

TOWN OF BRATTLEBORO, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2016

AND

INDEPENDENT AUDITOR'S REPORT

TOWN OF BRATTLEBORO, VERMONT

JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

The Brattleboro Selectboard
Town of Brattleboro, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Brattleboro, Vermont (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Brattleboro, Vermont as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the funding progress for the OPEB Plan in schedule 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers 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 of America, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules 1 through 6 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules 1 through 7 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules 1 through 7 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 2016, on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Barre, Vermont
[REDACTED], 2016

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

This discussion and analysis is intended to serve as an introduction of the Town of Brattleboro's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Financial Highlights

- The net position of the Town's governmental activities increased by \$1,658,397, or approximately 9.5%. The net position of the Town's business-type activities decreased by \$85,785, or approximately 0.3%.
- The cost of all of the Town's programs was \$24,512,677, with no new programs added this year. Program costs were up \$1,916,373 this year over the previous year due, in large part, to costs associated with \$1,579,241 in VCDP grants for the G.S. Precision expansion project and the Windham Windsor Housing Trust Rehabilitation Loan Fund.
- The General Fund reported an increase in fund balance this year of \$870,787, which was \$967,052 better than was budgeted. This variance was due to favorable budget variances in tax revenue; the fire department, the police department, public works department, employee benefits and insurance expenses.
- The unassigned fund balance of the General Fund was \$2,792,759 as of June 30, 2016. This represents the amount of funds available for future budgets. The committed fund balance of \$494,500 was the remaining balance of the original commitment for the Town's portion of the Tropical Storm Irene expenditures and \$449,225 to fund two 2017 capital projects and offset fiscal year 2017 operating expenditures. The non-spendable fund balance was \$570,384, including \$551,113 in prepaid expenditures and inventories of \$19,271.
- The Development Fund reported an increase in fund balance this year of \$565,206, compared to an increase of \$117,061 in the prior year. This increase was largely due to the early repayment of a loan.
- The Capital Projects Fund reported a decrease in fund balance this year of \$932,349, compared to an increase of \$226,188 in the prior year. The decrease from the previous year was primarily due to the completion of capital projects in fiscal year 2016 with funding provided in previous fiscal years.

Financial Statements

The accompanying financial statements for the year ended June 30, 2016 include two separate presentations of financial statements. Government-wide financial statements (the Statement of Net Position and the Statement of Activities) present the financial picture of the Town from the "economic resources" measurement focus using the accrual basis of accounting. The Statement of Net Position includes all assets of the Town, including capital assets net of depreciation, and all liabilities, including long-term debt, and deferred inflows of resources with the balance reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities focuses on the programs of the Town and presents information showing how the Town's net position changed during the year.

Both types of government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The fund financial statements include statements that present activities by fund. 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 funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds primarily focus on near-term inflows and outflows of spendable resources and their balance at the end of the fiscal year. The Town's main governmental fund is the General Fund. Other governmental funds are presented in the governmental funds financial statements and schedules.

The proprietary funds of the Town are enterprise funds; they report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the proprietary funds to account for the resources and operation of the Utilities (water and sewer) Fund and the Parking Fund.

The Town also reports fiduciary funds, but does not include the fiduciary balances and activity in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government.

Government-wide Financial Analysis

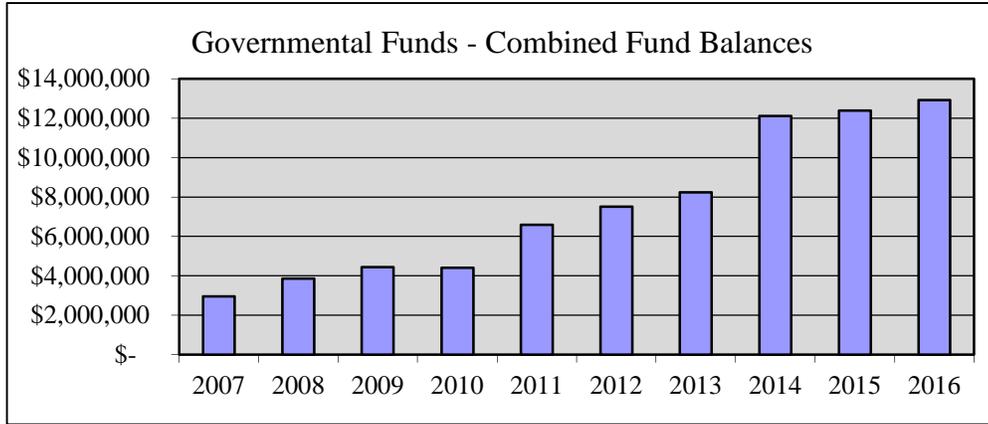
The Statement of Net Position as of June 30, 2016 shows total recorded assets of the Town are \$98,839,667. This includes the net value of capital assets of \$73,917,914. Total assets reported in 2015 were \$97,987,672. Of the 2016 assets, \$21,847,821 are current assets. The noncurrent assets are the outstanding development loans and net capital assets, including land, buildings and improvements, utilities systems, parking lots, machinery and equipment and infrastructure. The liabilities of the Town at June 30, 2016 totaled \$44,564,396 including \$4,992,029 in current liabilities, and \$39,572,367 in noncurrent liabilities. The liabilities of the Town at June 30, 2015 totaled \$43,283,419 including \$4,060,069 in current liabilities, and \$39,223,350 in noncurrent liabilities. Deferred inflows of the Town at June 30, 2016 totaled \$3,969,877.

