allocation not used for premiums is allocated to their health reimbursement account. The Town's contribution for the year ended December 31, 2015 was \$0.

Note 12. Risk Management

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

Note 13. Contingencies

Federal and State Grants

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of such audits is not likely to have a material adverse effect on the Town's funds.

TOWN OF NEW HAVEN, VERMONT

Notes to Financial Statements

Note 14. Subsequent Events

The Select Board has evaluated subsequent events through January 20, 2016, the date on which the financial statements were available to be issued.

Telling & Associates, CPA PC

Certified Public Accountants
5 Park Street – Middlebury, VT 05753

January 20, 2016

To the Select Board
Town of New Haven, Vermont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of New Haven, Vermont for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 22, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of New Haven, Vermont are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by Town of New Haven, Vermont during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Town's financial statements was (were):

Management's estimate of the useful lives of fixed assets is based on historical data. We evaluated the key factors and assumptions used to develop the useful lives of fixed assets and landfill closure costs in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 20, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town of New Haven, Vermont's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of New Haven, Vermont's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison statements, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining individual nonmajor funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complied with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Select Board and management of Town of New Haven, Vermont and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Telling & Associates, CPA PC
Telling & Associates, CPA PC

Telling & Associates, CPA PC

Certified Public Accountants
5 Park Street – Middlebury, VT 05753

To Select Board of Town of New Haven, Vermont

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Haven, Vermont as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of New Haven, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of New Haven, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of New Haven, Vermont's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

Segregation of Duties

During the audit, we noted that the Town of New Haven, Vermont was lacking proper segregation of duties at times. Due to the size of the Town, one person is primarily responsible for all aspects of the accounting function having access to all aspects of the computer software system including creating and posting journal entries, and posting daily transactions.

Proper internal controls dictate a segregation of these functions. However as is common with small municipalities the number of employees is insufficient to separate these duties and improve internal controls and reduce the change of an error or irregularity going undetected.

Improve Internal Controls in the Highway Fund

During our discussion with management and our review of the internal controls in the highway fund we noted the following areas have changed and could be improved:

Proper internal controls dictate a system of oversight, which monitors the work being performed, time cards submitted and purchases being made. In the past these duties have been performed by either the Road Commissioner or a Select Board member.

This communication is intended solely for the information and use of management, Select Board, and others within Town of New Haven, Vermont, and is not intended to be, and should not be, used by anyone other than these specified parties.

Telling & Associates, CPA PC

Telling & Associates, CPA PC

Middlebury, Vermont

January 20, 2016

TOWN OF NEW HAVEN, VERMONT
Statement of Revenues, Expenditures
Budget and Actual - General Fund
For the Year Ended December 31, 2015

	Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
Revenues			
Property taxes	\$ 468,551	\$ 466,905	\$ (1,646)
Transfers from funds	2,214	-	(2,214)
Office revenues	51,800	101,570	49,770
Voted Surplus	151,648	108,125	(43,523)
	<u>674,213</u>	<u>676,600</u>	<u>2,387</u>
Expenditures			
Town offices	153,728	142,799	10,929
Town clerk	40,393	40,097	296
Treasurer	35,526	34,435	1,091
Listers	31,986	24,372	7,614
Delinquent tax collector	700	526	174
Zoning administration	30,269	27,855	2,414
Planning	9,902	5,503	4,399
Development review board	3,365	1,179	2,186
Board of civil authority	100	-	100
Elections	3,100	2,703	397
Auditors	9,792	9,087	705
Selectboard	23,169	22,271	898
Health officer	431	431	-
Constable/animal control	5,126	1,966	3,160
Sheriff's department	25,000	28,241	(3,241)
Regular items	14,500	13,850	650
Recreation	27,490	23,862	3,628
Cemetery	6,034	7,314	(1,280)
Town office/library	90,500	90,003	497
Town hall	14,500	43,291	(28,791)
Taxes	14,400	12,376	2,024
Fire and rescue	77,300	76,594	706
Transfers	8,000	532	7,468
Outside agencies	23,902	23,902	-
Solar opposition	25,000	43,411	(18,411)
Total expenditures	<u>674,213</u>	<u>676,600</u>	<u>(2,387)</u>
 Excess of revenues over expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

See independent auditor's report.

