

Town of Norwich Financial Statements

June 30, 2005

TOWN AUDITORS' REPORT

Once again, the entire report of our independent auditor, Sullivan, Powers & Company, is printed in the Town Report on the following pages. We have determined that the report represents a fair presentation of the finances of the Town of Norwich.

Henry Scheier (Chair), Bill Bender and Karen Kayen

TOWN TREASURER'S REPORT

The Town Treasurer's statutory duties include: paying orders authorized by the Selectboard, Norwich School Board and Cemetery Commissioners; investing moneys with the approval of the legislative body; appointing an Assistant Treasurer; being a member of the Board of Abatement; and, in our town, being a member of the Norwich and Dresden Finance Committees. The Town Manager and Treasurer work together to ensure that the financial responsibilities of the town are met.

The General Fund of the town ended FY'05 with a deficiency of revenues over expenditures. *Exhibit F* of the Independent Auditor's Report (see page 58) identifies the categories that were over and under budget for the year. While the column titled "Original" shows that there was a plan to use \$150,000 of prior-year undesignated fund dollars in FY 2005, at the time the tax rate was set a decision was made to calculate taxes in an amount sufficient to cover the expenditures that were voted by the voters, and reduce the need to use prior-year undesignated funds to \$50,000. The column titled "Final" reflects this change in revenues and the reduction of the \$150,000 to \$50,000. Expenditures changed by the amount voted in Article 28 on the 2005 Town Warning by \$20,970, which were to come from the prior-year fund balance. Therefore, the prior-year undesignated funds to be used totaled \$70,970 (\$50,000 + 20,970). Actual expenditures resulted in an excess of budgeted expenditures by \$229,903. Excess grant revenues of \$182,104 justify additional grant expenditures of this same amount. The net result is that expenditures were over budget by \$47,799 (\$229,903 – \$182,104), but those fell within the \$50,000 use of prior-year undesignated funds. The GAAP version of this information is *Exhibit D* (see page 56).

During the past year I have attended many Norwich meetings and Vermont treasurer events. I continue to serve on the executive board of the Vermont Government Financial Officers Association. Vermont will be the host of the New England GFOA Annual Meeting in September of 2007. I taught at educational seminars hosted by the UVM Extension Service and the Vermont Clerks' and Treasurers' Association.

Cheryl A. Lindberg, Town Treasurer (649-1678)

Sullivan, Powers & Co.
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Independent Auditor's Report

To the Selectboard
Town of Norwich
Norwich, Vermont 05055

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Norwich, Vermont as of and for the year ended June 30, 2005, which collectively comprise the Town of Norwich, Vermont's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Norwich, Vermont'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. 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, based on our audit, 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 Norwich, Vermont, as of June 30, 2005 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments", GASB Statement No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus" and GASB Statement No. 38, "Certain Financial Statement Note Disclosure", as of July 1, 2004.

Members of The American Institute and Vermont Society of Certified Public Accountants

Town of Norwich, Vermont

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Information included under Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the Town of Norwich, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sullivan, Powers & Company

August 26, 2005
Montpelier, Vermont
Vt Lic. 92-000180

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Norwich (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal year ended June 30, 2005. The purpose of the management discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Financial Highlights

Government-Wide Financial Statements (Exhibits A and B)

- Assets exceeded liabilities on June 30, 2005 by \$4,134,177 (net assets). Of this amount \$585,344 (unrestricted net assets) may be used by the various funds of the Town to meet the Town's ongoing obligations.
- Fixed Asset accounting has been included in the financial statements this year. This includes land, improvements, equipment and art. The value on June 30, 2005 for these assets after depreciation is \$3,877,184.
- Non-current Liabilities are Long Term Debt of the town in the total amount of \$832,715. The components are the Tracy Hall Bond, Highway Equipment Bond, compensated absences and a note payable for a town vehicle.
- The Town's total net assets increased by \$431,525 during the past year from net assets of July 1, 2004 of \$3,702,551. See Exhibit E for details.
- The Statement of Activities (Exhibit B) indicates that the Town received offsetting revenue in the amount of \$919,328 for the support of its programs. Of that amount, \$358,821 was capital grants and donations, \$371,812 for charges for services and \$178,695 for operating grants and contributions. See the schedule for departmental detail.

Fund Financial Statements (Exhibits C and D)

- Cash and current assets are \$1,575,291, liabilities are \$583,080 and fund balance/ (deficit) \$992,211.
- Fund balances of governmental funds decreased by \$75,851 in fiscal year 2005. In the General Fund, prior year fund balance was used to offset taxes. In the Fire Equipment Fund, a new 1,500 GPM Rescue/Pumper was purchased by borrowing from the other Capital Equipment funds. This money will be paid back by future annual contributions to the Fire Equipment fund.
- In future years this report will contain additional prior period comparative information which is not currently available in this the first year using this reporting model.

Overview of the Town's Financial Statements:

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Norwich's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the Town of Norwich's assets and liabilities with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the past fiscal year. The *statement of activities* is on a full accrual basis (i.e. all changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows) whereas the *statement of revenues, expenditures and changes in fund balances governmental funds* is on a modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current assets, expenditures are recognized when the related liability is incurred). Thus in the *statement of activities* revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave time).

Both of the government-wide financial statements combine information from governmental funds (which are supported primarily by tax dollars) with information from enterprise funds which are supported by user fees and charges (*business-type activities*). The governmental activities of the Town of Norwich include general government, highways & streets, public safety, recreation, solid waste, and cemetery. The Town does not maintain any business-type activities.

The government-wide financial statements can be found in Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Norwich, like all other governmental entities in Vermont, uses fund accounting to ensure and demonstrate compliance (or non-compliance) with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

The fund financial statements provide detail information about each of the Town's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented in a single column. The Town of Norwich has two major funds:

- General Fund
- Fire Equipment Fund

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the Town's own programs. Exhibits G and H relate to the Town's fiduciary funds.

Notes to the financial statements. The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

*Government-wide Financial Analysis*Town of Norwich, Vermont
Statement of Net Assets

		<u>Governmental Activities</u>
<u>Assets</u>		
Current and Other Assets		\$1,329,616
Net Capital Assets		<u>3,877,184</u>
	Total Assets	<u>5,206,800</u>
<u>Liabilities</u>		
Current Liabilities		239,907
Long-term Liabilities		<u>832,716</u>
	Total Liabilities	1,072,623
<u>Net Assets</u>		
Investment in Capital Assets, Net of		
Related Debt		3,101,121
Restricted		346,712
Unrestricted		<u>686,344</u>
	Total Net Assets	<u>\$4,134,177</u>

As stated above, Total Assets exceeded Total Liabilities by \$4,134,177 at the end of fiscal year 2005. Since this is the first year for this type of financials, there is no previous comparable data. A comparison between years will be available next year.

The largest portion of the Town's Net Assets is its investment in capital assets (75%). These assets are used to provide services to its citizens (e.g. land, building, equipment, and infrastructure). Therefore, these assets are not available for future spending.

Portions (9%) of the Town's assets are subject to restriction on how they may be used. These are Special Revenue Funds and Permanent Funds.

The remaining balance of unrestricted net assets, \$686,344, may be used to meet the government's ongoing obligations to its citizens and creditors.

Town of Norwich, Vermont
Statement of Activities

Governmental Activities

Revenues

Program revenues

Charges for Services	\$ 371,812
Operating grants & contributions	178,695
Capital grants & contributions	368,821

General revenues

Property Taxes	2,366,987
Unrestricted investment earnings	20,026
Interest & Penalties on Del. Tax	24,628
State Land Use Revenues	112,476
PILOT/Education Tax Retainer	27,582
Other Revenues	<u>13,322</u>

Total Revenues 3,484,349

Expenses

Governmental activities

General Government	1,089,113
Highway & Streets	879,641
Public Safety	720,339
Recreation	196,286
Solid Waste	126,632
Cemetery	20,268
Debt Service	<u>20,444</u>

Total Expenses 3,052,723

Change in net assets 431,626

Net assets- July 1, 2004 3,702,551

Net assets- June 30, 2005 \$4,134,177

Governmental activities. Governmental activities increased the Town's net assets by \$431,626 in FY05. This is predominantly the net effect of the receipt of restricted recreation donations and grants to purchase capital assets. Major capital assets purchased this year were a new fire truck, a loader, grader and backhoe, a vehicle for the Town Manager, bridges, paving, and various public safety equipment.