The Statement of Activities reports total operating expenses for 2016 of \$24,512,677 which includes depreciation of capital assets of \$3,696,274. Total expenses for 2015 were \$22,596,304 (including depreciation of capital assets of \$3,611,902). Government-wide expenses include all fund expenditures, but exclude debt principal payments and capital asset purchases. Certain revenues (labeled Program Revenues) offset expenses as they relate to specific programs, such as state and federal grants or fees charged for specific services.

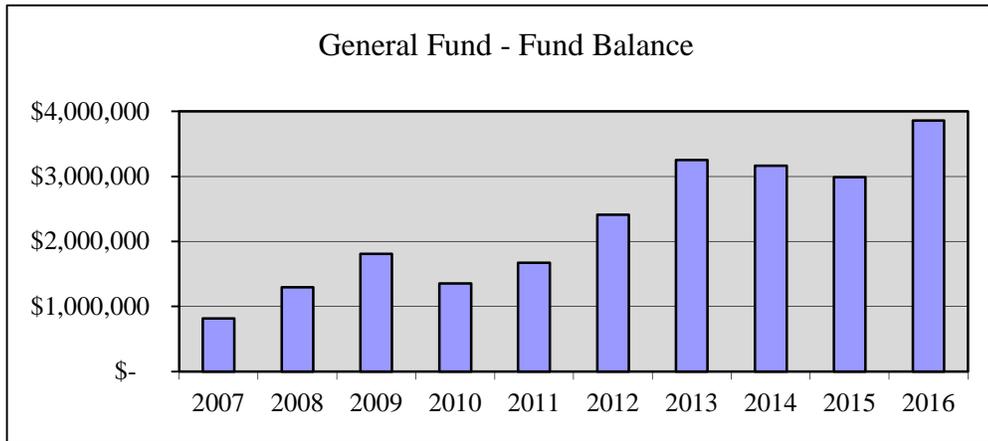
General revenues are mainly the Town property taxes of \$13,961,609 and \$13,963,956 for 2016 and 2015, respectively. Property taxes are reported net of the education taxes required to be collected by the Town for the benefit of others. For the year ending June 30, 2016, the Town's total revenues exceeded expenses by \$1,572,612 and increased net position at June 30, 2016 to \$51,274,734. For the year ending June 30, 2015, revenues exceeded expenses, increasing government-wide net position by \$777,324.

