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Professional Corporation

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Member of American Institute of
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INDEPENDENT ACCOUNTANT'S REPORT

Grafton Woodlands Group, Inc
Grafton, VT 05146

RE: Engagement for Agreed Upon Procedures

We have performed the procedures noted below, which were agreed to by your organization, solely to assist Grafton Woodlands Group, Inc (Woodlands) in analyzing the impact of a potential addition of \$285,000 in municipal tax revenues and supplemental payments on the Town of Grafton, Vermont's overall property tax rates.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

Procedures performed

We updated the *Analysis of Potential Impact on Grafton Property Taxes With Wind Towers Added to Municipal Tax Base* originally prepared on June 5, 2014 under a previous engagement for agreed upon procedures.

We obtained the current Grand List Property Values used for Fiscal Year 2015-2016 tax rates from the Grafton Town Clerk.

We obtained the municipal property tax rate for Fiscal Year 2015-2016 from the Grafton Town Clerk.

We obtained the Fiscal Year 2015-2016 Homestead Education and Non-Residential Property tax rates from the Grafton Town Clerk.

We based the calculation of the new estimated municipal tax rate based on the assumption that the proposed wind towers would provide \$285,000 in new municipal tax revenues to the Town of Grafton.

We recalculated the property tax amounts, for the sample property values as used in the original analysis, based on the information obtained and utilizing the Vermont Department of Taxes 2015 Property Tax Adjustment Works Sheet.

We recalculated the impact on overall property taxes and the related decreases based on the average property value calculated from the grand list. Residential properties were recalculated at various levels of income in order to illustrate the impact on those property owners eligible for the Vermont Property Tax Adjustment.

Findings

The new estimated municipal tax rate, based on the assumption that the proposed wind towers would provide \$285,000 in new municipal tax revenues and supplemental payments to the Town of Grafton, appear to be properly calculated based on the assumptions used.

The calculations of the impact on overall property taxes for both Residential and Non-residential property at various income levels appear to be properly calculated based on the assumptions used.

For household incomes above \$47,000, property tax reductions, as estimated based on the proposed addition of the wind towers, are the same dollar amount regardless of residential or non-residential ownership because the decrease impacts only the municipal portion of the property tax. Accordingly, there appears to be no impact on the education portion of the property tax or any related education property tax adjustment. The amount of decrease is only dependent on the actual property value.

For household incomes below \$47,000, property tax reductions are the same as for those with household incomes above \$47,000 if (1) the property owner is already receiving the maximum \$8,000 property tax adjustment from the State of Vermont or (2) total property taxes due are less than the applicable percentage of household income. If not receiving the maximum property tax adjustment and total taxes are in excess of the applicable percentage of household income, then there is no impact on actual property taxes paid by the property owner because the property tax adjustment decreases. For those not already receiving the maximum adjustment, the combined municipal and education property taxes due at the designated percentage of household income is unchanged with or without the addition of the wind towers to the municipal tax base.

We were not engaged to conduct an audit of the information provided by Grafton Woodlands Group, Inc, the objective of which would be the expression of an audit opinion on such information. Accordingly, we do not express such an audit opinion on any of the rates, amounts, or other items related to the Analysis of Potential Impact on Grafton Property Taxes With Wind Towers Added to Municipal Tax Base. Had we performed additional procedures the results reported above may have been different or other matters might have come to our attention that would have been reported to you.

The calculations reported in the Analysis of Potential Impact on Grafton Property Taxes With Wind Towers Added to Municipal Tax Base are for illustration purposes only. Individual property owners actual property tax assessments, and their related Vermont property tax rebates, may be different based on their individual circumstances and these differences may be significant. Property owners should calculate their own estimated property tax savings by using their actual property tax information and household income. The VT 2015 Property Tax Adjustment Worksheet is available at: <http://tax.vermont.gov/content/worksheet-hs-122>.

This report is intended solely for the information and use of Grafton Woodlands Group, Inc and is not intended to be and should not be used by anyone other than these specified parties.

