

Vermont League of Cities and Towns

Audited Financial Statements
with Supplementary Information

*Years ended December 31, 2011 and 2010
with Report of Independent Auditors*

Vermont League of Cities and Towns

Audited Financial Statements
with Supplementary Information

Years ended December 31, 2011 and 2010

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Report of Independent Auditors

Board of Directors
Vermont League of Cities and Towns

We have audited the accompanying statements of net position of Vermont League of Cities and Towns ("VLCT") as of December 31, 2011 and 2010, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended. These financial statements are the responsibility of VLCT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VLCT's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VLCT at December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accounting principles generally accepted in the United States require that the Management Discussion and Analysis on pages 3 - 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board which has determined it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on VLCT's basic financial statements as a whole. The supplementary information on pages 26 - 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Johnson Lambert & Co. LLP

Burlington, Vermont
March 15, 2012

Vermont firm registration: 092-0000267

Vermont League of Cities and Towns

Management Discussion and Analysis

Year ended December 31, 2011 and 2010

Management of the Vermont League of Cities and Towns (VLCT) presents the following overview and analysis of its financial operations for the year ended December 31, 2011, to be reviewed and considered in conjunction with the more detailed statements, schedules and notes in the ensuing pages of this report.

Highlights

- Assets exceeded liabilities at the end of 2011 by \$208,916, of which \$(6,394) was undesignated and \$215,310 was invested in capital assets net of related debt. This compares with a net position of \$140,710 at December 31, 2010, of which \$(135,142) was undesignated and \$275,852 was invested in capital assets net of related debt. As of December 31, 2009, net position was \$203,472 of which \$(66,819) was undesignated and \$270,291 was invested in capital assets net of related debt.
- Net position increased by \$68,206 during the year ended December 31, 2011. This increase was primarily due to savings from staff vacancies. In 2010, the change in net position from operations was \$(62,762) with expenses exceeding revenues
- Revenues were \$278,981 less than budgeted and expenses were under budget by \$340,539. Staff vacancies account for most of these savings with salaries and benefits \$240,634 below budget, resulting in a reduction in both direct and allocated trust reimbursements. Over half of the balance of expense savings from budget occurred in contracted services, specifically legal expenses, for which \$50,000 was budgeted to cover the liability deductible. On the revenue side, trust reimbursement income was \$229,084 less than budgeted, including salary and benefit savings attributable to trust position vacancies, as well as all other direct and indirect expense categories.

Overview of the Financial Statements

VLCT's fiscal year is January 1 through December 31. There are no funds other than the General Fund. Administrative costs are allocated generally on the basis of staff full-time equivalency with each employee's time portioned to the various cost centers he or she is responsible for. Those cost centers are:

- Advocacy
- Member Services
- Municipal Assistance Center
- Grants
- Unemployment Insurance Trust
- Health Insurance Trust
- Property and Casualty Insurance Fund

Vermont League of Cities and Towns

Management Discussion and Analysis (Continued)

Any costs that can be attributed directly to a specific cost center are expensed accordingly. The costs related to the three insurance trusts are reimbursed to VLCT on a quarterly basis with an annual reconciliation to account for overpayments of expenses that exceed what was budgeted. The full expense of capital investments that are acquired specifically for the trusts is funded by the trusts during the year of purchase. The amount of this funding is booked to deferred revenue that is then recognized as an offset to the associated depreciation expense in ensuing years.

Management's Discussion and Analysis is intended to serve as an introduction to VLCT's basic financial statements and provides supplemental information required by the Governmental Accounting Standards Board. VLCT's basic financial statements consist of the required financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Required Financial Statements include:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements

These statements present VLCT's status at December 31, 2011 and 2010, and financial developments during the years ended December 31, 2011 and 2010 for all cost centers combined.

The Statements of Net Position presents the economic position of VLCT, showing the assets owned by VLCT and how those assets are financed: by debt or short-term obligations, or by net position (VLCT's equity).

The Statement of Revenues, Expenses and Changes in Net Position shows the operating transactions for the year, revenues and expenses, as well as any operating transfers. The result of operations is the change in net position. This amount added to last fiscal year's net position is the new net position total shown in the Statement of Net Position as well as the Statement of Revenues, Expenses and Changes in Net Position.

The Statement of Cash Flows outlines the cash flow resulting from operations, investment, and financing activities of VLCT.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the required financial statements. The notes provide explanations of the accounting principles followed and of key items in the statements. They include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

Vermont League of Cities and Towns

Management Discussion and Analysis (Continued)

In addition to the basic financial statements and the accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes a Schedule of Revenues and Expenses – Budgetary Basis for the current fiscal year, comparing budget to actual and showing the variance from budget. The supplementary information can be found immediately following the notes to the financial statements.

Results and Analysis

The following table summarizes the Statements of Net Position:

	December 31, 2011	December 31, 2010	Percentage Change	December 31, 2009	Percentage Change
Assets					
Current assets	\$ 940,116	\$ 856,963	9.70 %	\$ 617,326	38.82 %
Capital assets	<u>696,461</u>	<u>806,670</u>	(13.66)%	<u>609,736</u>	32.30 %
Total assets	1,636,577	1,663,633	(1.63)%	1,227,062	35.58 %
Liabilities					
Current payable and accruals	373,109	392,171	(4.86)%	119,742	227.51 %
Current deferred revenue	591,671	569,495	3.89 %	451,162	26.23 %
Non-current liabilities	<u>462,881</u>	<u>561,257</u>	(17.53)%	<u>452,686</u>	23.98 %
Total liabilities	<u>1,427,661</u>	<u>1,522,923</u>	(6.26)%	<u>1,023,590</u>	48.78 %
Net position at year-end	<u>\$ 208,916</u>	<u>\$ 140,710</u>	48.47 %	<u>\$ 203,472</u>	(30.85)%

Total assets on December 31, 2011, were \$1,636,577, down from \$1,663,633 at the same time last year. This decrease of \$27,056 or 1.6% was primarily the result of a decrease in capital assets. Depreciation exceeded purchases of new equipment in 2011 whereas, in 2010, the opposite occurred due to the purchase of new claims software. This reduced the value of those capital assets on the Statement of Net Position.

