

TOWN OF HINESBURG, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012

(Continued)

**The Town as a Whole**

The Town's combined net assets increased by \$2,824,391 from a year ago – increasing from \$7,880,959 to \$10,705,350. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities compared to fiscal year 2011.

Table 1  
Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 2,347,706	\$ 1,203,348	\$ 550,042	\$ 441,838	\$ 2,897,748	\$ 1,645,186
Capital assets	7,165,019	5,655,123	3,989,205	3,986,807	11,154,224	9,641,930
Total assets	<u>9,512,725</u>	<u>6,858,471</u>	<u>4,539,247</u>	<u>4,428,645</u>	<u>14,051,972</u>	<u>11,287,116</u>
Long term liabilities	1,048,104	418,084	1,861,978	1,821,573	2,910,082	2,239,657
Other liabilities	421,169	285,227	15,371	881,273	436,540	1,166,500
Total liabilities	<u>1,469,273</u>	<u>703,311</u>	<u>1,877,349</u>	<u>2,702,846</u>	<u>3,346,622</u>	<u>3,406,157</u>
Net assets:						
Invested in capital assets, net of debt	6,653,678	5,182,158	2,132,620	1,296,447	8,786,298	6,478,605
Restricted	524,992	217,995	0	0	524,992	217,995
Unrestricted	864,782	755,007	529,278	429,352	1,394,060	1,184,359
Total net assets	<u>\$ 8,043,452</u>	<u>\$ 6,155,160</u>	<u>\$2,661,898</u>	<u>\$ 1,725,799</u>	<u>\$10,705,350</u>	<u>\$ 7,880,959</u>

 Net assets of the Town's governmental activities increased by approximately 31% (\$8,043,452 compared to \$6,155,160). Most of this increase was due to the donation of capital assets (Silver Street Bridge and other infrastructures) which do not show as expenses in the statement of activities, and the receipt of a grant to fund a Note Receivable for \$530,000, half of which is due back to VCDP upon repayment.

The net assets of our business-type activities increased by approximately 54% (\$2,661,898 compared to \$1,725,799). Most of this increase was due to the forgiveness of 50% of the ANR loan and the donation of infrastructure assets.

TOWN OF HINESBURG, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012  
(Continued)

Table 2  
Change in Net Assets

Our analysis below separately considers the operations of governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 231,922	\$ 258,042	\$ 604,551	\$ 532,776	\$ 836,473	\$ 790,818
Operating grants and contributions	362,758	339,644	0	0	362,758	339,644
Capital grants and contributions	1,686,971	57,138	118,997	0	1,805,968	57,138
General revenues:						
Property taxes, penalties and interest	2,403,339	2,222,870	0	0	2,403,339	2,222,870
Investment income	7,578	12,845	5,790	8,427	13,368	21,272
Gain(loss) on disposal of assets	(48,605)	0	0	0	(48,605)	0
Donations	500	34,954	0	0	500	34,954
Other general revenues	20,143	14,604	46,991	19,557	67,134	34,161
Total revenues	<u>4,664,606</u>	<u>2,940,097</u>	<u>776,329</u>	<u>560,760</u>	<u>5,440,935</u>	<u>3,500,857</u>
<b>PROGRAM EXPENSES</b>						
General government	961,096	875,945	0	0	961,096	875,945
Public safety	719,417	688,950	0	0	719,417	688,950
Highways and streets	700,059	691,484	0	0	700,059	691,484
Agency requests	223,170	215,300	0	0	223,170	215,300
Culture and recreation	99,556	96,126	0	0	99,556	96,126
Debt service	19,253	20,902	0	0	19,253	20,902
Health and cemetery	33,557	34,280	0	0	33,557	34,280
County tax	20,206	22,699	0	0	20,206	22,699
Water	0	0	151,776	134,554	151,776	134,554
Wastewater	0	0	60,008	125,838	60,008	125,838
Shared expenses	0	0	405,054	392,841	405,054	392,841
Total program expenses	<u>2,776,314</u>	<u>2,645,686</u>	<u>616,838</u>	<u>653,233</u>	<u>3,393,152</u>	<u>3,298,919</u>
<b>SPECIAL ITEM</b>						
Loan forgiveness - ANR	<u>0</u>	<u>0</u>	<u>776,608</u>	<u>0</u>	<u>776,608</u>	<u>0</u>
Increase in net assets	<u>\$ 1,888,292</u>	<u>\$ 294,411</u>	<u>\$ 936,099</u>	<u>\$ (92,473)</u>	<u>\$ 2,824,391</u>	<u>\$ 201,938</u>

The biggest changes from year to year primarily relate to the donation of the infrastructure assets, both in the governmental and in the business-type activities. The general government expenses increased due to the use of Vermont Community Development Program grant funds.