Governmental Funds

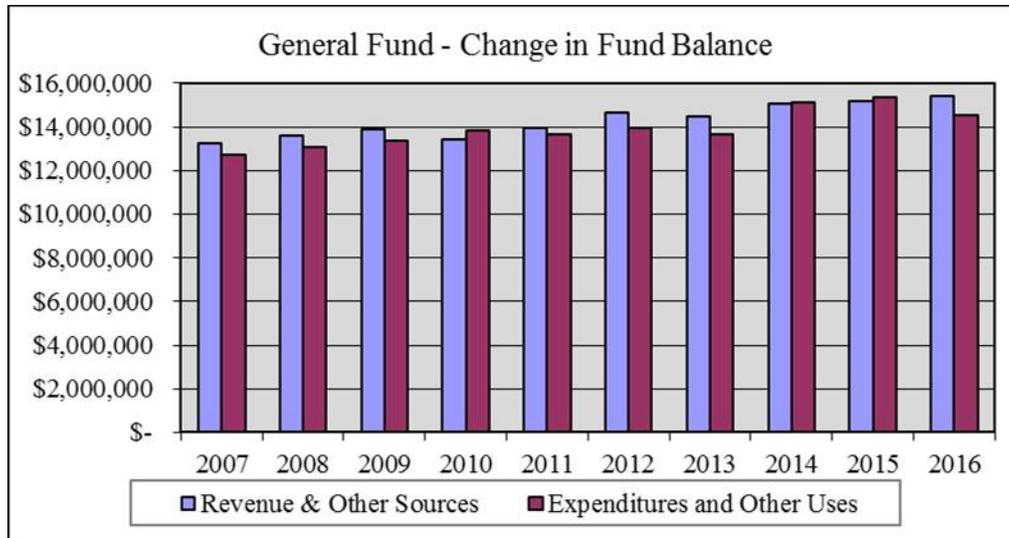
The Town’s governmental funds reported combined ending fund balances of \$12,912,454 at June 30, 2016, an increase of \$520,382 for the year then ended.



In 2015 the General Fund experienced a decrease in fund balance of \$176,168. In 2016 the General Fund recorded an increase in fund balance of \$870,787, resulting in a June 30, 2016 fund balance of \$3,857,643, of which \$570,384 was non-spendable, \$494,500 was committed and \$2,792,759 was unassigned.



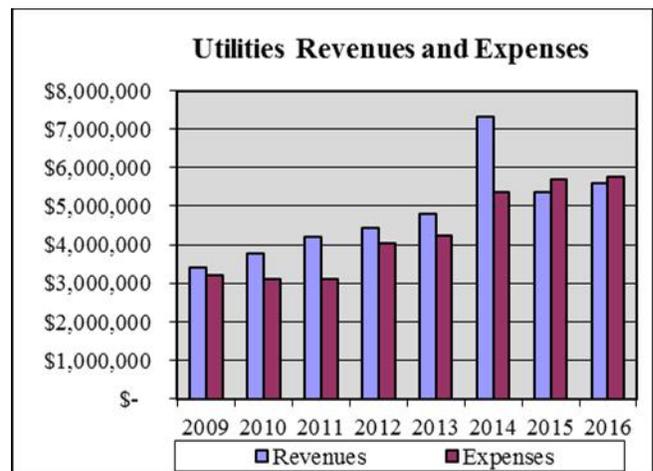
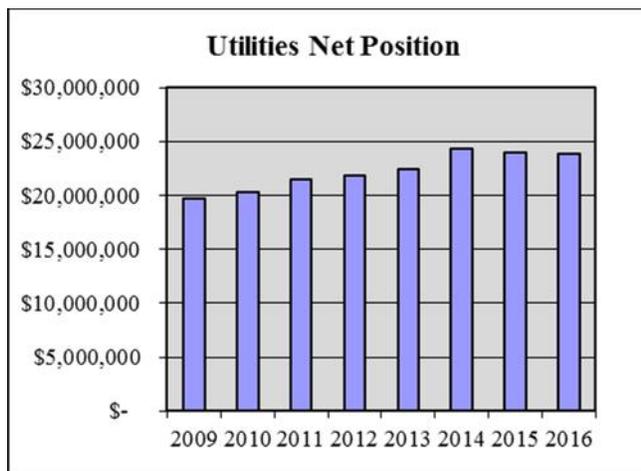
The 2016 increase in fund balance was a result of favorable budget variances in tax revenues, employee benefits, insurance expense, police department, fire department and public works department expenditures. The 2015 decrease in fund balance resulted from unbudgeted transfers of \$554,413 to the Capital Projects Fund and Other Governmental Funds offset, in part, by lower benefits, risk management and town manager, police and fire department expenditures than were budgeted.