*Financial Analysis of Major Governmental Funds***The General Fund**

The General Fund fund balance decreased by \$76,559 at June 30, 2005 (Exhibit D). This decrease compares to the actual fund balance decrease shown in Exhibit F of \$54,989 as follows:

- Revenues were higher than estimated by \$171,884. Intergovernmental and grant revenues were greater than anticipated. Items that were less than anticipated were bank interest, penalty and interest (due to the drop in the delinquency of property taxes), public service fees and miscellaneous revenue. The setting of the tax rate changed the original estimate of using \$150,000 of prior year fund balance to offset taxes to \$50,000 and added \$80,000 as a reserve for unpaid taxes and BCA adjustments.
- Expenditures exceeded the budgeted amount by \$229,903. Unanticipated grants revenues in the amount of \$216,123 (\$34,019 was deferred grant revenue because it was not received within sixty (60) days - see Footnote IV E) increased the excess expenditure budget to \$3,371,909. Therefore, there were excess expenditures in the amount of \$13,780. A vehicle for the Town Manager was purchased due to a contractual agreement between the Town and the Town Manager for \$13,092 and this was not budgeted. This leaves excess expenditures at \$688.
- Encumbrances from fiscal year 2004 had to be reflected in the year in which they were spent and this impacted the fund balance of fiscal year 2005 by reducing the fund balance by an additional \$21,570.

Special Revenue Funds & Capital Project Funds

The Special Revenue Funds (principally Recreation & Conservation Commission Funds), had a Fund Balance at June 30, 2005 of \$277,164. The non-major Capital Projects Funds had a Fund Balance at June 30, 2005 of \$338,575. However, the major Capital Project Fund, the Fire Equipment Fund, had a deficit of \$108,802 that will be funded over the next three (3) years with appropriations.

Capital Asset and Debt Administration

Capital assets. The Town of Norwich's investment in capital assets for its governmental activities as of June 30, 2005, totals \$3,101,121 (net of related debt). These assets include buildings and building improvements, certain infrastructure (as required for GASB 34 Tier 3 municipalities), land, vehicles, machinery and equipment.

Major capital asset transactions during the year include the following additions:

- 1500 GPM Rescue/Pumper
- Bridge Construction
- Highway Equipment- Grader, Loader, Backhoe
- Fire & Police Equipment

Capital Assets disposed of during fiscal year 2005 were the old Highway Grader, Loader and Backhoe.

Debt Administration. As of June 30, 2005 the Town of Norwich had total bonds and notes payable in the amount of \$776,063.

The Town's debt was increased by \$315,000 for the purchase of Highway Equipment and \$13,092 for the purchase of the Town Manager's vehicle. It was decreased by \$47,029 by payments on the Tracy Hall Bond and the Town Manager's vehicle. The liability to the town for compensated absences increased by \$5,722 to \$56,653.

Economic Factors and Next Year's Budgets

- The taxable Grand List for the Town of Norwich increased by 9% between FY05 and FY06. The taxable Grand List as of December 9, 2005 is \$623,332,834.
- Fuel costs have risen dramatically.
- While health insurance costs rose for the 2005-2006 budget, a new health plan has been chosen for town employees which will reduce premiums by approximately \$50,000 in the 2006-2007 fiscal year.
- Damage to a bridge on Bragg Hill required emergency remediation in the amount of \$110,500. While grants are being pursued to offset the cost, this repair could have an impact on the 2005-2006 budget.
- Ongoing litigation may have an impact on the Town expenditures in FY06.
- The emergency generator at Tracy Hall needs a new engine block and that is reflected in the 2006-2007 budget.

This financial report is designed to provide a general overview of the Town of Norwich, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Manager, Town of Norwich, PO Box 376, Norwich, VT 05055 or manager@norwich.vt.us or 802-649-0127.

Exhibit A

TOWN OF NORWICH, VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 992,529
Investments	150,500
Receivables	126,769
Accrued Interest Receivable	2,011
Inventory	28,843
Prepaid Expenses	28,964
Capital Assets	
Land	539,260
Art	11,140
Other Capital Assets, (Net of Accumulated Depreciation)	3,326,784
Total Assets	5,206,800
<u>LIABILITIES</u>	
Accounts Payable	119,410
Accrued Payroll and Benefits Payable	44,310
Accrued Interest Payable	3,021
Deferred Revenue	73,166
Noncurrent Liabilities:	
Due within One Year	113,154
Due in More than One Year	719,562
Total Liabilities	1,072,623
<u>NET ASSETS</u>	
Investment in Capital Assets, Net of Related Debt	3,101,121
Restricted	346,712
Unrestricted	686,344
Total Net Assets	\$ 4,134,177

The accompanying notes are an integral part of this financial statement.

**NOTES OF MEMBERS, MEMBERS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

DOLLARS

	Fiscal Year 2014			Fiscal Year 2015		
	Expenses	Contributions	Operating Expenses	Operating Expenses	Operating Expenses	Operating Expenses
Plant and Equipment						
Plant and Equipment	\$ 1,054,004	\$ 77,545	\$ 21,138	\$ 0	\$ (951,499)	\$ (951,499)
Depreciation	875,641	0	148,764	0	(286,373)	(286,373)
Repairs and Maintenance	720,339	42,027	1,065	0	(679,377)	(679,377)
Utilities	182,197	178,334	0	0	(8,137)	(8,137)
Insurance	125,332	0	0	0	(125,332)	(125,332)
Other	20,588	14,704	3,798	0	(1,086)	(1,086)
Total Plant and Equipment	2,058,101	0	0	0	(2,058,101)	(2,058,101)
Operating Expenses						
Operating Expenses	\$ 34,609	0	0	0	\$ (34,609)	\$ (34,609)
Utilities	0	0	0	115,135	115,135	115,135
Insurance	14,089	0	0	138,138	152,227	152,227
Other	0	0	0	114,117	114,117	114,117
Total Operating Expenses	48,698	0	0	367,390	318,692	318,692
Net (Expense) Income and Changes in Net Assets					\$ (1,739,409)	\$ (1,739,409)
Plant and Equipment						
Plant and Equipment	\$ 1,054,004	\$ 77,545	\$ 21,138	\$ 0	\$ (951,499)	\$ (951,499)
Depreciation	875,641	0	148,764	0	(286,373)	(286,373)
Repairs and Maintenance	720,339	42,027	1,065	0	(679,377)	(679,377)
Utilities	182,197	178,334	0	0	(8,137)	(8,137)
Insurance	125,332	0	0	0	(125,332)	(125,332)
Other	20,588	14,704	3,798	0	(1,086)	(1,086)
Total Plant and Equipment	2,058,101	0	0	0	(2,058,101)	(2,058,101)
Operating Expenses						
Operating Expenses	\$ 34,609	0	0	0	\$ (34,609)	\$ (34,609)
Utilities	0	0	0	115,135	115,135	115,135
Insurance	14,089	0	0	138,138	152,227	152,227
Other	0	0	0	114,117	114,117	114,117
Total Operating Expenses	48,698	0	0	367,390	318,692	318,692
Net (Expense) Income and Changes in Net Assets					\$ (1,739,409)	\$ (1,739,409)

(11)

