

WILLIAM YACAVONI
CERTIFIED PUBLIC ACCOUNTANT
301 North Main Street
Barre, VT 05641

Tel. 476-4464

Fax 476-7785

INDEPENDENT AUDITOR'S REPORT

Board of Selectmen
Town of Waitsfield, Vermont
Waitsfield, Vermont 05673

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Waitsfield, Vermont, as of and for the year ended December 31, 2007, which collectively comprise the Town of Waitsfield, Vermont basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Waitsfield, Vermont management. My responsibility is to express opinions on these financial statements based on my audit.

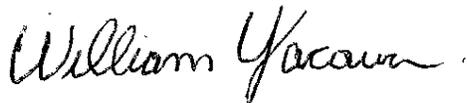
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform 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. I believe that my audit provides a reasonable basis for my opinions.

In my 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 Waitsfield, Vermont, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Selectmen
Town of Waitsfield, Vermont

In accordance with Government Auditing Standards, I have also issued my report dated January 24, 2008, on my consideration of the Town of Waitsfield, Vermont internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



William Yacavoni
Certified Public Accountant
License # 92-0000153
January 24, 2008

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 743,805
Accounts Receivable	7,736
Delinquent Taxes Receivable	<u>82,026</u>
Total Current Assets	<u>833,567</u>
Non-Current Assets:	
Land, Buildings, and Equipment - Net of Accumulated Depreciation of \$725,519	2,071,615
Loans Receivable	<u>265,000</u>
Total Non-Current Assets	<u>2,336,615</u>
TOTAL ASSETS	<u>\$3,170,182</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ <u>608,682</u>
Non-Current Liabilities:	
Notes and Bonds Payable	<u>1,341,462</u>
TOTAL LIABILITIES	<u>\$1,950,144</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets - Net of Related Debt	\$1,741,615
Restricted for:	
Special Projects	(734,738)
Loans to Community	265,000
Unrestricted	<u>(51,839)</u>
TOTAL NET ASSETS	<u>\$1,220,038</u>

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

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
Governmental Activities:				
General Government	\$ 566,060	\$ 0	\$ 8,470	\$ (557,590)
Highways	411,167	0	0	(411,167)
Public Safety	103,434	20,273	0	(83,161)
Employee Benefits	94,191	0	0	(94,191)
Debt Service	33,715	0	0	(33,715)
Other	<u>424,387</u>	<u>0</u>	<u>7,736</u>	<u>(416,651)</u>
Total Governmental Activities	<u>\$1,632,954</u>	<u>\$ 20,273</u>	<u>\$ 16,206</u>	<u>(1,596,475)</u>
General Revenue:				
Property Taxes				1,087,506
Intergovernmental				163,116
Interest on Investments				29,581
Licenses, Permits and Fees				45,821
Other				<u>126,017</u>
Total General Revenue				<u>1,452,041</u>
Change in Net Assets				(144,434)
Net Assets - Beginning				<u>1,364,472</u>
Net Assets - Ending				<u>\$ 1,220,038</u>

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

TOWN OF WAITSFIELD, VERMONT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2007

	General Fund	CDBG Fund	Gravel Pit Fund	Equipment Reserve Fund	Water and Sewer Projects Fund	Other Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash	\$317,897	\$ 0	\$ 41,589	\$129,107	\$ 0	\$255,212	\$ 743,805
Accounts Receivable	7,736	0	0	0	0	0	7,736
Due from Other Funds	480,694	0	0	0	0	0	480,694
Delinquent Taxes Receivable	82,026	0	0	0	0	0	82,026
Loans Receivable	0	265,000	0	0	0	0	265,000
TOTAL ASSETS	<u>\$888,353</u>	<u>\$265,000</u>	<u>\$ 41,589</u>	<u>\$129,107</u>	<u>\$ 0</u>	<u>\$255,212</u>	<u>\$1,579,261</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts Payable	\$608,682	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 608,682
Due to Other Funds	0	0	0	0	480,694	0	480,694
Deferred Revenue	45,443	265,000	0	0	0	0	310,443
Total Liabilities	<u>654,125</u>	<u>265,000</u>	<u>0</u>	<u>0</u>	<u>480,694</u>	<u>0</u>	<u>1,399,819</u>