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	Major Funds		Non-Major Funds	Totals
	General Fund	VCDP Fund	Special Revenue Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 969,077	\$ 1,325	\$ 69,895	\$ 1,040,297
Investments	0	0	52,242	52,242
Receivables:				
Delinquent taxes	90,237	0	0	90,237
Delinquent tax interest	11,626	0	0	11,626
Other	313,885	2,540	0	316,425
Note receivable	275,980	530,000	0	805,980
Prepaid expenses	50,895	0	0	50,895
Due from other funds	3,473	0	0	3,473
Total assets	<u>\$ 1,715,173</u>	<u>\$ 533,865</u>	<u>\$ 122,137</u>	<u>\$ 2,371,175</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 239,856	\$ 0	\$ 0	\$ 239,856
Construction payable	103,217	0	0	103,217
Accrued and withheld payroll deductions	19,059	0	0	19,059
Taxes collected in advance	16,013	0	0	16,013
Deferred revenue - taxes	65,000	0	0	65,000
Deferred revenue - town forest	1,754	0	0	1,754
Deferred revenue - police grants	1,115	0	0	1,115
Deferred revenue - bridge grant	19,021	0	0	19,021
Deferred revenue - other grants	3,750	0	0	3,750
Deferred revenue - development reimbursement	7,000	0	0	7,000
Deferred revenue - Mt. View	275,980	0	0	275,980
Deferred revenue - Vt Smoke and Cure	0	530,000	0	530,000
Due to other funds	17,456	2,540	3,473	23,469
Total liabilities	<u>769,221</u>	<u>532,540</u>	<u>3,473</u>	<u>1,305,234</u>
<b>FUND BALANCES</b>				
Fund balances				
Nonspendable - prepaids	50,895	0	0	50,895
Restricted	140,003	1,325	118,664	259,992
Assigned	278,291	0	0	278,291
Unassigned	476,763	0	0	476,763
Total fund balances	<u>945,952</u>	<u>1,325</u>	<u>118,664</u>	<u>1,065,941</u>
Total liabilities and fund balances	<u>\$ 1,715,173</u>	<u>\$ 533,865</u>	<u>\$ 122,137</u>	<u>\$ 2,371,175</u>

TOWN OF HINESBURG, VERMONT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2012

EXHIBIT D

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,065,941

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$9,519,366 and the accumulated depreciation is \$2,354,347. 7,165,019

✓ Deferred revenues are recognized on an accrual basis in the statement of net assets, not the modified accrual basis. Deferred revenues at year end consist of:

Deferred revenue - VT Smoke & Cure	530,000 ✓	
Deferred revenue - Mt. View	275,980	
Deferred tax revenue	<u>65,000</u>	870,980

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:

Bonds and notes payable	684,104	
Due to State after one year	265,000	
Accrued interest on bonds and notes payable	10,384	
Accrued compensated absences	<u>99,000</u>	<u>(1,058,488)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 8,043,452

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	Major Funds		Non-Major Funds	Totals
	General Fund	VCDP Fund	Special Revenue Funds	
<b>REVENUES</b>				
Property taxes	\$ 2,362,631	\$ 0	\$ 0	\$ 2,362,631
Penalties and interest	21,208	0	0	21,208
Licenses and permits	36,006	0	0	36,006
Impact fees	0	0	25,814	25,814
Intergovernmental	520,496	538,808 ✓	0	1,059,304
Charges for services	149,907	0	0	149,907
Fines and forfeits	20,195	0	0	20,195
Investment income	3,032	1,325 ✓	3,221	7,578
Donations	500	0	0	500
Miscellaneous income	14,800	0	1,700	16,500
<b>Total revenues</b>	<b>3,128,775</b>	<b>540,133</b>	<b>30,735</b>	<b>3,699,643</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	1,136,589	538,808 ✓	0	1,675,397
Public safety	599,451	0	11,884	611,335
Highways and streets	468,840	0	0	468,840
Culture and recreation	94,503	0	0	94,503
Health and cemetery	31,074	0	2,483	33,557
County tax	20,206	0	0	20,206
Agency requests	223,170	0	0	223,170
<b>Capital outlays</b>				
General government	6,460	0	0	6,460
Public safety	80,700	0	0	80,700
Highways and streets	370,821	0	0	370,821
Culture and recreation	227,435	0	0	227,435
<b>Debt service</b>				
General government - interest	18,677	0	0	18,677
Highways and streets - principal	137,881	0	0	137,881
<b>Total expenditures</b>	<b>3,415,807</b>	<b>538,808</b>	<b>14,367</b>	<b>3,968,982</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>				
	(287,032)	1,325 ✓	16,368	(269,339)
<b>OTHER FINANCING SOURCES</b>				
Debt proceeds - notes payable	239,180	0	0	239,180
Debt proceeds - capital lease	109,840	0	0	109,840
Sale of vehicle	2,750	0	0	2,750
<b>Total other financing sources</b>	<b>351,770</b>	<b>0</b>	<b>0</b>	<b>351,770</b>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>				
	64,738	1,325 ✓	16,368	82,431
<b>FUND BALANCES - JULY 1, 2011</b>	<b>881,214</b>	<b>0</b>	<b>102,296</b>	<b>983,510</b>
<b>FUND BALANCES - JUNE 30, 2012</b>	<b>\$ 945,952</b>	<b>\$ 1,325</b>	<b>\$ 118,664</b>	<b>\$ 1,065,941</b>