STATE OF CALIFORNIA, VARIOUS
 BILL MONTAGNA
 OCTOBER 31, 2005
 FUND 20, 2005

RECEIVED

	General Fund	State Highway Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 381,711	\$ 0	\$ 410,858	\$ 792,569
Investments	0	0	150,500	150,500
Receivables (Net of Allowance for Uncollectible Accounts)	123,759	0	0	123,759
Accounts Receivable	0	0	2,011	2,011
Due from Other Funds	0	0	243,713	243,713
Prepaid Expenses	28,964	0	0	28,964
Treasury	28,963	0	0	28,963
Total Assets	\$ 755,147	\$ 0	\$ 809,144	\$ 1,575,291
LIABILITIES				
Liabilities:				
Accounts Payable	102,179	0	17,231	119,410
Due to Other Funds	129,992	103,802	5,881	243,713
Accounts Payable and Benefits Payable	44,310	0	0	44,310
Deferred Revenues	173,835	0	0	173,835
Total Liabilities	450,316	103,802	23,112	577,230
FUND BALANCES				
Fund Balances (Detail):				
Restricted:				
Capital Expenditures and Treasury	57,807	0	0	57,807
Other Purposes	1,300	0	343,712	345,012
Unassigned, Reported In:				
General Fund	255,714	0	0	255,714
Special Revenue Funds	0	0	99,743	99,743
Capital Project Funds	0	(103,802)	233,713	229,713
Total Fund Balances (Detail)	315,821	(103,802)	785,082	997,101
Total Liabilities and Fund Balances	\$ 755,147	\$ 0	\$ 809,144	

ASSETS REPORTED FOR OCTOBER 31, 2005 IN THIS STATEMENT OF FUND ASSETS ARE DIFFERENT FROM:

Capital Assets Used in Governmental Activities are not Financial Resources and, therefore, are not Reported in the Funds.	3,877,184
Other Assets are not Available to Pay for Current and Future Expenditures, and, therefore, are Not Reported in the Funds.	100,519
Long-Term and Current Liabilities, including Bonds Payable, are not Due or Payable in the Current Period and, therefore, are Not Reported in the Funds.	(835,737)
Net Assets of Governmental Activities	\$ 413,417

The accompanying notes are an integral part of this financial statement.

Exhibit D

TOWN OF NORWICH, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	General Fund	Fire Equipment Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 1,377,437	\$ 0	\$ 0	\$ 1,377,437
Financial Interest	24,038	0	0	24,038
Intragovernmental Revenues	333,330	0	1,000	333,330
Charges for Services	282,063	0	0	282,063
Investment Income	12,813	249	12,743	25,815
Fines and Penalties	43,307	0	0	43,307
Licenses and Permits	31,136	0	0	31,136
Other Revenues	13,322	0	128,223	141,545
Total Revenues	3,117,008	249	141,973	3,460,330
EXPENDITURES:				
General Government	1,064,433	0	0	1,064,433
Highway and Streets	1,073,337	0	3,600	1,076,937
Public Safety	630,302	0	1,743	632,045
Recreation	177,322	0	0	177,322
Solid Waste	124,236	0	0	124,236
Sanitary	0	0	20,263	20,263
Capital Outlay	0	266,934	333,322	600,256
Debt Service				
Principal	47,029	0	0	47,029
Interest	19,943	0	0	19,943
Total Expenditures	3,187,336	266,934	411,433	3,865,703
Excess/(Deficiency) of Revenues Over Expenditures	130,232	(266,735)	(268,460)	(404,963)
Other Financing Sources/(Uses):				
Proceeds of Long-Term Debt	33,092	0	313,000	346,092
Transfers In	0	33,000	184,931	217,931
Transfers Out	(219,903)	0	(20,073)	(239,976)
Total Other Financing Sources/(Uses)	(186,811)	33,000	497,927	344,116
Net Change in Fund Balances	(76,599)	(233,735)	211,443	(98,891)
Fund Balances - July 1, 2004 - As Restated	392,340	102,933	273,389	768,662
Fund Balances/(Deficit) - June 30, 2003	\$ 315,931	\$ (103,802)	\$ 283,032	\$ 495,161

The accompanying notes are an integral part of this financial statement.

Exhibit E

TOWN OF NORWICH, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2005

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (76,851)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the net out by which capital outlays exceeded depreciation in the current period.	772,245
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	23,519
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This net out is the net effect of these differences in the treatment of long-term debt and related items.	(281,063)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(6,224)
Change in net assets of governmental activities (Exhibit E)	\$ 431,626

The accompanying notes are an integral part of this financial statement.

Exhibit F

TOWN OF ROCKWICH, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (FUND-BASED BUDGET ASY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Original *	Changes	Final *	Actual	Variance: Favorable (Unfavorable)
Revenues					
Property Taxes	\$ 2,213,641	\$ 161,024	\$ 2,375,665	\$ 2,377,467	\$ 1,802
State Tax Rebate	114,544	3,132	112,476	112,476	0
Penalty and Interest on Delinquent Taxes	43,000	0	43,000	24,628	(18,372)
Liquor and Permits	27,950	0	27,950	31,156	3,186
Intergovernmental Revenues	158,781	1,644	161,425	187,350	26,725
Public Works Fee	310,000	0	310,000	282,965	(27,035)
Garage Revenues	50,400	0	50,400	232,914	182,114
Public Safety Fee	40,300	(5,000)	35,300	43,327	8,027
Interest Earnings - Bonds	20,000	(10,000)	10,000	12,313	2,313
Intergovernmental Revenues	6,000	25,000	31,000	2,975	(28,025)
Other Revenues	10,400	0	10,400	10,347	(53)
Revenues of Long-Term Debt	0	0	0	13,992	13,992
Revenues in Unassigned Fund Balances	130,000	(30,000)	100,000	0	(100,000)
Revenues for Capital Taxes and B.C.A. Adjustments	0	80,000	80,000	0	(80,000)
Total Revenues	\$ 3,154,316	219,701	\$ 3,355,764	\$ 3,391,300	134,914
Expenditures					
Personnel Administration	170,987	0	170,987	181,213	(10,226)
Interest and Capital Expenditure and Adjustment	4,540	0	4,540	5,127	587
Security Services	7,009	0	7,009	6,164	845
Town Clerk	141,769	0	141,769	141,494	275
Auditor	14,750	0	14,750	15,398	648
Finance Department	66,887	0	66,887	37,412	29,475
General Administration	19,000	0	19,000	18,318	682
Library	115,358	0	115,358	99,297	16,061
Planning	75,701	0	75,701	75,363	338
Department Supervisor Board	950	0	950	775	175
Information Department	177,118	0	177,118	184,149	(7,031)
Town Hall	66,906	0	66,906	63,029	3,877
Public Department and Station	506,714	0	506,714	484,259	22,455
Fire Department and Station	170,958	0	170,958	245,989	(75,031)
Emergency Management	1,500	0	1,500	13,864	(12,364)
Town Water	12,000	0	12,000	9,729	2,271
Solid Waste Department	117,225	0	117,225	128,254	(11,029)
Chamberlain	13,010	0	13,010	6,961	6,049
Highway Department and Garage	997,082	219,701	1,216,783	1,191,965	24,818
Debt Service	75,954	0	75,954	56,965	18,989
Town Appropriations	195,610	0	195,610	195,900	(290)
Regional Group Expenditures	58,858	0	58,858	48,116	10,742
Human Services	60,154	0	60,154	72,410	(12,256)
Taxes and Interest	47,916	0	47,916	51,020	(3,104)
Unemployment and Workers Compensation	28,000	0	28,000	24,320	3,680
Taxes on Sales and Other Fund	0	0	0	1,574	(1,574)
Total Expenditures	\$ 3,154,316	219,701	\$ 3,355,764	\$ 3,365,469	(9,705)
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ (54,169)	\$ (54,169)

* The Town 2005 is an independent budgetary. Revenues are estimated as of June 30, 2005 and expenditures as of June 30, 2005.