As of December 31, 2011, total liabilities decreased \$95,261 or 6.3% from this time last year with the decrease spread throughout all categories. This was driven by a reduction in non-current liabilities due to 1) payment of debt on the copier loan \$(25,403); 2) lower accrued absences at year-end from turnover during the year \$(12,202); and 3) a decrease in deferred revenue for the trusts of \$(49,666). This deferred revenue is for the trusts' share of capital assets purchased in the past and allocated as the equipment depreciates.

Vermont League of Cities and Towns

Management Discussion and Analysis (Continued)

As of December 31, 2011, VLCT owes the Trusts a total of \$254,132 after adjusting the full time equivalency (FTE) allocation at year-end. Staff vacancies in both trust and administrative operations reduced the associated FTE for those programs and decreased those direct costs.

The following table summarizes operations shown in the Statement of Revenues, Expenses and Changes in Net Position:

	December 31, <u>2011</u>	December 31, <u>2010</u>	Percentage <u>Change</u>	December 31, <u>2009</u>	Percentage <u>Change</u>
Operating revenues					
Member dues	\$ 874,390	\$ 810,505	7.88 %	\$ 742,086	9.22 %
Services	245,451	305,751	(19.72)%	287,411	6.38 %
Trusts	3,283,346	3,396,818	(3.34)%	3,319,818	2.32 %
Other revenue	<u>105,259</u>	<u>81,833</u>	28.63 %	<u>108,133</u>	(24.32)%
Total operating revenues	4,508,446	4,594,907	(1.88)%	4,457,448	3.08 %
Operating expenses					
Combined cost centers **	4,277,084	4,454,259	(3.98)%	4,347,277	2.46 %
Capital costs, net of depreciation	<u>164,097</u>	<u>204,216</u>	(19.65)%	<u>124,184</u>	64.45 %
Total operating expenses	4,441,181	4,658,475	(4.66)%	4,471,461	4.18 %
Operating income (loss)	67,265	(63,568)	(205.82)%	(14,013)	353.64 %
Non-operating revenue	<u>941</u>	<u>806</u>	16.75 %	<u>723</u>	11.48 %
Change in net position	68,206	(62,762)	(208.67)%	(13,290)	372.25 %
Net position, beginning of year	<u>140,710</u>	<u>203,472</u>	(30.85)%	<u>216,762</u>	(6.13)%
Net position, end of year	<u>\$ 208,916</u>	<u>\$ 140,710</u>	48.47 %	<u>\$ 203,472</u>	(30.85)%

** Refer to Schedule 1 at the end of the financial statements for a breakdown of expenses by function.

Vermont League of Cities and Towns

Management Discussion and Analysis (Continued)

The following table presents a budget to actual comparison in summarized form from the Budgetary Basis Statement on pages 26 - 29:

	Budget	Actual	Percentage Change
Operating revenues			
Member dues	\$ 874,993	\$ 874,390	(0.07)%
Services	323,010	245,451	(31.60)%
Trusts	3,512,430	3,283,346	(6.98)%
Other revenue	<u>77,215</u>	<u>105,259</u>	26.64 %
Total operating revenues	4,787,648	4,508,446	(6.19)%
Operating expenses			
Combined cost centers **	4,643,720	4,277,084	(8.57)%
Capital costs	<u>138,000</u>	<u>164,097</u>	15.90 %
Total operating expenses	4,781,720	4,441,181	(7.67)%
Operating loss	5,928	67,265	91.19 %
Non-operating revenue	<u>720</u>	<u>941</u>	23.49 %
Deficiency of revenues over expenses	<u>\$ 6,648</u>	<u>\$ 68,206</u>	90.25 %

** Refer to Schedule 1 at the end of the financial statements for a breakdown of expenses by function.

VLCT ended the year with an overall surplus of \$68,206, with operating revenue (including trusts' reimbursements) lower than projected by \$279,202; investment income higher than projected by \$221; and operating and capital expenses lower than budgeted by \$340,539.

Comparing the results of VLCT operations to the year ended December 31, 2010, operating revenues were down by 1.88%, a total of \$86,461; investment income was up by 16.75% or \$135 over the prior year; and operating and capital expenses were down by 4.66% or \$217,294 from the prior year.

Member dues increased \$63,885 or 7.88% from last year, reflecting the dues rate increase approved for the second half of the 2011 budget and the first half of the 2012 budget.

Service revenues were \$77,559 lower than anticipated and \$60,300 less than in 2010 primarily due to the loss of professional services revenue from the discontinuation of the Town of Hartford contract. There was a corresponding decrease in salaries paid to offset most of this. An increase of \$22,075 in workshops revenue over budget due to conservative budgeting reduced the impact of the professional services revenue drop.

Vermont League of Cities and Towns

Management Discussion and Analysis (Continued)

The largest contributor to the overall revenue reduction is in revenue from the trusts which decreased from 2010 by \$113,472 and was \$229,084 less than budgeted. This revenue source reflects the amount due from the contract VLCT has with each of the trusts to provide staffing and administration for each operation based on position full time equivalencies (FTE). With position vacancies in administrative services and in the trust operations during the year, the costs to the trusts were ultimately reduced when the adjusted FTE was calculated at year-end.

Operating expenses overall were down by 4.66%, a total of \$217,294 from the prior year. Salaries and benefits were \$118,956 less than in 2010 and \$240,634 below budget due to the position vacancies during the year.

Besides salaries and benefits, a number of other categories came in under budget including contracted services by \$(54,974), printing and supplies \$(22,640), communications \$(20,942), office expenses \$(19,774) and travel/training \$(12,199).

Contracted services came in 58.7% below budget for a number of reasons. The largest variance was in legal costs. During 2010, VLCT incurred significant legal expenses due to a claim against staff. As a result, VLCT increased the 2011 budget for legal expenses, however, costs for 2011 were minimal. Advertising costs exceeded budget by \$4,310 but this was offset by lower than anticipated expenses in both the consultants and studies/research line items by a total of \$9,795. The funds budgeted for the consultants line item were for studies needed for the new building that ultimately were not needed. The \$2,000 budgeted for studies/research was for compensation surveys not spent due to the turnover in Human Resources.