See Notes to Financial Statements.

TOWN OF HINESBURG, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (Continued)

**NOTE 3 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 38,879
Public safety	108,082
Highway and streets	231,219
Culture and recreation	5,053
Total governmental activities depreciation expense	\$ 383,233
Business-type activities:	
Water and sewer - shared expenses	\$ 146,482

**NOTE 4 - NOTES RECEIVABLE**

The Town has a note receivable at June 30, 2012 with Vermont Smoke and Cure, Inc. The Town has obtained a federal grant through the Vermont Community Development Program and has loaned these funds to Vermont Smoke and Cure, Inc. for redevelopment of the old Saputo Factory property. The Town holds a \$530,000 note receivable with 1% interest, with terms of quarterly installments of interest only through July 2014, and principal and interest through January 2021. This total amount is offset by deferred revenue for fund financial statement purposes.

For the government wide statements, 50% of the principal repayments are due back to the Vermont Community Development Program as required under the initial grant terms. The amount payable as of June 30, 2012 was \$265,000.

The Town has a note receivable at June 30, 2012 with Mountain View Park for \$275,980 with 2% interest. When this note is paid, it is immediately remitted to the Vermont Revolving Loan Fund, as reflected in the information in the Notes Payable section.

**NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES**

The Town has combined some of the cash resources of its governmental funds for accounting and reporting purposes. That portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2012 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 3,473	\$ 17,456
VCDP Fund	0	2,540
Enterprise Funds	19,996	0
Special Revenue Fund	0	3,473
	\$ 23,469	\$ 23,469

TOWN OF HINESBURG, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)

**NOTE 10 – RESTRICTED AND ASSIGNED FUND BALANCES AND NET ASSETS**

Fund Balances and net assets are restricted and assigned as follows:

	Fund Balance Assigned	Fund Balance Restricted	Net Assets Restricted
Reappraisal	\$ 0	\$ 112,335	\$ 112,335
Fire Department - landscaping	22,296	0	0
Land preservation	14,931	0	0
Print, bind & microfilm	10,397	0	0
Records restoration	0	27,668	27,668
Recreation - capital expense	13,013	0	0
Recreation Path Committee	136,667	0	0
Corridor improvement	58,320	0	0
Tree planting	5,136	0	0
Police station building	6,490	0	0
Conservation committee	6,821	0	0
Planning commission - prof. services	4,220	0	0
VDCP Fund	0	1,325	266,325
Cemetery	0	59,110	59,110
Impact fees	0	59,554	59,554
	<u>\$ 278,291</u>	<u>\$ 259,992</u>	<u>\$ 524,992</u>

Proprietary Fund

The Sewer and Water Fund has unrestricted net assets of \$529,278 as of June 30, 2012, of which \$21,904 is designated for sludge removal and \$154,130 for other sewer and water projects.

**NOTE 11 - PROPERTY TAXES**

The Town levies its property tax based upon the assessed value as of April 1, for all real and personal property, with exemptions to qualifying veterans and excludes assessments on municipal, school and church properties. Tax payments are due November 15. Delinquent taxes are subject to interest of 1% per month for the first three months, then 1 1/2% per month thereafter until paid. Taxes not paid by July 1 following the due date, will result in action to sell the property to cover tax, costs and fees.

Tax stabilization contracts are agreements with individuals who own or lease agricultural land that would qualify currently under the State of Vermont Use Value Appraisal, or Working Farm Tax Abatement program on which the State pays proportionate tax.