The 2005 budget is an independent of the 2005 budget.

Exhibit G

TOWN OF NORWICH, VERMONT
STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE FUNDS
JUNE 30, 2005

	<u>Total</u>
<u>ASSETS</u>	
Cash	\$ 2,599
TOTAL ASSETS	\$ 2,599
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	\$ 0
Net Assets:	
Restricted	2,599
Total Net Assets	2,599
TOTAL LIABILITIES AND NET ASSETS	\$ 2,599

Exhibit H

TOWN OF NORWICH, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Total</u>
Revenues:	
Grant	\$ 100
Interest Income	30
Total Revenues	130
Expenditures:	
Other Expenditures	128
Total Expenditures	128
Change in Net Assets	2
Net Assets - July 1, 2004	2,597
Net Assets - June 30, 2005	\$ 2,599

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

The Town of Norwich, Vermont, (herein the "Town") operates under a Selectboard/Manager form of government and provides the following services: public safety, highways and streets, solid waste, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Norwich (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the funds of the Town of Norwich, Vermont. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no entities that should be combined with the financial statements of the Town.

B. Changes in Accounting Methods and Basis of Financial Statement Presentation

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments" (GASB 34), GASB Statement No. 37, "Basic Financial Statements - and Management's Discussion and Analysis" - For State and Local Governments: Omnibus" and GASB Statement No. 38, "Certain Financial Statement Note Disclosures. GASB Statement No. 34 makes the most significant changes in governmental financial reporting in over twenty years. The Town of Norwich, Vermont has implemented these standards effective July 1, 2004.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Statements No. 34 and 37, among many other changes, adds two new "Government-Wide" financial statements as basic financial statements required for all governmental units. The Statement of Net Assets and the Statement of Activities are the two new required statements. Both statements are prepared on the full accrual basis of accounting. Previously, in accordance with accounting principles for governmental units, the Town used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements. In addition, all funds are reported as governmental activities, or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1. Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Statement No. 38 establishes and modifies certain financial statement note disclosure requirements to make the financial statements more useful in the context of the 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.

C. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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 a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational 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 fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Equipment Fund – This fund accounts for the activity of the Fire Department equipment reserves.

D. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net assets). Fund equity (i.e., net total assets) is segregated into investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into reserved and unreserved fund balances. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spending resources during a period.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

E. Basis of Accounting

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

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow 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, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Statement of Financial Accounting Standards No. 107 "Disclosure about the Fair Value of Financial Instruments," requires disclosures of the fair value of certain financial statements. Recorded amounts for cash, accounts receivable, accounts payable, and investments approximate fair value.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

F. Encumbrance Accounting

The Town uses the encumbrance method of accounting. Under this method, commitments, such as purchase orders and other contracts, in addition to expenditures made or accrued, are recorded. Since encumbrances are not considered expenses for generally accepted accounting principles, there are differences between budgetary accounting amounts and the GAAP basis amounts. The budget-based information reflects expenditures based on liabilities incurred and encumbrances outstanding, whereas, the actual (GAAP basis) financial statements do not include amounts encumbered at the end of the fiscal year.

G. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

H. Assets, Liabilities and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Cash balances of most Town funds are pooled and invested by the Town Treasurer. Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds. Interest income is allocated based on the due to/from other fund balances.

2. Investments

Investments with readily determined fair values are reported at the fair values on the balance sheet. Unrealized gains and losses are included in revenue. The Town invests in instruments as authorized by State statutes.

3. Receivables

The Town utilizes the allowance method for uncollectible accounts. They have determined that all accounts are collectible and the allowance is zero (0).

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

4. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 5,000	N/A
Art	\$ 5,000	N/A
Vehicles	\$ 5,000	3-20 Years
Mobile Equipment	\$ 1,000	5-15 Years
Roads and Bridges	\$ 5,000	8-25 Years
Buildings and Building Improvements	\$ 5,000	10-75 Years
Equipment	\$ 1,000	3-10 Years

Capital assets are not reported in the governmental fund type financial statements. Capital outlays in these funds are recorded as expenditures in the year they are paid.

5. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

6. Long-term Liabilities

Long-term liabilities include bonds and notes payable. Long-term liabilities also include other obligations such as compensated absences. Long-term liabilities are reported in the government-wide financial statements. Governmental fund type financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

7. Fund Equity

Fund Balances are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Reservations of fund balances represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Designations of fund balance represent tentative management plans that are subject to change. Undesignated funds are available for future appropriations.

8. Interfund Receivables/Payables

During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent certain transactions between funds had not been paid or received as of June 30, 2005, balances of interfund amounts receivable or payable have been recorded. To the extent that transactions represent lending/borrowing arrangements between funds, these are referred to as Interfund loans receivable/payable.

II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report operating expenses (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds for the sale of capital assets as revenue, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue.

Long-term debt transaction differences arise because governmental funds report bond proceeds and principal payments as other financing sources and uses, whereas government-wide statements report those transactions as increases and decreases in liabilities.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

A. Governmental Funds Balance Sheet and the Statement of Net Assets

The differences between the governmental funds balance sheet and government-wide statement of net assets are as follows:

	Balance Sheet	Long-term Revenues/ Expenses	Capital Related Items	Long-term Debt Transactions	Elimination of Interfund Balances	Statement of Net Assets
ASSETS						
Cash	\$ 992,529	\$ 0	\$ 0	\$ 0	\$ 0	\$ 992,529
Investments	150,500	0	0	0	0	150,500
Receivables	126,769	0	0	0	0	126,769
Due From Other Funds	245,675	0	0	0	(245,675)	0
Prepaid Expenses	28,964	0	0	0	0	28,964
Inventory	28,843	0	0	0	0	28,843
Accrued Interest Receivable	2,011	0	0	0	0	2,011
Capital Assets	0	0	3,877,184	0	0	3,877,184
Total Assets	1,575,291	0	3,877,184	0	(245,675)	5,206,800
LIABILITIES						
Accounts Payable	119,410	0	0	0	0	119,410
Due to Other Funds	245,675	0	0	0	(245,675)	0
Accrued Payroll and Benefits Payable	44,310	0	0	0	0	44,310
Deferred Revenue	173,685	(100,519)	0	0	0	73,166
Accrued Compensated Absences Payable	0	56,653	0	0	0	56,653
Accrued Interest Payable	0	3,021	0	0	0	3,021
Noncurrent Liabilities	0	0	0	776,063	0	776,063
Total Liabilities	583,080	(40,845)	0	776,063	(245,675)	1,072,623
NET ASSETS						
Invested in Capital Assets	0	0	3,877,184	(776,063)	0	3,101,121
Other	992,211	40,845	0	0	0	1,033,056
Total Net Assets	\$ 992,211	\$ 40,845	\$ 3,877,184	\$ (776,063)	\$ 0	\$ 4,134,177

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

B. Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

The differences between the governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities are as follows:

	Statement of Revenue, Expenditures and Changes in Fund Balances	Long-term Revenues/ Expenses	Capital Related Items	Long-term Debt Transactions	Reclassification and Elimination of Interfund Activity	Statement of Activities
REVENUES						
Taxes	\$ 2,377,487	\$ (10,500)	\$ 0	\$ 0	\$ 0	\$ 2,366,987
Penalties and Interest	24,628	0	0	0	0	24,628
Intergovernmental Revenues	533,330	34,019	0	0	0	567,349
Charges for Services	282,065	0	0	0	0	282,065
Investment Income	25,810	0	0	0	0	25,810
Fees and Fines	43,827	0	0	0	0	43,827
Licenses and Permits	31,136	0	0	0	0	31,136
Other Revenues	142,547	0	0	0	0	142,547
Transfers from Other Funds	239,981	0	0	0	(239,981)	0
Proceeds of Long-Term Debt	328,092	0	0	(328,092)	0	0
Total Revenues	4,028,903	23,519	0	(328,092)	(239,981)	3,484,349
EXPENDITURES						
General Government	1,064,488	10,451	(20,435)	0	0	1,054,504
Highway and Streets	1,076,937	(9,780)	(187,510)	0	0	879,647
Public Safety	682,545	4,499	33,295	0	0	720,339
Recreation	177,522	598	4,117	0	0	182,237
Solid Waste	124,236	0	2,396	0	0	126,632
Cemetery	20,268	0	0	0	0	20,268
Capital Expenditures	652,806	0	(604,108)	0	0	48,698
Debt Service	66,971	502	0	(47,029)	0	20,444
Transfers to Other Funds	239,981	0	0	0	(239,981)	0
Total Expenditures	4,105,754	6,224	(772,245)	(47,029)	(239,981)	3,052,723
Net Change for the Year	\$ (76,851)	\$ 17,295	\$ 772,245	\$ (281,063)	\$ 0	\$ 431,626