Printing/supplies was \$22,640 (32.5%) under budget with most individual line items materially under. The largest variance was in job printing (\$14,644) and this was due to less reliance on external contracting of printing jobs as well as having a substantial inventory at the end of 2010 that carried us through part of 2011. Staff vacancies also played a role in these cost savings.

Communications expenses were less than anticipated with the postage budget significantly higher than needed for current year expenses. This was due to the difficulty of forecasting as VLCT has relied more on electronic delivery during 2011. The total amount below budget in communications was \$20,942, a 20.4% variance.

Office expenses were \$19,774 or 6.3% under budget primarily due to insurance cost savings and a reallocation of the insurance costs among VLCT and the trusts to more accurately reflect exposure.

Travel/Training costs were \$12,199 or 30.1% below budget primarily from a decrease in conference attendance. Vacancies were also a factor.

Capital costs (depreciation) decreased in 2011 as there were no major purchases during the year. In 2010, VLCT purchased new claims software.

Vermont League of Cities and Towns

Management Discussion and Analysis (Continued)

Outlook and Economic Factors

VLCT ended its 2011 fiscal year well on the road to solving some difficult challenges. Our unrestricted fund balance deficit shrank by about half, about what we had expected and were tasked to do by the Board of Directors. We did have a surplus of revenues over expenses, due to several developments as explained in the above Results and Analysis section, significantly improving our financial position. The steps taken to eliminate the negative unrestricted fund balance at the end of 2010 by December 31, 2012, including a 2011 budget that contains no general salary adjustments for the whole year are paying off.

Membership remains at 100% for the eleventh year in a row. VLCT will continue to evaluate all of its programs and reasons why municipalities remain members and purchase products from us – whether those are health insurance coverage for their employees, liability protection, seminars and training for their officials or representation before the legislature. Future initiatives and programs contemplated include expansion of our financial consulting services to better train municipalities in their fiscal responsibilities, developing more human resource management services. We believe that the economy has hurt the members' ability to take advantage of these services and we have since reduced the hours of the financial consultant, with hopes that we will be able to bring this position back up when the demand picks up. We will have to be patient and allow the economy to more fully recover to see members taking advantage of these new services and generating the revenues we believe we can realize from such investment.

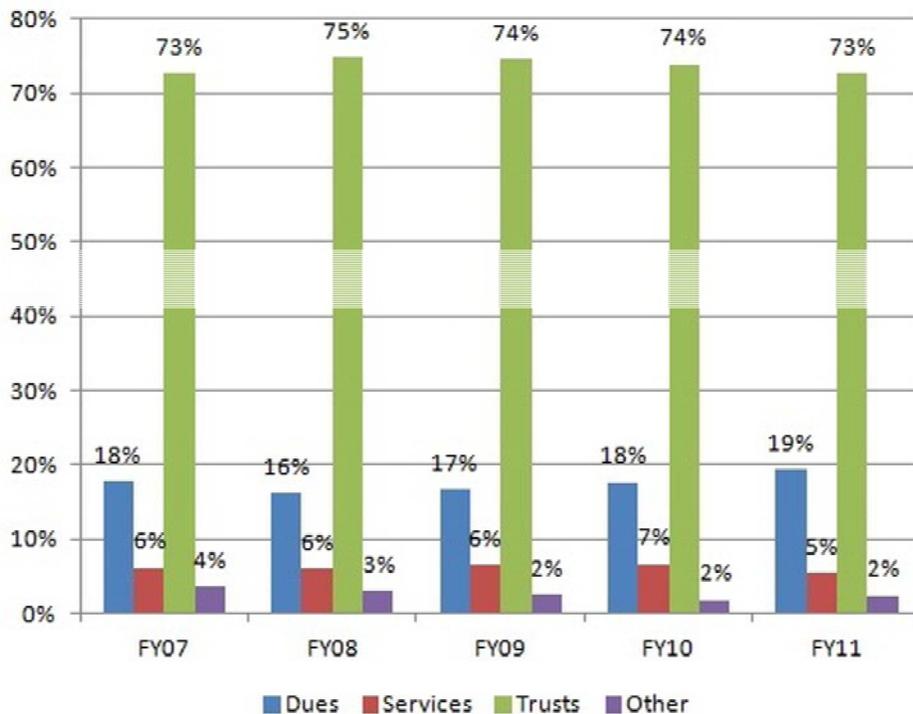
VLCT's significant growth spurt of quadrupling the number of staff between 1993 and 2008 leveled off for 2009-2011 with some small reductions coming in the risk services and administrative staffing. Management's anticipation is that growth will ultimately resume as the organization addresses growing demand in both the insurance side and in member services. The 2012 budget anticipates a new data/technology position as well as an additional claim representative for Risk Management Services.

Aside from potential consulting and training needs with any new Municipal Assistance Center programs, future staffing will depend primarily on the resulting legislation from health care reform efforts. The Health Trust reorganization to a carrier choice or broker model has allowed the operation to remain sustainable until such legislation determines its future direction. However, the organization must remain aware that negative changes in the insurance market could have a significant impact on staffing in those operations, creating the need to downsize, thus increasing the overhead and administrative costs for the non-trust programs that rely completely on dues and service revenues, unless these costs are proportionally reduced.

Vermont League of Cities and Towns

Management Discussion and Analysis (Continued)

The major revenue sources that fund all six of VLCT's cost centers include dues, charges for services, reimbursements from the trusts, grants from federal or state sources and other miscellaneous sources. The following chart shows the gradual shift over time of the four types of revenue. The gradual growth in the trust operations increased trust reimbursement revenue as a percentage of total revenue until recently. MAC has been providing more core and user charge based services, thus increasing dues and revenue from consulting and training to support those programs. These ratios have been fairly consistent over time and we don't anticipate any significant change to the trend in 2012.