Lawrence E Reed, CPA, PC

November 6, 2015
Chester, VT
Vermont License No. 1039

Analysis of Potential Impact on Grafton Property Taxes With Wind Towers Added to Municipal Tax Base
Updated for Revised Estimate of Total Local Taxes on Wind Towers and Fiscal 2016 Property Tax Rates

Total Estimated Local Taxes on Wind Towers, if found feasible and constructed, per Meadowsend Timberlands LTD examples paid to Sheffield and Kingdom Community \$1,000,000

Grafton Share of Local Taxes Estimated by Grafton Woodlands Group, Inc at 30% \$285,000

Change in municipal tax rates (residential and non-residential) as a result of wind tower contribution.	Grand List Value	FY'14 Municipal Tax Rate per Hundred	Estimated Present Municipal Tax Contribution	Estimated New Municipal Tax Contribution	Estimated New Municipal Tax Rate
Residential & Non-residential Properties	\$158,722,720	\$ 0.5867	\$931,226	\$646,226	\$ 0.4071
Wind Towers				\$285,000	
Total			\$931,226	\$931,226	

Residential & non-residential taxes	Sample Property Value	Sample Annual Household Income	FY'14 Annual Municipal Tax at \$.5867 per Hundred Without Wind Towers	Estimated Annual Municipal Tax at \$.4071 per Hundred With Wind Towers	FY 2016 Education Tax Rate, as % of Property value or Income, if Below Income Threshold	Estimated Property Education Tax as Adjusted by 2015 Property Tax Adjustment Worksheet	Below \$47,000 Adjustment to Limit Property Taxes to % of Household Income Without Wind Towers	Below \$47,000 Adjustment to Limit Property Taxes to % of Household Income With Wind Towers	Current Total Annual Taxes Due Without Wind Towers	Projected Total Annual Taxes Due With Wind Towers	Estimated Dollar Change
Non-Residential Home	\$ 100,000	N/A	\$ 587	\$ 407	1.3966%	\$ 1,396.60	n/a	n/a	\$ 1,983.30	\$ 1,803.74	\$ (179.56)
Residential Home, Income Above Threshold	\$ 100,000	N/A	\$ 587	\$ 407	1.3340%	\$ 1,334.00	n/a	n/a	\$ 1,920.70	\$ 1,741.14	\$ (179.56)
Residential Home, below \$109,000 on household income	\$ 100,000	\$ 109,000	\$ 587	\$ 407	1.3340%	\$ 1,334.00	n/a	n/a	\$ 1,920.70	\$ 1,741.14	\$ (179.56)
Residential Home, below \$109,000 on household income	\$ 100,000	\$ 90,000	\$ 587	\$ 407	1.3340%	\$ 1,334.00	n/a	n/a	\$ 1,920.70	\$ 1,741.14	\$ (179.56)
Residential Home, below \$109,000 on household income	\$ 100,000	\$ 50,000	\$ 587	\$ 407	1.3340%	\$ 1,334.00	n/a	n/a	\$ 1,920.70	\$ 1,741.14	\$ (179.56)
Residential Home, below \$47,000 (Gets higher of Educaton adjustment or Minimum of \$208 combined adjustment.)	\$ 100,000	\$47,000	\$ 587	\$ 407	1.3340%	\$ 1,334.00	\$ (208.00)	\$ (208.00)	\$ 1,712.70	\$ 1,533.14	\$ (179.56)
Residential Home, below \$47,000 (Gets higher of Educaton adjustment or Minimum of \$208 combined adjustment.)	\$ 100,000	\$25,000	\$ 587	\$ 407	2.55%	\$ 637.50	\$ -	\$ -	\$ 1,224.20	\$ 1,044.64	\$ (179.56)
Residential Home, below \$25,000 (Taxes Limited to 4.5% of Household Income)	\$ 100,000	\$15,000	\$ 587	\$ 407	2.55%	\$ 382.50	\$ (294.20)	\$ (114.64)	\$ 675.00	\$ 675.00	\$ -

\$100,000 of Housesite Value

For incomes above \$47,000, property tax reductions as estimated based on the proposed addition of the wind towers are the same dollar amount regardless of residential or non-residential ownership. The amount of decrease is only dependent on the actual property value.

The information contained in this report is for general information purposes only and is based on hypothetical situations. Actual results will vary when using actual information that is not yet known. To test other scenarios, the Vermont 2015 Property Tax Adjustment Worksheet is available at: <http://tax.vermont.gov/content/worksheet-hs-122>