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The expenditure budget is approved at the annual Town Meeting in March. Any expenditure budget changes require voter approval. The only expenditure budget change was the passing of Warrant Article 28 at the March, 2005 Town Meeting which authorized \$20,970 of prior year fund balance to be used as the Town's match for the FEMA Grant to fix the Main Street Culvert. The voters do not approve a revenue budget. Exhibit F reflects the revenues anticipated and presented to the voters in the annual report. At tax rate setting time, revenues are re-estimated and the Selectboard decides on how much of the prior-year undesignated fund balance will be used, if any.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2005, expenditures in the General Fund exceeded appropriations by \$250,873. These overexpenditures were funded by additional unanticipated revenues, available fund balance and proceeds of long-term debt.

C. Budgeted Deficits/Suplus

At the time of Town Meeting, it was anticipated that the Town would use \$150,000 of prior-year undesignated fund balance to help fund the budgeted expenditures of FY 2005. When the tax rate was set, in July, 2004, the Selectboard decided that only \$50,000 of prior-year undesignated fund balance would be used. The Selectboard also added \$80,000 for a reserve for unpaid taxes and BCA adjustments. The final actual reduction in undesignated fund balance was \$54,989 on the budgetary basis in Exhibit F and \$76,559 on the GAAP basis as described below.

D. Reconciliation of Budgetary Statements

The "budget versus actual" statements of the General Fund have been prepared utilizing encumbrance accounting to conform to the budget. Therefore, to conform with Generally Accepted Accounting Principles (GAAP), certain adjustments are necessary. The following are the adjustments which reconcile the budgetary statement with the GAAP basis statement:

Excess/(Deficiency) of Revenues Over Expenditures - Budgetary Basis - Exhibit F	\$ (54,989)
Adjustments:	
Encumbrances - June 30, 2005	1,500
Encumbrances - June 30, 2004	<u>(23,170)</u>
Excess/(Deficiency) of Revenues Over Expenditures - GAAP Basis - Exhibit D	<u>\$ (76,559)</u>

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

E. Restatement of Fund Balance

The fund balance in the General Fund was restated due to a correction of error as follows:

	<u>General Fund</u>
Fund Balance - As Originally Reported - June 30, 2004	\$364,540
Understatement of Inventory	<u>28,000</u>
Fund Balance - As Restated - June 30, 2004	<u>\$392,540</u>

The effect of this restatement on the June 30, 2004 balance sheet would have been to increase assets and increase reserved fund balance by \$28,000. The effect on the Statement of Revenues, Expenses and Changes in Fund Balance as of June 30, 2004 is unknown.

IV DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash received by the Town is placed in the custody of the Town Treasurer who is elected. The cash deposits in the Town accounts as of June 30, 2005 consisted of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 200,500	\$ 206,195
Uninsured, Collateralized - Secured By U.S. Government Securities of Federal Agency Issued Mortgage Backed Securities Held by the Bank's Trust Department with a Security Interest Granted to the Town	944,637	957,735
Cash on Hand	<u>491</u>	<u>N/A</u>
Total	<u>\$ 1,145,628</u>	<u>\$ 1,163,930</u>

The difference between the book and bank balances is due to reconciling items such as deposits in transit and outstanding checks.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Cash and investments are comprised of the following:

Cash	\$ 995,128
Investments - Certificates of Deposit	<u>150,500</u>
Total	<u>\$1,145,628</u>

The certificates of deposit have maturity dates exceeding three months from date of purchase and are classified as investments on Exhibit A and Exhibit C. All the certificates of deposit are unrated and have maturities within one year.

The Town has established an investment policy which indicates which types of investments the Town can own. There are no outside restrictions on the types of investments the Town may invest in.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value of changes in market interest rates. All of the Town's assets can be changed daily thereby creating no interest rate risk.

Credit Risk

Investments are limited to insured bank deposits, U.S. Treasury or agency securities and money market funds that are registered to do business in Vermont and are regulated by the FDIC.

Concentration of Credit Risk

The Town has no limit on the amount that they may invest with any one user, however tries to diversify to seek the maximum FDIC coverage at each financial institution.

B. Receivables

Receivables at June 30, 2005, as reported in the statement of net assets are as follows:

	<u>Governmental Activities</u>
Delinquent Taxes	\$ 65,280
Delinquent Tax Penalties and Interest	12,295
Grants	43,379
Miscellaneous	<u>5,815</u>
Total	<u>\$ 126,769</u>

Management believes that all receivables are collectible, thus no allowance for doubtful accounts has been recorded.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

C. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 539,260	\$ 0	\$ 0	\$ 539,260
Art	11,140	0	0	11,140
Work in Progress	53,295	8,126	61,421	0
Total Capital Assets, Not Being Depreciated	<u>603,695</u>	<u>8,126</u>	<u>61,421</u>	<u>550,400</u>
Capital Assets, Being Depreciated:				
Vehicles	859,477	280,076	0	1,139,553
Mobile Equipment	551,889	542,000	415,000	678,889
Roads and Bridges	241,479	286,656	0	528,135
Buildings and Building Improvements	1,487,307	15,943	0	1,503,250
Equipment	<u>229,242</u>	<u>108,175</u>	<u>0</u>	<u>337,417</u>
Totals	<u>3,369,394</u>	<u>1,232,850</u>	<u>415,000</u>	<u>4,187,244</u>
Less accumulated depreciation for:				
Vehicles	250,646	64,698	0	315,344
Mobile Equipment	206,895	36,692	190,000	53,587
Roads and Bridges	12,359	29,447	0	41,806
Buildings and Building Improvements	361,454	21,365	0	382,819
Equipment	<u>36,796</u>	<u>30,108</u>	<u>0</u>	<u>66,904</u>
Totals	<u>868,150</u>	<u>182,310</u>	<u>190,000</u>	<u>860,460</u>
Total Capital Assets, Being Depreciated	<u>2,501,244</u>	<u>1,050,540</u>	<u>225,000</u>	<u>3,326,784</u>
Governmental Activity Capital Assets, Net	<u>\$ 3,104,939</u>	<u>\$ 1,058,666</u>	<u>\$ 286,421</u>	<u>\$ 3,877,184</u>

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Depreciation was charged as follows:

Governmental Activities:		
General Government	\$	10,000
Highways and Street		99,146
Public Safety		66,651
Recreation		4,117
Solid Waste		<u>2,396</u>
Total Depreciation Expense - Governmental Activities	\$	<u>182,310</u>

D. Interfund Balances and Activity

The composition of Interfund Balances at June 30, 2005, is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 129,992
Fire Equipment Fund	0	108,802
Other Governmental Funds	<u>245,675</u>	<u>6,881</u>
Total	<u>\$ 245,675</u>	<u>\$ 245,675</u>