18

Fund Balances:									
Reserved	0	0	0	129,107	(480,694)	248,311	(103,276)		
Unreserved - Designated	0	0	41,589	0	0	6,901	48,490		
Unreserved - Undesignated	<u>234,228</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>234,228</u>		
Total Fund Balances	<u>234,228</u>	<u>0</u>	<u>41,589</u>	<u>129,107</u>	<u>(480,694)</u>	<u>255,212</u>	<u>179,442</u>		
TOTAL LIABILITIES AND FUND BALANCES	<u>\$888,353</u>	<u>\$265,000</u>	<u>\$ 41,589</u>	<u>\$129,107</u>	<u>\$ 0</u>	<u>\$255,212</u>	<u>\$1,579,261</u>		

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

52

TOWN OF WAITSFIELD, VERMONT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 DECEMBER 31, 2007

Total Fund Balances - Governmental Funds	\$ 179,442
1. Capital assets used in Governmental Funds are not financial resources and, therefore, are not reported in the Governmental Funds financial statements net of accumulated depreciation.	2,071,615
2. Notes and Bonds payable not requiring current financial resources have not been included in the Governmental Funds financial statements.	(1,341,462)
3. Deferred Revenue:	
a. Property taxes not collected within 60 days of balance sheet date, therefore, not recorded as current financial resources in the Governmental Funds financial statements.	45,443
b. Loans receivable from community not recorded as current financial resources in the Governmental Funds financial statements.	<u>265,000</u>
Net Assets of Governmental Activities	<u>\$ 1,220,038</u>

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

50

TOWN OF WAITSFIELD, VERMONT
 STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund	CDBG Fund	Gravel Pit Fund	Equipment Reserve Fund	Water and Sewer Projects Fund	Other Funds	Total Governmental Funds
Revenue:							
Property Taxes	\$1,094,952	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,094,952
Intergovernmental	154,586	0	0	0	0	24,736	179,322
Licenses, Permits and Fees	41,730	0	0	0	0	4,091	45,821
Interest on Investments	19,332	0	837	3,215	0	6,197	29,581
Charges for Services	20,273	0	0	0	0	0	20,273
Other	<u>74,274</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,743</u>	<u>126,017</u>
Total Revenue	<u>1,405,147</u>	<u>0</u>	<u>837</u>	<u>3,215</u>	<u>0</u>	<u>86,767</u>	<u>1,495,966</u>
Expenditures:							
General Government	556,433	0	0	0	0	4,300	560,733
Highways	361,780	0	0	229,403	0	0	591,183
Public Safety	108,238	0	0	0	0	20,100	128,338
Debt Service	188,715	0	0	0	0	0	188,715
Employee Benefits	94,191	0	0	0	0	0	94,191
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>361,734</u>	<u>62,653</u>	<u>424,387</u>
Total Expenditures	<u>1,309,357</u>	<u>0</u>	<u>0</u>	<u>229,403</u>	<u>361,734</u>	<u>87,053</u>	<u>1,987,547</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>95,790</u>	<u>0</u>	<u>837</u>	<u>(226,188)</u>	<u>(361,734)</u>	<u>(286)</u>	<u>(491,581)</u>

2/2

Other Financing Sources/(Uses):									
Transfers In	0	0	0	0	0	0	0	32,000	92,000
Transfers Out	(92,000)	0	0	0	0	0	0	0	(92,000)
Proceeds of Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>108,178</u>	<u>0</u>	<u>198,178</u>
Total Other Financing Sources/(Uses)	<u>(92,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>108,178</u>	<u>32,000</u>	<u>198,178</u>
Net Changes in Fund Balances	3,790	0	837	(76,188)	(253,556)	31,714	(293,403)		
Fund Balances - Beginning	80,438	0	40,752	205,295	(227,138)	373,498	472,845		
Residual Equity Transfer	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0</u>		<u>0</u>
Fund Balances - Ending	<u>\$ 234,228</u>	<u>\$ 0</u>	<u>\$ 41,589</u>	<u>\$ 129,107</u>	<u>\$(480,694)</u>	<u>\$ 255,212</u>	<u>\$ 179,442</u>		