With regard to the "bricks and mortar", VLCT's office space has been and continues to be a challenge to the Board and staff. To date, two full-fledged attempts to secure a new long-term home for VLCT have surfaced; however, in each case an agreement was unable to be reached. Each time, fortunately, we have been able to work with our current landlord to accommodate us a bit longer. Such efforts have been costly in money, staff time and morale. Currently, we have secured the current space through August 31, 2015. We are hopeful that we will be able to use this additional time to secure the best location for our organization through the lessons we have learned.

Strategic financial planning for the next few years will continue to focus on three major areas of concern: maintaining an adequate net position (the latest GASB term for fund balance/net assets), developing new services to benefit our members, and staffing with a focus on succession planning and building redundancy for business continuation.

Vermont League of Cities and Towns

Management Discussion and Analysis (Continued)

Building on the improvements we have made in internal support, systems and processes necessary to assure that the growth that we have experienced over the past can be supported will be a priority for the foreseeable future. However, we must continue to keep our finger to the pulse of our members' needs in order to assure the long-term importance and value of VLCT to its members.

Requests for Information

This financial report is designed to provide a general overview of the Vermont League of Cities and Towns' finances for all those with an interest in the League's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer at the Vermont League of Cities and Towns, 89 Main Street, Suite 4, Montpelier, Vermont, 05602-2948, or by calling 802-229-9111.

Vermont League of Cities and Towns

Statements of Net Position

	As of December 31,	
	<u>2011</u>	<u>2010</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 728,432	\$ 698,238
Accounts receivable	74,732	75,318
Due from trusts	80,349	33,830
Prepaid expenses	<u>56,603</u>	<u>49,577</u>
Total current assets	940,116	856,963
Non-Current Assets		
Capital assets (net of accumulated depreciation)	<u>696,461</u>	<u>806,670</u>
Total Assets	<u>\$ 1,636,577</u>	<u>\$ 1,663,633</u>
Liabilities and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 35,635	\$ 61,600
Due to trusts	254,132	256,047
Note payable - current portion	25,410	24,161
Accrued payroll	57,932	50,363
Deferred revenue	449,616	438,544
Deferred revenue - trusts - current portion	<u>142,055</u>	<u>130,951</u>
Total current liabilities	964,780	961,666
Non-Current Liabilities		
Note payable - long-term portion	8,959	34,362
Accrued compensated absences	114,826	127,028
Deferred revenue - trusts - long-term portion	<u>339,096</u>	<u>399,867</u>
Total non-current liabilities	<u>462,881</u>	<u>561,257</u>
Total liabilities	1,427,661	1,522,923
Net Position		
Net investment in capital assets	215,310	275,852
Unrestricted	<u>(6,394)</u>	<u>(135,142)</u>
Total net position	<u>208,916</u>	<u>140,710</u>
Total Liabilities and Net Position	<u>\$ 1,636,577</u>	<u>\$ 1,663,633</u>

See accompanying notes to the financial statements.

Vermont League of Cities and Towns

Statements of Revenues, Expenses and Changes in Net Position

	Years ended December 31,	
	2011	2010
Operating Revenues		
Dues - regular	\$ 771,889	\$ 715,918
Dues - associate	90,951	85,887
Dues - contributing	11,550	8,700
Town fair	66,889	57,397
Publications	5,422	5,793
Workshops	75,715	80,320
Professional services	79,736	142,939
Administrative services	96,880	75,701
Newsletter advertising	13,089	15,652
Trust contracts	3,136,593	3,196,756
PACIF loss prevention contract	45,255	33,830
Equipment revenue from trusts	101,498	166,232
Gain (loss) on sale of equipment	2,074	(2,002)
Other income	10,905	11,784
Total operating revenues	4,508,446	4,594,907
Operating Expenses		
Salaries	2,653,605	2,782,226
Employee benefits	909,555	899,890
Office space	293,669	299,285
Office equipment	62,805	57,227
Communications	81,626	81,466
Printing and supplies	43,106	53,664
Travel and training	28,284	18,396
Officer's costs	29,667	31,668
Contracted services	38,751	78,396
Dues and subscriptions	33,365	33,089
Town fair	37,941	46,194
Conferences and workshops	57,932	62,737
Depreciation	164,097	204,216
Other expenses	6,778	10,021
Total operating expenses	4,441,181	4,658,475
Operating income (loss)	67,265	(63,568)
Non-Operating Revenues		
Investment income	941	806
Change in Net Position	68,206	(62,762)
Net Position, Beginning of Year	140,710	203,472
Net Position, End of Year	\$ 208,916	\$ 140,710

See accompanying notes to the financial statements.

Vermont League of Cities and Towns

Statements of Cash Flows

	Years ended 2011	December 31, 2010
Cash Flows from Operating Activities		
Receipts from membership dues	\$ 885,462	\$ 859,495
Receipts from trusts	3,079,776	3,403,846
Other receipts	456,608	585,359
Payments for salaries and benefits	(3,567,793)	(3,663,569)
Payments to vendors	(746,917)	(713,431)
Due (from) to trusts	(1,915)	226,371
Net cash provided by operating activities	105,221	698,071
Cash Flows from Financing Activities		
Receipts from sales of capital assets	6,518	6,665
Purchase of capital assets	(58,332)	(409,817)
Principal payments on note payable	(24,154)	(22,966)
Net cash used in financing activities	(75,968)	(426,118)
Cash Flows from Investing Activities		
Net receipts for interest and dividends	941	806
Net cash provided by investing activities	941	806
Net Change in Cash and Cash Equivalents	30,194	272,759
Cash and Cash Equivalents, Beginning of Year	698,238	425,479
Cash and Cash Equivalents, End of Year	\$ 728,432	\$ 698,238
Reconciliation of Operating Income to Cash Provided By Operating Activities		
Operating income (loss)	\$ 67,265	\$ (63,568)
Add (deduct) items not affecting cash:		
Depreciation	164,097	204,216
(Gain) loss on sale of net assets	(2,074)	2,002
Changes in assets and liabilities:		
Accounts receivable	586	(4,289)
Due from trusts	(46,519)	15,717
Prepaid expenses	(7,026)	21,694
Accounts payable	(25,965)	37,018
Due to trusts	(1,915)	226,371
Accrued payroll	7,569	7,848
Accrued compensated absences	(12,202)	10,699
Deferred revenue	11,072	48,990
Deferred revenue - trusts	(49,667)	191,373
Net Cash Provided By Operating Activities	\$ 105,221	\$ 698,071

See accompanying notes to the financial statements.