As discussed in Note 1H8, the interfund balances are the result of pooling cash deposits. Also, it is the intent of the Town to repay the Fire Equipment Fund balance over three (3) years through annual transfers.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Interfund transfers for the year ended June 30, 2005, were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Fire Equipment	\$ 55,000	Annual Subsidy
General Fund	Cemetery Perpetual Care Fund	9,200	Annual Subsidy
General Fund	Highway Equipment Fund	55,000	Annual Subsidy
General Fund	Highway Garage Fund	50,000	Annual Subsidy
General Fund	Solid Waste Equipment Fund	4,000	Annual Subsidy
General Fund	Police Station Fund	2,000	Annual Subsidy
General Fund	Police Cruiser/Special Equipment Fund	16,000	Annual Subsidy
General Fund	Kids and Cops Fund	1,576	Establish Fund
General Fund	Tracy Hall Fund	2,000	Annual Subsidy
General Fund	General Administration Fund	2,000	Annual Subsidy
General Fund	Recreation D.A.M. Fund	5,000	Annual Subsidy
General Fund	Recreation Tennis Fund	1,627	Annual Subsidy
General Fund	Route 132 Fund	5,000	Annual Subsidy
General Fund	Fire Training Fund	7,500	Annual Subsidy
General Fund	Town Clerk Equipment Fund	4,000	Cemetery Perpetual Care and Expansion
Perpetual Care Fund	Cemetery Perpetual Care Fund	19,878	Cemetery Perpetual Care and Expansion
Sale of Cemetery Lots Fund	Cemetery Perpetual Care Fund	200	Cemetery Perpetual Care
Total		\$ 239,981	

E. Deferred Revenue

Deferred Revenue in the General Fund consists of \$55,500 of delinquent taxes and penalty and interest on those taxes and \$34,019 of grant revenue that was not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities and \$25,222 of recreation fees, \$45,944 of property taxes and \$2,000 of grant income received in advance for fiscal year 2006. Total Deferred Revenue in the General Fund is \$173,685.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

F. Long-term Liabilities

General Obligation Bonds. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

Other Notes Payable – The Town has other notes payable to finance various capital projects through local banks.

Long-term liabilities outstanding as of June 30, 2005 were as follows:

Bonds and Note Payable:

The following is a summary of changes in the bonds and note payable for the year ended June 30, 2005:

	Beginning Balance <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2005</u>
Bond Payable - Vermont Municipal Bond Bank, Tracy Hall Renovations, \$45,000 Due Annually on December 1 through 2014, Various Interest Rates, Currently at 5.733%, Interest Due Semi- Annually on June 1 and December 1	\$495,000	\$ 0	\$45,000	\$450,000
Bond Payable, Vermont Municipal Bond Bank, Highway Equipment, \$65,000 Due Annually on December 1 Through 2010, Various Interest Rates, Currently at 2.95%, Interest Due Semi-Annually on June 1 and December 1	0	315,000	0	315,000
Note Payable, Mascoma Bank, Town Managers Car, Monthly Principal and Interest Payments of \$297, Interest at 4.29%, Due October, 2008, Secured by the Car	<u>0</u>	<u>13,092</u>	<u>2,029</u>	<u>11,063</u>
Total Bonds Payable	<u>\$495,000</u>	<u>\$328,092</u>	<u>\$47,029</u>	<u>\$776,063</u>

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 113,154	\$ 34,750	\$ 147,904
2007	113,292	30,567	143,859
2008	113,436	26,014	139,450
2009	106,181	21,287	127,468
2010	105,000	16,546	121,546
2011-2015	<u>225,000</u>	<u>35,567</u>	<u>260,567</u>
Total	\$ <u>776,063</u>	\$ <u>164,731</u>	\$ <u>940,794</u>

Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 495,000	\$ 315,000	\$ 45,000	\$ 765,000	\$ 110,000
Notes Payable	0	13,092	2,029	11,063	3,154
Compensated Absences Payable	<u>50,931</u>	<u>5,722</u>	<u>0</u>	<u>56,653</u>	<u>0</u>
Total Governmental Activities					
Long-Term Liabilities	\$ <u>545,931</u>	\$ <u>333,814</u>	\$ <u>47,029</u>	\$ <u>832,716</u>	\$ <u>113,154</u>

G. Reserved and Designated Fund Balances

The reserved and designated fund balances of the Town as of June 30, 2005 consisted of the following:

Reserved fund balances at June 30, 2005 are as follows:

General Fund:	
Reserved for Prepaid Expenditures and Inventory	\$ 57,807
Reserved for Encumbrances	<u>1,600</u>
Total General Fund	<u>59,407</u>

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

Special Revenue Funds:

Reserved for Recreation Fund by Donation and Trust Agreement	\$154,728
Reserved for Cemetery Perpetual Care by Donations and Trust Agreements	<u>22,691</u>
Total Special Revenue Funds	<u>177,419</u>

Permanent Funds:

Reserved for Perpetual Care Fund by Donation and Trust Agreements	102,502
Reserved for Sale of Cemetery Lots by Trust Agreements	<u>66,791</u>
Total Permanent Funds	<u>169,293</u>
Total Reserved Fund Balances	<u>\$406,119</u>

Designated fund balances at June 30, 2005 are as follows:

Special Revenue Funds:	
Designated for Conservation Commission	\$ 98,827
Designated for Kids and Cops	<u>918</u>
Total Special Revenue Funds	<u>99,745</u>
Capital Projects Funds:	
Highway Equipment	95,965
Highway Garage	95,799
Solid Waste Equipment	12,217
Police Station	3,964
Police Cruiser/Special Equipment	21,715
Reappraisal	2,646
Tracy Hall	3,719
General Administration	10,929
Corridor Enhancement	53,682
Recreation Dam	920
Route 132	15,257
Fire Training	17,743
Town Clerk Equipment	<u>4,019</u>
Total Capital Projects Funds	<u>338,575</u>
Total Designated Fund Balances	<u>\$438,320</u>

The \$108,802 deficit in the Fire Equipment Fund will be funded over three (3) years from transfers from the General Fund.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

V. OTHER INFORMATION

A. BENEFIT PLANS

All eligible employees of the Town are covered under the State of Vermont Municipal Employees' Retirement Plan. The system requires that both the Town and employees contribute to the Plan which provides retirement, disability and death benefits. The Town has elected to participate in three (3) plans; Plan B, Plan C and Plan DC which require all eligible employees to contribute, 4.5%, 9% and 5%, respectively of gross wages while the Town contributes 5%, 6%, and 5% respectively.

The Town pays all costs accrued each year for the plan. The premise of Plan B and Plan C is to provide a retirement plan covering municipal employees at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in this plan is done in the aggregate, not by municipality. Due to the nature of this pension plan, net assets available for benefits as well as the present value of vested and nonvested plan benefits by municipality are not determinable. The premise of Plan DC, a defined contribution plan, is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement.

Total payroll for the year was \$979,939 while covered payroll was \$732,078. Pension expense for the year was \$38,185.

Additional information regarding the State of Vermont Municipal Employees' Retirement Plans is available upon request from the State of Vermont.

The Town also offers its employees a deferred compensation plan through the State of Vermont in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self directed by each employee. No employees have elected to participate in this plan.

TOWN OF NORWICH, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

B. PROPERTY TAXES

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Board based on the voter approved budget, the estimated grand list and the State education property tax liability. Property taxes were levied in July and were due September 3, 2004 and February 11, 2005. The penalty rate is eight percent (8%). Interest is charged at one percent (1%) per month for the first three months and one and one-half percent (1-1/2%) per month for each month thereafter. The tax rate for 2005 is as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.4077	.4077
Education - Local Share	<u>1.4417</u>	<u>1.2612</u>
Total	<u>\$1.8494</u>	<u>\$1.6689</u>

C. RISK MANAGEMENT

The Town of Norwich is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town of Norwich maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town of Norwich. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

In addition, the Town of Norwich is a member of the League of Cities and Towns Health Trust. The Health Trust is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members. The agreement does not permit the Health Trust to make additional assessments to its members.