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

TOWN OF WAITSFIELD, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Total Net Changes in Fund Balances - Governmental Funds	\$(293,403)
1. Current year long-term debt principal payments reported as expenditures in the Governmental Funds financial statements are shown as a reduction in long-term debt in the government-wide financial statements.	155,000
2. Depreciation is not recognized as an expense in the Governmental Funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net assets.	(83,734)
3. Current year capital outlays are expenditures in the Governmental Funds financial statements, but they are shown as increases in capital assets in the government-wide financial statements.	283,327
4. The change in deferred revenue, excluding deferred revenue relating to grants, is eliminated within the government-wide financial statements.	(7,446)
5. Proceeds of long-term debt recorded as revenue in the Governmental Funds financial statements are shown as an increase in long-term liabilities in the government-wide financial statements.	<u>(198,178)</u>
Change in Net Assets of Governmental Activities	<u>\$(144,434)</u>

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

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Property Taxes	\$1,071,326	\$1,094,952	\$ 23,626
Interest and Penalty - Delinquent Taxes	31,000	32,664	1,664
Fire Department - Fayston	22,863	20,273	(2,590)
State Aid - Highways	67,800	67,609	(191)
Ordinance Fines	30,000	25,354	(4,646)
Licenses, Permits and Fees	55,000	41,730	(13,270)
Interest on Investments	12,500	19,332	6,832
Intergovernmental	63,200	86,977	23,777
Other	<u>2,200</u>	<u>16,256</u>	<u>14,056</u>
Total Revenue	<u>1,355,889</u>	<u>1,405,147</u>	<u>49,258</u>
Expenditures:			
General Government:			
Town Meeting	4,000	3,786	214
Legal and Auditing	53,500	58,053	(4,553)
Town Office Operations	74,650	72,665	1,985
Clerk/Treasurer	67,792	68,017	(225)
Selectboard	58,187	59,698	(1,511)
Planning and Zoning	82,033	53,580	28,453
Board of Listers	12,800	10,800	2,000
Delinquent Tax Collector	19,000	18,452	548
Voted Appropriations	20,368	20,368	0
Dues and Assessments	74,512	74,587	(75)
Other	<u>79,684</u>	<u>78,651</u>	<u>1,033</u>
Total General Government	<u>546,526</u>	<u>518,657</u>	<u>27,869</u>
Roads:			
Labor	126,000	111,185	14,815
Equipment Operations and Repairs	48,500	68,168	(19,668)
Hired Equipment and Labor	22,300	20,010	2,290
Materials	138,125	119,635	18,490
Garage Expenditures	13,140	16,855	(3,715)
Paving	9,500	7,258	2,242
Insurance	4,690	4,205	485
Other	<u>17,000</u>	<u>14,464</u>	<u>2,536</u>
Total Roads	<u>379,255</u>	<u>361,780</u>	<u>17,475</u>

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

TOWN OF WAITSFIELD, VERMONT
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Water/Sewer Municipal Planning Manager	\$ <u>44,844</u>	\$ <u>37,776</u>	\$ <u>7,068</u>
Debt Service:			
Paving Note	83,050	113,000	(29,950)
Tax Anticipation Note Interest	4,000	3,906	94
Gravel Pit Note	<u>71,850</u>	<u>71,809</u>	<u>41</u>
Total Debt Service	<u>158,900</u>	<u>188,715</u>	<u>(29,815)</u>
Employee Benefits	<u>88,421</u>	<u>94,191</u>	<u>(5,770)</u>
Public Safety:			
Fire Department	57,156	56,997	159
Police Program	32,680	27,335	5,345
Dog Warden and Fees	1,250	945	305
Emergency Generator	<u>0</u>	<u>22,961</u>	<u>(22,961)</u>
Total Public Safety	<u>91,086</u>	<u>108,238</u>	<u>(17,152)</u>
Total Expenditures	<u>1,309,032</u>	<u>1,309,357</u>	<u>(325)</u>
Excess of Revenue Over Expenditures	46,857	95,790	48,933
Other Financing Sources/(Uses):			
Transfers Out	<u>(92,000)</u>	<u>(92,000)</u>	<u>0</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures and Other Financing Uses	<u>\$ (45,143)</u>	3,790	<u>\$ 48,933</u>
Fund Balance - Beginning		80,438	
Residual Equity Transfer		<u>150,000</u>	
Fund Balance - Ending		<u>\$ 234,228</u>	

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