Vermont League of Cities and Towns

Notes to the Financial Statements

Years ended December 31, 2011 and 2010

Note A - Organization and Nature of Operations

Vermont League of Cities and Towns ("VLCT") is the official cooperative association of Vermont's cities and towns. VLCT was founded in 1967 as a nonprofit, nonpartisan organization to serve the needs and best interests of Vermont municipalities. VLCT represents cities and towns working together to promote legislation, strengthening local government and providing information and other resources to assist municipal officials in their efforts to improve the quality of services provided to their citizens.

The reporting entity consists of the primary government (VLCT), organizations for which VLCT is financially accountable, and other organizations for which the nature and significance of their relationship with VLCT are such that their exclusion would cause the financial statements to be misleading or incomplete. Component units are legally separate organizations for which the officials of VLCT are financially accountable. VLCT is financially accountable if it is able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to or burdens on VLCT. VLCT may be financially accountable if an organization is fiscally dependent on VLCT. Included within VLCT is the Municipal Assistance Center ("MAC"), which has a distinct revenue stream. MAC provides certain services, including workshops and consulting to members of VLCT. MAC is not a legally separate organization from VLCT. There are no agencies or entities that should be combined with the financial statements of VLCT.

The Board of Directors ("the Board") consists of thirteen municipal officials elected by the members. The Executive Director is appointed by the Board to manage the general affairs of VLCT.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of VLCT have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States ("GAAP") as applied to governmental entities. In accordance with Government Accounting Standards Board ("GASB") Statement No. 62 *Codification of Accounting and Financial guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("Statement No. 62"), VLCT follows all applicable GASB. VLCT uses the economic resources measurement focus and the accrual basis of accounting and is accounted for as a proprietary enterprise fund.

Subsequent Events

VLCT has evaluated subsequent events for disclosure and recognition through March 15, 2012, the date on which these financial statements were available to be issued.

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein. Significant estimates included in these financial statements primarily relate to the cost allocations to the Trusts, as more fully described in Note G, and the useful lives of property, plant, and equipment used to compute depreciation, as more fully described in Note C.

Cash and Cash Equivalents

VLCT's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date acquired by VLCT.

All cash and cash equivalents are held by People's United Bank. VLCT's cash is collateralized by U.S. government securities held by People's United Bank's trust department, with a security interest granted to VLCT. VLCT has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

VLCT's carrying amount of cash deposits and the bank balance at December 31, 2011 and 2010 were as follows:

	<u>December 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Insured/FDIC	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Unsecured and collateralized	478,225	483,988	447,695	449,233
Petty cash	<u>207</u>	<u>-</u>	<u>543</u>	<u>-</u>
Total	<u>\$ 728,432</u>	<u>\$ 733,988</u>	<u>\$ 698,238</u>	<u>\$ 699,233</u>

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

The difference between the book balance and the bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amounts collateralized by the bank were substantially higher than at year end.

Accounts Receivable

Accounts receivable are stated at net realizable value. VLCT uses the allowance method to determine the uncollectible accounts receivable, which are based on management's judgment, experience and review of the current status of existing receivables. All receivables are deemed collectible by management at December 31, 2011 and 2010.

Prepaid Expenses

VLCT has made payments to vendors which reflect costs that are applicable to future accounting periods. These amounts are recorded as prepaid expenses. Prepaid expenses are reduced as the related costs are incurred.

Capital Assets

Acquisitions of capital assets greater than \$1,000 (\$500 prior to July 1, 2008) are capitalized at cost. Capital assets are depreciated or amortized using the straight-line basis over their estimated useful lives. Depreciation expense was \$164,097 and \$204,216 for the years ended December 31, 2011 and 2010, respectively. The estimated useful lives of capital assets are as follows for the years ended December 31, 2011 and 2010:

	<u>Estimated Useful Life (Years)</u>
Leasehold Improvements	2-7
Computer Equipment	4-5
Other Equipment	4-10
Furniture	5-10
Vehicles	4

Deferred Revenue

Deferred revenue represents membership dues, revenue from the Trusts, and other amounts collected in the current year for services or events to take place in subsequent years as more fully described in Note D.

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note B - Summary of Significant Accounting Policies (Continued)

Accrued Vacation

VLCT permits employees to accumulate earned but unused vacation time, and records the accrual in the financial statements as a liability based on current rates. No employee may carry vacation leave at the end of the calendar year in excess of the amount earned in that calendar year. Unused vacation time is paid to the employee upon termination of their employment. No liability is recorded for earned but unused sick time because it is not a vested benefit.

Net Position

Unrestricted net position represents resources that have met all applicable restrictions and are considered to be available for unrestricted use. Net positions are classified based upon any restrictions that have been placed on those balances. Restrictions of net positions represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement.

Income Taxes

VLCT is an unincorporated nonprofit association. VLCT is considered an instrumentality of the political subdivisions and, therefore, is exempt from taxation under the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for federal or state income taxes.

Classification of Revenues and Expenses

VLCT reports itself as a business-type activity as defined in GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Business-type activities are financed in whole or in part by fees charged to external parties. Business-type activities distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of VLCT include fund member dues, fees received from providing services and reimbursement from the trusts for administrative services provided. Operating expenses include salaries and benefits, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses

Line of Credit

VLCT has a \$150,000 unsecured line of credit with People's United Bank. As of December 31, 2011 and 2010, VLCT has not drawn down on the line of credit.

Reclassifications

Certain reclassifications have been made in the 2010 audited financial statements to conform to the 2011 presentation, which had no effect on the net position or change in net position.