The Town of Norwich, Vermont is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

D. RELATED PARTY TRANSACTIONS

The Town of Norwich has maintained its primary bank account with Mascoma Savings Bank for many years. The Town Treasurer is an employee of the bank.

Schedule 1

TOWN OF FREDERICK, VERMONT
COMBINED BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special Revenue Funds	Capital Project Funds	Deannment Funds	Total
ASSETS				
Cash	\$ 188,877	\$ 114,851	\$ 11,225	\$ 314,953
Investments	0	0	156,566	156,566
Accrued Interest Receivable	0	0	2,611	2,611
Due From Other Funds	218	244,246	557	245,175
Total Assets	\$ 189,095	\$ 359,097	\$ 180,349	\$ 628,541
LIABILITIES AND FUND BALANCES				
Accounts and Contracts Payable	\$ 756	\$ 11,481	\$ 0	\$ 12,237
Due to Other Funds	1,881	0	0	1,881
Total Liabilities	2,637	11,481	0	14,118
Fund Balances:				
Reserve for:				
Restricted Purposes	177,419	0	119,229	296,648
Unassigned - Designated	99,745	338,575	0	438,324
Total Fund Balances	277,164	338,575	119,229	735,032
Total Liabilities and Fund Balances	\$ 280,201	\$ 350,056	\$ 119,229	\$ 749,486

Schedule 2

TOWN OF FREDERICK, VERMONT
COMPARING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2005

	Special Revenue Funds	Capital Project Funds	Deannment Funds	Total
Revenues:				
Intergovernmental Revenues	\$ 1,000	\$ 0	\$ 0	\$ 1,000
Transfer from Other Funds	3,311	3,433	5,784	12,528
Other Revenues	129,225	0	9,000	138,225
Total Revenues	133,536	3,433	14,784	151,753
Expenditures:				
Public Safety	1,743	0	0	1,743
Highways and Streets	3,300	0	0	3,300
Operating Expenses	20,238	0	0	20,238
Capital Outlay	0	385,822	0	385,822
Total Expenditures	25,281	385,822	0	411,103
Excess (Deficiency) of Revenues Over Expenditures	108,255	(382,389)	14,784	(259,350)
Other Financing Sources (Uses):				
Proceeds of Long-Term Debt	0	315,000	0	315,000
Transfer in	30,854	154,127	0	184,981
Transfer out	0	0	(20,078)	(20,078)
Total Other Financing Sources (Uses)	30,854	469,127	(20,078)	479,903
Net Change in Fund Balances	139,109	86,738	(5,294)	219,553
Fund Balances - July 1, 2004	147,155	251,837	119,229	518,221
Fund Balances - June 30, 2005	\$ 286,264	\$ 338,575	\$ 113,935	\$ 738,774

Schedule 3

TOWN OF NORWICH, VERMONT
COMBINING BALANCESHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2005

	Conservation Commission Fund	Recreation Fund	Canastota Perpetual Care Fund	Kills & Cops Fund	Total
<u>ASSETS</u>					
Cash	\$ 98,827	\$ 134,728	\$ 30,322	\$ 0	\$ 263,877
Due From Other Funds	0	0	0	918	918
TOTAL ASSETS	\$ 98,827	\$ 134,728	\$ 30,322	\$ 918	\$ 264,793
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 750	\$ 0	\$ 750
Due to Other Funds	0	0	6,881	0	6,881
Total Liabilities	0	0	7,631	0	7,631
Fund Balance:					
Reserved	0	134,728	22,691	0	177,419
Unreserved:					
Designated	98,827	0	0	918	99,745
Total Fund Balance	98,827	134,728	22,691	918	272,164
TOTAL LIABILITIES AND FUND BALANCE	\$ 98,827	\$ 134,728	\$ 30,322	\$ 918	\$ 264,793

The accompanying notes are an integral part of this financial statement.

Schedule 4

TOWN OF NORWICH, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Conservation Commission Fund	Recreation Fund	Conservation Respectful Care Fund	Kills & Cops Fund	Total
Revenues:					
Investment Income	\$ 1,119	\$ 1,176	\$ 116	\$ 30	\$ 3,331
Grants	0	1,000	0	0	1,000
Other Income	0	0	\$31	0	\$31
Donations	<u>1,295</u>	<u>114,132</u>	<u>1,872</u>	<u>1,065</u>	<u>119,394</u>
Total Revenues	<u>3,514</u>	<u>116,333</u>	<u>3,824</u>	<u>1,095</u>	<u>124,766</u>
Expenditures:					
Public Safety	0	0	0	1,743	1,743
Local Improvements	0	3,600	0	0	3,600
Conservation	<u>0</u>	<u>0</u>	<u>10,163</u>	<u>0</u>	<u>10,163</u>
Total Expenditures	<u>0</u>	<u>3,600</u>	<u>10,163</u>	<u>1,743</u>	<u>15,611</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,514</u>	<u>112,733</u>	<u>(16,444)</u>	<u>(658)</u>	<u>99,145</u>
Other Financing Sources:					
Transfers In	<u>0</u>	<u>0</u>	<u>19,173</u>	<u>1,576</u>	<u>30,834</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>19,173</u>	<u>1,576</u>	<u>30,834</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>3,514</u>	<u>112,733</u>	<u>12,834</u>	<u>918</u>	<u>129,999</u>
Final Balance - July 1, 2004	<u>95,213</u>	<u>41,993</u>	<u>9,832</u>	<u>0</u>	<u>147,164</u>
Final Balance - June 30, 2005	<u>\$ 98,827</u>	<u>\$ 154,723</u>	<u>\$ 11,691</u>	<u>\$ 918</u>	<u>\$ 272,164</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FREDRICK, VERMONT
COMBINED BALANCE SHEET
CAPITAL RESERVE FUND
FUND 36, 2005

	Highway Equipment Fund	Highway Orange Fund	Public Works Equipment Fund	Police Station Fund	Police Crimers/ Special Equipment Fund	Town Essexford Fund	Tracy Hall Fund
ASSETS							
Cash	\$ 0	\$ 40,341	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due from Other Funds	05,043	44,433	12,217	3,044	21,713	2,444	3,710
TOTAL ASSETS	\$ 05,043	\$ 05,700	\$ 12,217	\$ 3,044	\$ 21,713	\$ 2,444	\$ 3,710
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	0	0	0	0	0	0	0
Fund Balances:							
Unassigned:							
Designated	05,043	05,700	12,217	3,044	21,713	2,444	3,710
Total Fund Balances	05,043	05,700	12,217	3,044	21,713	2,444	3,710
TOTAL LIABILITIES AND FUND BALANCES	\$ 05,043	\$ 05,700	\$ 12,217	\$ 3,044	\$ 21,713	\$ 2,444	\$ 3,710

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

Schedule J

<u>General</u> <u>Administration</u> <u>Fund</u>	<u>Comitor</u> <u>Enhancement</u> <u>Fund</u>	<u>Recreation</u> <u>Trust</u> <u>Fund</u>	<u>Recreation</u> <u>Trust</u> <u>Fund</u>	<u>Public</u> <u>Library</u> <u>Fund</u>	<u>Fire</u> <u>Insurance</u> <u>Fund</u>	<u>Police/Club</u> <u>Equipment</u> <u>Fund</u>	<u>Total</u>
\$ 0	\$ 11,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,334
<u>16,000</u>	<u>0</u>	<u>0,300</u>	<u>0</u>	<u>13,237</u>	<u>17,743</u>	<u>4,010</u>	<u>244,260</u>
\$ <u>16,000</u>	\$ <u>11,400</u>	\$ <u>0,300</u>	\$ <u>0</u>	\$ <u>13,237</u>	\$ <u>17,743</u>	\$ <u>4,010</u>	\$ <u>333,634</u>
\$ 0	\$ 7,013	\$ 0,440	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,431
<u>0</u>	<u>7,013</u>	<u>0,440</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,431</u>
<u>16,000</u>	<u>33,432</u>	<u>000</u>	<u>0</u>	<u>13,237</u>	<u>17,743</u>	<u>4,010</u>	<u>333,373</u>
<u>16,000</u>	<u>33,432</u>	<u>000</u>	<u>0</u>	<u>13,237</u>	<u>17,743</u>	<u>4,010</u>	<u>333,373</u>
\$ <u>16,000</u>	\$ <u>11,400</u>	\$ <u>0,300</u>	\$ <u>0</u>	\$ <u>13,237</u>	\$ <u>17,743</u>	\$ <u>4,010</u>	\$ <u>333,634</u>