TOWN OF NEW HAVEN, VERMONT
Statement of Revenues, Expenditures
Budget and Actual - Road Fund
For the Year Ended December 31, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues			
Property taxes	\$ 635,467	635,467	-
State of Vermont	316,526	124,655	(191,871)
Transfers from funds	-	35,000	35,000
Miscellaneous	1,100	22,937	21,837
Voted Surplus	112,117	-	(112,117)
	<u>1,065,210</u>	<u>818,059</u>	<u>(247,151)</u>
Expenditures			
Wages	150,085	138,551	11,534
Payroll related	72,800	68,237	4,563
Payroll taxes	11,482	10,599	883
Garage expenses	19,000	15,718	3,282
Equipment	99,500	129,743	(30,243)
Maintenance	140,600	90,510	50,090
Bridges	153,000	57,215	95,785
Projects	323,743	178,465	145,278
Fund appropriation	95,000	63,500	31,500
Total expenditures	<u>1,065,210</u>	<u>752,538</u>	<u>312,672</u>
 Excess of revenues over expenditures	 \$ <u>-</u>	 <u>65,521</u>	 <u>65,521</u>

See independent auditor's report.

TOWN OF NEW HAVEN, VERMONT
Combining Balance Sheets
Nonmajor Governmental - Special Revenue Funds
December 31, 2015

Assets	Records Restoration	Office Equipment	Riverside Cemetery	West Cemetery	Reappraisal	Health Insurance	Community Projects	Totals
Cash	\$ 31,461	\$ 4,776	\$ 6,601	\$ 28,830	\$ 16,376	\$ 3,487	\$ 6,356	\$ 97,887
Total assets	\$ 31,461	\$ 4,776	\$ 6,601	\$ 28,830	\$ 16,376	\$ 3,487	\$ 6,356	\$ 97,887
Fund balance								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	31,461	4,776	6,601	28,830	16,376	3,487	6,356	97,887
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	\$ 31,461	\$ 4,776	\$ 6,601	\$ 28,830	\$ 16,376	\$ 3,487	\$ 6,356	\$ 97,887

See independent auditor's report.

TOWN OF NEW HAVEN, VERMONT
Schedule of Revenues, Expenditures
And Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Records Restoration	Office Equipment	Riverside Cemetery	West Cemetery	Reappraisal	Health Insurance	Community Projects	Total
Revenues								
Investment income	16 \$	2 \$	1 \$	15 \$	5 \$	1 \$	3 \$	43
Miscellaneous	2,124	-	6,600	-	8,000	-	1,434	18,158
Total revenues	<u>2,140</u>	<u>2</u>	<u>6,601</u>	<u>15</u>	<u>8,005</u>	<u>1</u>	<u>1,437</u>	<u>18,201</u>
Expenditures								
Expenses	6,051	-	2,220	1,500	-	574	179	10,524
Total expenditures	<u>6,051</u>	<u>-</u>	<u>2,220</u>	<u>1,500</u>	<u>-</u>	<u>574</u>	<u>179</u>	<u>10,524</u>
Excess (deficiency) of revenues over Expenditures	<u>(3,911)</u>	<u>2</u>	<u>4,381</u>	<u>(1,485)</u>	<u>8,005</u>	<u>(573)</u>	<u>1,258</u>	<u>7,677</u>
Other financing sources (uses)								
Transfers in	-	-	-	-	-	532	-	532
Transfers out	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	532	-	532
Change in fund balance	<u>(3,911)</u>	<u>2</u>	<u>4,381</u>	<u>(1,485)</u>	<u>8,005</u>	<u>(41)</u>	<u>1,258</u>	<u>8,209</u>
Fund balances, at beginning of year	<u>35,372</u>	<u>4,774</u>	<u>2,220</u>	<u>30,315</u>	<u>8,371</u>	<u>3,528</u>	<u>5,098</u>	<u>89,678</u>
Fund balances, at end of year	<u>\$ 31,461</u>	<u>\$ 4,776</u>	<u>\$ 6,601</u>	<u>\$ 28,830</u>	<u>\$ 16,376</u>	<u>\$ 3,487</u>	<u>\$ 6,356</u>	<u>\$ 97,887</u>

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