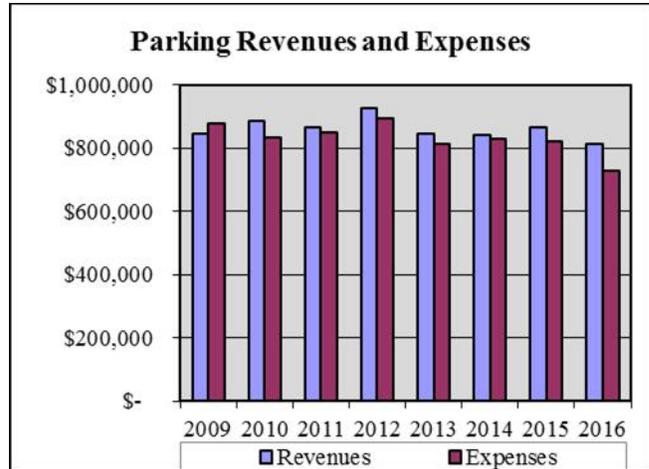
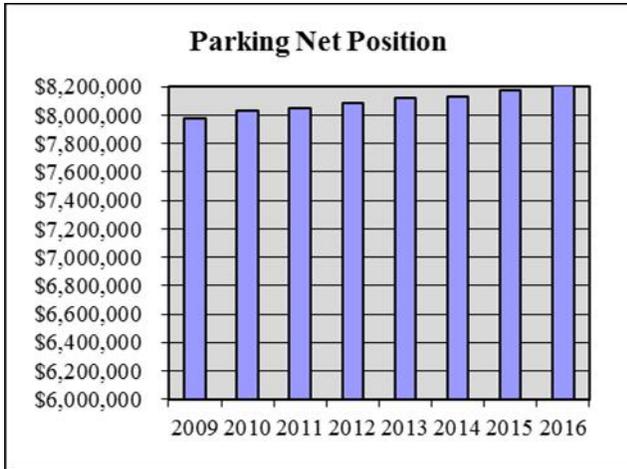
As shown on the Statement of Revenues and Expenditures - Budget and Actual - General Fund, revenues exceeded the budget by \$259,621. Actual expenditures were less than the budgeted expenditures by \$707,431. Monitoring of expenditures and revenues is conducted on an on-going basis with financial reports being reviewed on a monthly basis by the Selectboard.

Proprietary Funds:

The Utilities Fund net position decreased by \$170,466 in 2016. Operating revenues exceeded operating expenses by \$737,846 and non-operating revenue was \$29,911 in 2016 compared to \$16,273 in 2015. Non-operating expense for interest for the years ending June 30, 2016 and 2015 were \$688,223 and \$713,678, respectively. Transfers out were \$250,000 in 2016 compared to \$176,800 in 2015. This fund remains on target as it continues to build cash balance in preparation for current and future debt repayment.



The Parking Fund showed an increase in net position of \$84,681. Operating revenue decreased by \$52,438 from the previous year due to declines in parking meter and ticket revenue. Operating expenses decreased by \$81,159, primarily due to decreased maintenance expense related to the parking facilities. Non-operating expenses decreased by \$14,978 and transfers increased \$3,827 from the prior year.



Capital Assets and Debt Administration

Capital Assets

At June 30, 2016, the Town had \$73,917,914 compared to \$72,941,740 at June 30, 2015 invested in a broad range of capital assets including land, highway equipment, buildings, park facilities, roads, bridges, water facilities and wastewater facilities. This amount represents a net increase (including additions and deductions) of \$976,174 from last year.

Debt Administration

As of June 30, 2016, the Governmental Activities had \$7,095,798 in debt and capital leases outstanding compared to \$7,476,536 at June 30, 2015, a net decrease of \$380,738 (5.1%). This decrease is the result of \$632,000 in new debt to finance capital equipment and principal payments on governmental debt (\$840,667) and leases (\$172,071). As of June 30, 2016, the Utilities Fund had \$29,520,428 in debt and capital leases outstanding compared to \$30,216,684 at June 30, 2015, a decrease of \$696,256 (2.3%). This decrease is due to principal payments of \$1,444,545 offset by an increase in new debt for the wastewater upgrade project of \$748,289. As of June 30, 2016, the Parking Fund had \$1,000,000 in outstanding debt compared to \$1,200,000 at June 30, 2015, representing a decrease of \$200,000 (16.7%). This decrease is due to principal payments of \$200,000.

Economic Factors and Next Year’s Budget and Rates

The following key economic indicators and activities reflect the growth, prosperity and economic concerns of the Town.

In fiscal year 2017, 56% of the property taxes billed by the Town of Brattleboro will be used to fund public education. The high cost of education results in pressure being placed on the municipal budget in order to keep property taxes at an affordable level. The impact of low growth within the Town coupled with a desire to have little or no increase in the municipal property tax rate all contribute to create budgetary pressure in fiscal year 2017.