TOWN OF NORWICH, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Highways Equipment Fund	Highways General Fund	Solid Waste Equipment Fund	Public Services Fund	Public Capital Equipment Fund	Other Capital Equipment Fund	Other Fund
Revenues:							
Interest on Loans:	\$ 754	\$ 905	\$ 116	\$ 40	\$ 144	\$ 91	\$ 115
Total Revenues:	<u>754</u>	<u>905</u>	<u>116</u>	<u>40</u>	<u>144</u>	<u>91</u>	<u>115</u>
Expenditures:							
Highways:	31,590	18,949	0	0	0	0	0
Public Safety:	0	0	0	4,544	0	0	0
Waste:	0	0	0	0	0	0	0
Capital:	0	0	0	0	0	15,123	0
Building:	0	0	0	0	0	0	3,754
General Administration:	0	0	0	0	0	0	0
Capital Equipment:	0	0	0	0	0	0	0
Total Expenditures:	<u>31,590</u>	<u>18,949</u>	<u>0</u>	<u>4,544</u>	<u>0</u>	<u>15,123</u>	<u>3,754</u>
Excess (Deficiency) of Revenues Over Expenditures:	<u>(31,590)</u>	<u>(18,949)</u>	<u>116</u>	<u>(4,544)</u>	<u>144</u>	<u>(15,123)</u>	<u>(3,639)</u>
Other Financing Sources:							
Transfer of Long-Term Debt:	31,590	0	0	0	0	0	0
Total Other Financing Sources:	<u>31,590</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - July 1, 2004:	<u>41,201</u>	<u>63,443</u>	<u>8,101</u>	<u>6,468</u>	<u>5,771</u>	<u>17,508</u>	<u>9,320</u>
Fund Balance - June 30, 2005:	<u>\$ 41,201</u>	<u>\$ 63,443</u>	<u>\$ 8,101</u>	<u>\$ 6,468</u>	<u>\$ 5,771</u>	<u>\$ 17,508</u>	<u>\$ 9,320</u>

The accompanying notes are an integral part of this financial statement.

Schedule 6

General Administration Fund	Capital Expenditures Fund	Reserve Debt Fund	Reserve Totals Fund	Comm. 132 Fund	Fire Yardley Fund	Total, Clerk Equipment Fund	Total
\$ 11.5	\$ 74.5	\$ 79	\$ 8	\$ 14.5	\$ 1.7	\$ 19	\$ 3,433
<u>11.5</u>	<u>74.5</u>	<u>79</u>	<u>8</u>	<u>14.5</u>	<u>1.7</u>	<u>19</u>	<u>3,433</u>
0	0	0	0	0	0	0	334,939
0	0	0	0	0	0	0	4,544
0	0	3,214	4,871	0	0	0	14,989
0	0	0	0	0	0	0	15,123
0	0	0	0	0	0	0	7,754
23	0	0	0	0	0	0	23
<u>0</u>	<u>3,310</u>	<u>3,214</u>	<u>4,871</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>345,422</u>
<u>23</u>	<u>3,310</u>	<u>3,214</u>	<u>4,871</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>345,422</u>
<u>92</u>	<u>(3,603)</u>	<u>(3,139)</u>	<u>(4,863)</u>	<u>14.5</u>	<u>1.7</u>	<u>19</u>	<u>(342,389)</u>
0	0	0	0	0	0	0	315,900
<u>2,000</u>	<u>0</u>	<u>3,900</u>	<u>1,627</u>	<u>5,000</u>	<u>7,500</u>	<u>4,000</u>	<u>154,127</u>
<u>2,000</u>	<u>0</u>	<u>3,900</u>	<u>1,627</u>	<u>5,000</u>	<u>7,500</u>	<u>4,000</u>	<u>469,127</u>
<u>2,092</u>	<u>(3,603)</u>	<u>(3,139)</u>	<u>(3,236)</u>	<u>5,145</u>	<u>7,517</u>	<u>4,019</u>	<u>46,736</u>
<u>3,137</u>	<u>62,247</u>	<u>5,039</u>	<u>3,236</u>	<u>10,112</u>	<u>10,986</u>	<u>0</u>	<u>251,430</u>
<u>\$ 1,0929</u>	<u>\$ 53,642</u>	<u>\$ 905</u>	<u>\$ 0</u>	<u>\$ 15,257</u>	<u>\$ 17,748</u>	<u>\$ 4,019</u>	<u>\$ 336,555</u>

Schedule 7

TOWN OF NORWICH, VERMONT
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2005

	Perpetual Care Fund	Sale of Cemetery Lots Fund	Total
<u>ASSETS</u>			
Cash	\$ 13,315	\$ 2,910	\$ 16,225
Investments	88,000	62,500	150,500
Accrued Interest Receivable	1,187	824	2,011
Due from Other Funds	0	557	557
TOTAL ASSETS	\$ 102,502	\$ 66,791	\$ 169,293
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
Fund Balances:			
Reserved	102,502	66,791	169,293
Total Fund Balances	102,502	66,791	169,293
TOTAL LIABILITIES AND FUND BALANCES	\$ 102,502	\$ 66,791	\$ 169,293

The accompanying notes are an integral part of this financial statement.

Schedule 8

TOWN OF NORWICH, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	Perpetual Care Fund	Side of Cemetery Lots Fund	Total
Revenues:			
Lot Sales	\$ 4,600	\$ 4,400	\$ 9,000
Interest Income	4,399	1,385	5,784
Total Revenues	8,999	5,785	14,784
Expenditures:	0	0	0
Excess of Revenues Over Expenditures	8,999	5,785	14,784
Other Financing Sources(Uses):			
Transfers Out	(19,878)	(200)	(20,078)
Total Other Financing Sources(Uses)	(19,878)	(200)	(20,078)
Net Change in Fund Balances	(10,879)	5,585	(5,294)
Fund Balances - July 1, 2004	113,381	61,206	174,587
Fund Balances - June 30, 2005	\$ 102,502	\$ 66,791	\$ 169,293

The accompanying notes are an integral part of this financial statement.

Schedule 9

TOWN OF NORWICH, VERMONT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE FUNDS
JUNE 30, 2005

	Land Management Fund	Main Street Flags Fund	Total
ASSETS			
Cash	\$ 2,241	\$ 358	\$ 2,599
TOTAL ASSETS	\$ 2,241	\$ 358	\$ 2,599
LIABILITIES AND NET ASSETS			
Liabilities:	\$ 0	\$ 0	\$ 0
Net Assets:			
Restricted	2,241	358	2,599
Total Net Assets	2,241	358	2,599
TOTAL LIABILITIES AND NET ASSETS	\$ 2,241	\$ 358	\$ 2,599

Schedule 10

TOWN OF NORWICH, VERMONT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Land Management Fund	Main Street Flags Fund	Total
Revenues:			
Grant	\$ 0	\$ 100	\$ 100
Interest Income	29	1	30
Total Revenues	29	101	130
Expenditures:			
Other Expenditures	119	9	128
Total Expenditures	119	9	128
Change in Net Assets	(90)	92	2
Net Assets - July 1, 2004	2,331	266	2,597
Net Assets - June 30, 2005	\$ 2,241	\$ 358	\$ 2,599