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note C - Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	<u>December 31,</u> <u>2010 Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31,</u> <u>2011 Balance</u>
Capital Assets at Cost:				
Leasehold improvements	\$ 29,628	\$ -	\$ -	\$ 29,628
Computer equipment	868,992	28,750	(31,127)	866,615
Other equipment	195,185	2,496	-	197,681
Furniture & fixtures	116,026	-	-	116,026
Vehicles	<u>170,877</u>	<u>27,086</u>	<u>(25,094)</u>	<u>172,869</u>
Total capital assets at cost	1,380,708	58,332	(56,221)	1,382,819
Less: accumulated depreciation	<u>(574,038)</u>	<u>(164,097)</u>	<u>51,777</u>	<u>(686,358)</u>
Total Net Capital Assets	<u>\$ 806,670</u>	<u>\$ (105,765)</u>	<u>\$ (4,444)</u>	<u>\$ 696,461</u>

Capital asset activity for the period ended December 31, 2010, was as follows:

	<u>December 31,</u> <u>2009 Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31,</u> <u>2010 Balance</u>
Capital Assets at Cost:				
Leasehold improvements	\$ 29,628	\$ -	\$ -	\$ 29,628
Computer equipment	539,247	336,313	(6,568)	868,992
Other equipment	160,607	46,644	(12,066)	195,185
Furniture & fixtures	116,026	-	-	116,026
Vehicles	<u>168,369</u>	<u>26,860</u>	<u>(24,352)</u>	<u>170,877</u>
Total capital assets at cost	1,013,877	409,817	(42,986)	1,380,708
Less: accumulated depreciation	<u>(404,141)</u>	<u>(204,216)</u>	<u>34,319</u>	<u>(574,038)</u>
Total Net Capital Assets	<u>\$ 609,736</u>	<u>\$ 205,601</u>	<u>\$ (8,667)</u>	<u>\$ 806,670</u>

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note D - Deferred Revenue

The components of deferred revenue as of December 31, 2011 and 2010 are as follows:

	2011	2010
Deferred membership dues	\$ 441,716	\$ 431,194
Deferred revenue - trusts	481,151	530,818
Other deferred revenue	7,900	7,350
 Total Deferred Revenue	 \$ 930,767	 \$ 969,362

Members pay dues on an annual basis with a July 1 renewal date. Member dues are recognized as revenue over the membership year to which they relate, with any unearned amounts recorded as deferred revenue. Deferred revenue is reduced ratably as membership dues are earned throughout the year.

Deferred revenue attributable to the trusts represents the book value of capital assets purchased by VLCT on behalf of the trusts and reimbursed to VLCT by the trusts. The value of the capital assets are classified as an asset and depreciated over their estimated useful lives. The reimbursement from the trusts is classified as a liability (deferred revenue) and recognized as income over the same useful lives.

The components of deferred revenue attributable to the trusts as of December 31, 2011 and 2010 are as follows:

	2011	2010
Deferred Revenue - Trusts, Beginning of Year	\$ 530,818	\$ 339,445
Add: reimbursement for new assets	51,830	357,605
Less: amortization related to depreciation	(101,497)	(166,232)
 Deferred Revenue - Trusts, End of Year	 \$ 481,151	 \$ 530,818

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note E - Long-Term Debt

In March, 2009, VLCT purchased new copiers and financed the purchase with a \$96,000 installment loan from People's United Bank. The term of the loan is for four years with interest accruing annually at 5%. Future annual payments are as follows:

<u>Year ending December 31,</u>	<u>Total</u>
2012	\$ 25,410
2013	<u>8,959</u>
Total	<u>\$ 34,369</u>

As of December 31, 2011 and 2010, the current portion of the long-term debt is \$25,410 and \$24,161, and respectively. As of December 31, 2011 and 2010, the long-term portion of the long-term debt is \$8,959 and \$34,362, respectively.

Note F - Future Minimum Lease Payments

VLCT leases office space from City Center Associates. The lease was set to expire on August 12, 2012. During 2011, VLCT extended their lease agreement with City Center Associates for three years expiring on August 31, 2015. Rent expense was \$213,043 and \$208,776 for the years ended December 31, 2011 and 2010, respectively. Future minimum lease payments are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2012	\$ 203,898
2013	177,800
2014	177,800
2015	<u>118,533</u>
Total	<u>\$ 678,031</u>

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note G - Allocation to Trusts

Per contractual agreement, VLCT provides administrative services, office space and equipment usage to VLCT Unemployment Trust, Inc. ("UI"), VLCT Health Trust, Inc. ("HT"), and VLCT Property and Casualty Intermunicipal Fund, Inc ("PACIF"), three related nonprofit corporations (collectively referred to as "the Trusts"). VLCT bills the Trusts annually for these services and the Trusts pay quarterly. Salaries for employees working directly for the specific Trusts are charged directly to that Trust. Salaries for employees not directly charged to a specific Trust and other operating costs are allocated based on personnel charge time at full time equivalents. For the year ended December 31, 2011, VLCT allocated budgeted expenses to the Trusts at rates of 2.2%, 15.3% and 58.7% for UI, HT and PACIF, respectively. For the year ended December 31, 2010, VLCT allocated budgeted expenses to the Trusts at rates of 2.1%, 16.2% and 58.8% for UI, HT and PACIF, respectively. A reconciliation is performed at year-end to calculate the actual allocated expenses based on actual employee charge times. The expenses allocated to the Trusts will be the greater of the budgeted amount or actual amount (prior to 2011, the expenses allocated to the Trusts would be the actual expenses). Any over/under accruals are reimbursed to or collected from the Trusts subsequent to year-end.