Total fiscal year 2017 General Fund budgeted expenditures approved by the Town Meeting Members was \$16,288,258 which represents an increase of \$755,359 from the fiscal year 2016 budgeted expenditures. This increase is primarily the result of increases in benefits and debt service expenses and a transfer to the Capital Fund. The municipal portion of the Town’s property taxes approved by Town Meeting Members as part of the

overall fiscal year 2017 budget was \$13,861,274 which represents an increase of \$387,599 from the property taxes approved in fiscal year 2016. The fiscal year 2017 municipal property tax rate (including the local agreement rate) was \$1.1907 per \$100.00 of valuation. This represents an increase of \$0.0300 per \$100.00 of valuation (2.6%).

Total fiscal year 2017 Utility Fund budgeted expenditures approved by the Selectboard was \$5,937,902, which represents an increase of \$87,892 from the fiscal year 2016 budgeted expenditures. Total fiscal year 2017 Utility Fund budgeted revenues are \$5,605,327, which is up 4.3% over fiscal year 2016 budgeted revenues.

Requests for Information

This financial report is designed to provide a general overview of the Town of Brattleboro's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Brattleboro, 230 Main Street, Suite 208, Brattleboro, VT 05301.

TOWN OF BRATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2016

(Page 1 of 2)

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Totals</u> |
|--|--|---|---------------------|
| ASSETS: | | | |
| Current assets - | | | |
| Cash and cash equivalents | \$ 15,724,825 | \$ 440,196 | \$ 16,165,021 |
| Investments | 2,078,814 | - | 2,078,814 |
| Receivables: | | | |
| Property taxes | 478,546 | - | 478,546 |
| Accounts | 913,987 | 1,355,859 | 2,269,846 |
| Due from (to) other activities | (5,957,518) | 5,957,518 | - |
| Prepaid expenses | 555,813 | 123,344 | 679,157 |
| Inventory | 19,271 | 157,166 | 176,437 |
| Total current assets | <u>13,813,738</u> | <u>8,034,083</u> | <u>21,847,821</u> |
| Noncurrent assets - | | | |
| Loans receivable, net of allowance of \$256,247 in the SBAP loan fund | 3,073,932 | - | 3,073,932 |
| Capital assets | 45,512,938 | 86,338,940 | 131,851,878 |
| less - accumulated depreciation | <u>(28,564,552)</u> | <u>(29,369,412)</u> | <u>(57,933,964)</u> |
| Total noncurrent assets | <u>20,022,318</u> | <u>56,969,528</u> | <u>76,991,846</u> |
| Total assets | <u>33,836,056</u> | <u>65,003,611</u> | <u>98,839,667</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred pension expense | <u>969,340</u> | <u>-</u> | <u>969,340</u> |
| LIABILITIES: | | | |
| Current liabilities - | | | |
| Warrants and accounts payable | 774,081 | 814,469 | 1,588,550 |
| Accrued liabilities: | | | |
| Payroll | 95,635 | 15,654 | 111,289 |
| Compensated absences | 134,589 | 113,206 | 247,795 |
| Other | 48,275 | 206,900 | 255,175 |
| Due to fiduciary funds | 30,000 | - | 30,000 |
| Current portion of capital lease liability | 176,035 | 26,196 | 202,231 |
| Current portion of long-term debt | <u>880,333</u> | <u>1,676,656</u> | <u>2,556,989</u> |
| Total current liabilities | <u>2,138,948</u> | <u>2,853,081</u> | <u>4,992,029</u> |
| Noncurrent liabilities - | | | |
| Accrued compensated absences | 394,366 | - | 394,366 |
| Other postemployment benefits | 2,797,923 | - | 2,797,923 |
| Net pension liability | 1,523,072 | - | 1,523,072 |
| Capital lease liability | 591,430 | - | 591,430 |
| Long-term debt | <u>5,448,000</u> | <u>28,817,576</u> | <u>34,265,576</u> |
| Total noncurrent liabilities | <u>10,754,791</u> | <u>28,817,576</u> | <u>39,572,367</u> |
| Total liabilities | <u>12,893,739</u> | <u>31,670,657</u> | <u>44,564,396</u> |

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

TOWN OF BRATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2016

(Page 2 of 2)