Residential & non-residential taxes	Sample Property Value	Sample Annual Household Income	FY'14 Annual Municipal Tax at \$.5867 per Hundred Without Wind Towers	Estimated Annual Municipal Tax at \$.4071 per Hundred With Wind Towers	FY 2016 Education Tax Rate, as % of Property value or Income, if Below Income Threshold	Estimated Education Tax as Adjusted by 2015 Property Tax Adjustment Worksheet	Below \$47,000 Adjustment to Limit Property Taxes to % of Household Income Without Wind Towers	Below \$47,000 Adjustment to Limit Property Taxes to % of Household Income With Wind Towers	Current Total Annual Taxes Due Without Wind Towers	Projected Total Annual Taxes Due With Wind Towers	Estimated Dollar Change
\$200,000 of Housesite Value											
Non-Residential Home	\$ 200,000	N/A	\$ 1,173	\$ 814	1.3966%	\$ 2,793.20	n/a	n/a	\$ 3,966.60	\$ 3,607.48	\$ (359.12)
Residential Home, Income Above Threshold	\$ 200,000	N/A	\$ 1,173	\$ 814	1.3340%	\$ 2,668.00	n/a	n/a	\$ 3,841.40	\$ 3,482.28	\$ (359.12)
Residential Home, below \$109,000 on household income	\$ 200,000	\$ 109,000	\$ 1,173	\$ 814	1.3340%	\$ 2,668.00	n/a	n/a	\$ 3,841.40	\$ 3,482.28	\$ (359.12)
Residential Home, below \$109,000 on household income	\$ 200,000	\$ 90,000	\$ 1,173	\$ 814	1.3340%	\$ 2,295.00	n/a	n/a	\$ 3,468.40	\$ 3,109.28	\$ (359.12)
Residential Home, below \$109,000 on household income	\$ 200,000	\$ 50,000	\$ 1,173	\$ 814	1.3340%	\$ 1,275.00	n/a	n/a	\$ 2,448.40	\$ 2,089.28	\$ (359.12)
Residential Home, below \$47,000 (Gets higher of Education adjustment or Minimum of \$208 combined adjustment.)	\$ 200,000	\$47,000	\$ 1,173	\$ 814	1.3340%	\$ 1,177.00	\$ -	\$ 21.00	\$ 2,350.40	\$ 2,012.28	\$ (338.12)
Residential Home, below \$47,000 (Taxes Limited to 5% of Household Income)	\$ 200,000	\$25,000	\$ 1,173	\$ 814	2.55%	\$ 637.50	\$ (560.90)	\$ (201.78)	\$ 1,250.00	\$ 1,250.00	\$ -
Residential Home, below \$25,000 (Taxes Limited to 4.5% of Household Income)	\$ 200,000	\$15,000	\$ 1,173	\$ 814	2.55%	\$ 382.50	\$ (880.90)	\$ (521.78)	\$ 675.00	\$ 675.00	\$ -

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\$300,000 of Housesite Value											
Non-Residential Home	\$ 300,000	N/A	\$ 1,760	\$ 1,221	1.3966%	\$ 4,189.80	n/a	n/a	\$ 5,949.90	\$ 5,411.22	\$ (538.68)
Residential Home, Income Above Threshold	\$ 300,000	N/A	\$ 1,760	\$ 1,221	1.3340%	\$ 4,002.00	n/a	n/a	\$ 5,762.10	\$ 5,223.42	\$ (538.68)
Residential Home, below \$109,000 on household income	\$ 300,000	\$ 109,000	\$ 1,760	\$ 1,221	1.3340%	\$ 4,002.00	n/a	n/a	\$ 5,762.10	\$ 5,223.42	\$ (538.68)
Residential Home, below \$109,000 on household income	\$ 300,000	\$ 90,000	\$ 1,760	\$ 1,221	1.3340%	\$ 3,518.00	n/a	n/a	\$ 5,278.10	\$ 4,739.42	\$ (538.68)
Residential Home, below \$109,000 on household income	\$ 300,000	\$ 50,000	\$ 1,760	\$ 1,221	1.3340%	\$ 1,275.00	n/a	n/a	\$ 3,035.10	\$ 2,496.42	\$ (538.68)
Residential Home, below \$47,000 (Taxes Limited to 5% of Household Income)	\$ 300,000	\$47,000	\$ 1,760	\$ 1,221	1.3340%	\$ 590.00	\$ 0.00	\$ 538.68	\$ 2,350.10	\$ 2,350.10	\$ 0.00
Residential Home, below \$47,000 (Taxes Limited to 5% of Household Income)	\$ 300,000	\$25,000	\$ 1,760	\$ 1,221	2.55%	\$ (510.00)	\$ 0.00	\$ 538.68	\$ 1,250.10	\$ 1,250.10	\$ 0.00
Residential Home, below \$25,000 (Taxes Limited to 4.5% of Household Income)	\$ 300,000	\$15,000	\$ 1,760	\$ 1,221	2.55%	\$ (1,085.00)	\$ 0.00	\$ 538.68	\$ 675.10	\$ 675.10	\$ 0.00

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