The tables below show the final allocation to the Trusts by expense category for the years ended December 31, 2011 and 2010:

	December 31, 2011			
	VLCT Unemployment Trust, Inc.	VLCT Health Trust, Inc.	VLCT Property and Casualty Intermunicipal Fund, Inc.	Total
Salaries - allocated directly	\$ 45,173	\$ 345,435	\$ 1,147,178	\$ 1,537,786
Salaries - administration	14,396	96,941	371,606	482,943
Employee benefits	22,589	148,202	499,830	670,621
Office space	6,647	44,762	171,586	222,995
Office equipment	1,508	10,152	38,914	50,574
Communications	1,887	12,705	48,702	63,294
Printing and supplies	1,087	7,322	28,069	36,478
Travel and training	411	2,767	10,607	13,785
Officers costs	686	4,618	17,701	23,005
Contracted services	818	5,510	24,373	30,701
Dues and subscriptions	77	518	1,987	2,582
Miscellaneous	54	366	1,409	1,829
Total	\$ 95,333	\$ 679,298	\$ 2,361,962	\$ 3,136,593

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note G - Allocation to Trusts (Continued)

	December 31, 2010			
	VLCT Unemployment Trust, Inc.	VLCT Health Trust, Inc.	VLCT Property and Casualty Intermunicipal Fund, Inc.	Total
Salaries - allocated directly	\$ 39,972	\$ 347,993	\$ 1,184,426	\$ 1,572,391
Salaries - administration	11,661	92,459	346,180	450,300
Employee benefits	19,601	140,377	516,216	676,194
Office space	5,812	46,081	172,535	224,428
Office equipment	2,200	17,445	65,317	84,962
Communications	1,613	12,791	47,890	62,294
Printing and supplies	963	7,632	28,576	37,171
Travel and training	198	1,570	5,877	7,645
Officers costs	627	4,972	18,616	24,215
Contracted services	1,361	10,790	40,402	52,553
Dues and subscriptions	41	325	1,216	1,582
Miscellaneous	78	620	2,323	3,021
Total	\$ 84,127	\$ 683,055	\$ 2,429,574	\$ 3,196,756

The following tables show the accounts receivable (payable) to VLCT from the Trusts as of December 31, 2011 and 2010:

	December 31, 2011			
	VLCT Unemployment Trust, Inc.	VLCT Health Trust, Inc.	VLCT Property and Casualty Intermunicipal Fund, Inc.	Total
Accounts receivable	\$ 26	\$ 19,470	\$ 60,853	\$ 80,349
Accounts payable	(9,541)	(42,693)	(201,898)	(254,132)
Net Payable	\$ (9,515)	\$ (23,223)	\$ (141,045)	\$ (173,783)

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note G - Allocation to Trusts (Continued)

	December 31, 2010			Total
	VLCT Unemployment Trust, Inc.	VLCT Health Trust, Inc.	VLCT Property and Casualty Intermunicipal Fund, Inc.	
Accounts receivable	\$ -	\$ -	\$ 33,830	\$ 33,830
Accounts payable	<u>(13,950)</u>	<u>(61,930)</u>	<u>(180,167)</u>	<u>(256,047)</u>
Net Payable	<u>\$ (13,950)</u>	<u>\$ (61,930)</u>	<u>\$ (146,337)</u>	<u>\$ (222,217)</u>

Note H - Net Position

The net investment in capital assets for the years ended December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Capital assets (cost)	\$ 1,382,819	\$ 1,380,708
Less: accumulated depreciation	(686,358)	(574,038)
Deferred income - trusts	<u>(481,151)</u>	<u>(530,818)</u>
Net Investment in Capital Assets	<u>\$ 215,310</u>	<u>\$ 275,852</u>

There were no designated net positions as of December 31, 2011 and 2010.

Note I - Benefit Plans

VLCT participates in the Vermont State Municipal Employees' Retirement System ("VMERS"). VMERS is a cost-sharing multi-employer plan. During the year, VLCT participated in Plan DB, a defined benefit plan, and Plan DC, a defined contribution plan. Eligible employees become enrolled in Plan DB when they are hired, and have the option of electing Plan DC during the first sixty days of their employment. Thereafter, employees cannot change plans. The Executive Director of VLCT is currently serving as the Chairman of the VMERS Board of Trustees. Additional information regarding the VMERS is available upon request from the State of Vermont Office of the State Treasurer.

VMERS Plan DB

Plan DB requires a 4.5% contribution by the employee and a 5.0% contribution by the employer. The premise of Plan DB is to provide a retirement plan covering municipal employees at a uniform statewide contribution rate based on an actuarial valuation of all State of Vermont

Vermont League of Cities and Towns

Notes to the Financial Statements (Continued)

Note I - Benefit Plans (Continued)

municipal employees. Activity in this plan is done in the aggregate, not by municipality. Due to the nature of this pension plan, the net positions available for benefits as well as present value of vested and non-vested plan benefits of VLCT are not determinable.

Total payroll for the year ended December 31, 2011, was \$2,612,915, while covered payroll was \$1,967,179 for the VMERS Plan DB. VLCT's contribution was \$98,359 for the year ended December 31, 2011. Total payroll for the year ended December 31, 2010, was \$2,744,190, while covered payroll was \$1,989,665 for the VMERS Plan DB. VLCT's contribution was \$99,483 for the year ended December 31, 2010. Total payroll for the year ended December 31, 2009, was \$2,680,598, while covered payroll was \$1,927,618 for the VMERS Plan DB. VLCT's contribution was \$96,381 for the year ended December 31, 2009.

VMERS Plan DC

Plan DC requires a 5% contribution by the employee and a 5.125% contribution by the employer (increased from 5% as of July 1, 2008). The premise of Plan DC is to allow the employees to have choice in investing their retirement assets and for such assets to be portable if the employees leave for other employment. Employees will receive the value of their account upon retirement.

Total payroll for the year ended December 31, 2011, was \$2,612,915, while covered payroll was \$585,426 for the VMERS Plan DC. VLCT's contribution was \$29,959 for the year ended December 31, 2011. Total payroll for the year ended December 31, 2010, was \$2,744,190, while covered payroll was \$671,518 for the VMERS Plan DC. VLCT's contribution was \$34,415 for the year ended December 31, 2010. Total payroll for the year ended December 31, 2009, was \$2,680,598, while covered payroll was \$690,258 for the VMERS Plan DC. VLCT's contribution was \$35,376 for the year ended December 31, 2009.

ICMA Plans

VLCT has a defined contribution plan through the ICMA Retirement Corporation in accordance with Internal Revenue Code Section 401(a). Employees who participate in this plan do not participate in the Social Security program. The Plan requires a 4.5% contribution by the employee and a 7.1% contribution by VLCT. For the year ended December 31, 2011, covered payroll under this plan was \$2,534,505 and VLCT's contribution was \$180,174. For the year ended December 31, 2010, covered payroll under this plan was \$2,571,071 and VLCT's contribution was \$182,546.

VLCT also offers a voluntary deferred compensation plan through the ICMA Retirement Corporation in accordance with Internal Revenue Code Section 457. Deferred compensation is not available to employees until termination, retirement, death, or for unforeseeable emergencies.

Vermont League of Cities and Towns

Statement of Revenue and Expenses - Budgetary Basis

Year ended December 31, 2011
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive/(Negative)</u>
Revenues			
Dues			
Regular members	\$ 771,890	\$ 771,889	\$ (1)
Associate members	92,303	90,951	(1,352)
Contributing members	<u>10,800</u>	<u>11,550</u>	<u>750</u>
Total dues	874,993	874,390	(603)
Services			
Town fair	67,000	66,889	(111)
Publications	13,100	5,422	(7,678)
Workshops	53,640	75,715	22,075
Professional services	168,770	79,736	(89,034)
Sponsorships	5,000	4,600	(400)
Newsletter advertising	<u>15,500</u>	<u>13,089</u>	<u>(2,411)</u>
Total services	323,010	245,451	(77,559)
Administrative services			
Administrative contracts	8,715	8,175	(540)
Grant administration	<u>65,000</u>	<u>88,705</u>	<u>23,705</u>
Total administrative services	73,715	96,880	23,165
Trust reimbursements			
Trust agreements	3,390,725	3,136,593	(254,132)
PACIF loss prevention contract	36,225	45,255	9,030
PACIF and HT equipment revenue	<u>85,480</u>	<u>101,498</u>	<u>16,018</u>
Total trust reimbursements	3,512,430	3,283,346	(229,084)
Miscellaneous	3,500	8,379	4,879
Interest earnings	<u>720</u>	<u>941</u>	<u>221</u>
Total Revenue	4,788,368	4,509,387	(278,981)

** Some accounts have been reclassified in the audited financial statements for presentation purposes.

(continued)

Vermont League of Cities and Towns

Statement of Revenue and Expenses - Budgetary Basis

Year ended December 31, 2011
(Unaudited)

	Budget	Actual	Variance - Positive/(Negative)
Expenses			
Salaries	\$ 2,769,597	\$ 2,616,443	\$ 153,154
Benefits			
Payroll taxes	36,514	37,162	(648)
VMERS employer contributions	138,415	128,318	10,097
401 employer contributions	190,716	180,174	10,542
Health insurance	598,350	532,613	65,737
Long-term care insurance	7,732	7,320	412
Dental insurance	19,450	17,814	1,636
Life and disability insurance	39,360	37,127	2,233
Unemployment insurance	3,120	3,118	2
Flex plan administration	540	3,071	(2,531)
Total benefits	1,034,197	946,717	87,480
Office expenses			
Lease payment	213,043	213,043	-
Electricity	15,000	12,330	2,670
Building maintenance	20,000	17,124	2,876
Insurance - office	57,200	45,198	12,002
Property taxes	8,000	5,974	2,026
Parking	200	-	200
Total office expenses	313,443	293,669	19,774
Equipment expenses			
Equipment maintenance	14,460	12,561	1,899
Equipment lease payments	1,250	-	1,250
Equipment purchases - non-capital	9,710	10,789	(1,079)
Copier maintenance	15,450	13,480	1,970
Software maintenance	14,922	12,140	2,782
Software purchases	7,950	13,835	(5,885)
Total equipment expenses	63,742	62,805	937
Communications			
Postage	70,000	47,604	22,396
Postage meter rental	-	706	(706)
Telephone	32,568	33,316	(748)
Total communications	102,568	81,626	20,942

(continued)

Vermont League of Cities and Towns

Statement of Revenue and Expenses - Budgetary Basis

Year ended December 31, 2011
(Unaudited)

Printing and supplies			
Job printing	\$ 37,600	\$ 22,956	\$ 14,644
Paper purchases	10,000	6,182	3,818
Office supplies	14,885	12,012	2,873
Mailroom supplies	1,600	648	952
Building supplies	2,000	1,307	693
Coffee/water supplies	3,600	3,940	(340)
Total printing and supplies	69,685	47,045	22,640
Travel and training			
Vehicle expense	1,500	497	1,003
Mileage	10,150	11,250	(1,100)
Staff training	28,833	16,537	12,296
Total travel and training	40,483	28,284	12,199
Officers expenses			
Board meetings	31,350	27,867	3,483
President's stipend	1,800	1,800	-
Total officers expenses	33,150	29,667	3,483
Contracted services			
Auditing and accounting	18,825	19,907	(1,082)
Bank services	2,400	2,216	184
Legal services	52,500	2,113	50,387
Consultants	12,000	2,205	9,795
Advertising and recruiting	8,000	12,310	(4,310)
Total contracted services	93,725	38,751	54,974
Dues and subscriptions			
National League of Cities	16,100	16,079	21
Professional associations	15,415	17,203	(1,788)
Total dues and subscriptions	31,515	33,282	(1,767)
Services			
Town fair	39,180	37,941	1,239
Workshops	34,525	34,363	162
Grant administration	-	5,534	(5,534)
Consulting	14,500	18,035	(3,535)
Total services	88,205	95,873	(7,668)

(continued)

Vermont League of Cities and Towns

Statement of Revenue and Expenses - Budgetary Basis

Year ended December 31, 2011
(Unaudited)

Miscellaneous			
Miscellaneous	\$ 1,000	\$ 506	\$ 494
Interest expense	2,410	2,416	(6)
Depreciation expense	<u>138,000</u>	<u>164,097</u>	<u>(26,097)</u>
Total miscellaneous	<u>141,410</u>	<u>167,019</u>	<u>(25,609)</u>
Total expenses	<u>4,781,720</u>	<u>4,441,181</u>	<u>340,539</u>
Total	<u>\$ 6,648</u>	<u>\$ 68,206</u>	<u>\$ 61,558</u>

** Some accounts have been reclassified in the audited financial statements for presentation purposes.