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Totals</u> |
|---------------------------------------|--|---|----------------------|
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred revenue | 2,720,398 | 1,222,650 | 3,943,048 |
| Deferred pension credits | <u>26,829</u> | <u>-</u> | <u>26,829</u> |
| Total deferred inflows of resources | <u>2,747,227</u> | <u>1,222,650</u> | <u>3,969,877</u> |
| NET POSITION: | | | |
| Net investment in capital assets | 9,852,588 | 26,449,100 | 36,301,688 |
| Restricted | 8,661,773 | - | 8,661,773 |
| Unrestricted | <u>650,069</u> | <u>5,661,204</u> | <u>6,311,273</u> |
| Total net position | \$ <u>19,164,430</u> | \$ <u>32,110,304</u> | \$ <u>51,274,734</u> |

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

**TOWN OF BRATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

| | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|-----------------------------------|----------------------|-------------------------------------|---------------------------------|-------------------|--|-------------------------------------|----------------------|
| | | <u>Grants and Contributions</u> | <u>Charges for Services</u> | <u>Other</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
| FUNCTIONS/PROGRAMS: | | | | | | | |
| Governmental activities - | | | | | | | |
| General government | \$ 8,933,534 | \$ 1,975,253 | \$ 427,089 | \$ - | \$ (6,531,192) | \$ - | \$ (6,531,192) |
| Public safety | 5,186,940 | 305,036 | 142,139 | 1,555 | (4,738,210) | - | (4,738,210) |
| Public works | 2,112,368 | 940,281 | 8,765 | - | (1,163,322) | - | (1,163,322) |
| Culture and recreation | 1,841,797 | 12,113 | 509,686 | - | (1,319,998) | - | (1,319,998) |
| Recycling and solid waste | - | - | 417,818 | - | 417,818 | - | 417,818 |
| Other | 245,560 | 445 | - | 56,586 | (188,529) | - | (188,529) |
| Total governmental activities | <u>18,320,199</u> | <u>3,233,128</u> | <u>1,505,497</u> | <u>58,141</u> | <u>(13,523,433)</u> | <u>-</u> | <u>(13,523,433)</u> |
| Business-type activities - | | | | | | | |
| Utilities | 5,502,454 | 86,528 | 5,421,946 | 64,760 | - | 70,780 | 70,780 |
| Parking | 690,024 | - | 804,115 | 6,790 | - | 120,881 | 120,881 |
| Total business-type activities | <u>6,192,478</u> | <u>86,528</u> | <u>6,226,061</u> | <u>71,550</u> | <u>-</u> | <u>191,661</u> | <u>191,661</u> |
| | <u>\$ 24,512,677</u> | <u>\$ 3,319,656</u> | <u>\$ 7,731,558</u> | <u>\$ 129,691</u> | <u>(13,523,433)</u> | <u>191,661</u> | <u>(13,331,772)</u> |
| GENERAL REVENUES - PROPERTY TAXES | | | | | 13,961,609 | - | 13,961,609 |
| - INVESTMENT INCOME (LOSS) | | | | | 933,320 | 9,454 | 942,774 |
| - TRANSFERS IN (OUT), NET | | | | | 286,900 | (286,900) | - |
| | | | | | <u>15,181,829</u> | <u>(277,446)</u> | <u>14,904,383</u> |
| CHANGE IN NET POSITION | | | | | 1,658,397 | (85,785) | 1,572,612 |
| NET POSITION, July 1, 2015 | | | | | <u>17,506,033</u> | <u>32,196,089</u> | <u>49,702,122</u> |
| NET POSITION, June 30, 2016 | | | | | <u>\$ 19,164,430</u> | <u>\$ 32,110,304</u> | <u>\$ 51,274,734</u> |

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2016

(Page 1 of 3)

| | <u>General Fund</u> | <u>Development Fund</u> | <u>Capital Projects Fund</u> | <u>Other Governmental Funds</u> | <u>Totals Governmental Funds</u> |
|---|-------------------------|-----------------------------|--------------------------------------|---|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 11,730,504 | \$ - | \$ 3,990,450 | \$ 3,871 | \$ 15,724,825 |
| Investments | - | 2,078,814 | - | - | 2,078,814 |
| Receivables: | | | | | |
| Property taxes | 478,546 | - | - | - | 478,546 |
| Loans net of allowance of \$256,247 in the SBAP loan fund | - | 3,073,932 | - | - | 3,073,932 |
| Accounts receivable - other | 170,785 | - | 556,840 | 186,362 | 913,987 |
| Due from other funds | - | 924,328 | 573,257 | 876,550 | 2,374,135 |
| Prepaid expenditures | 551,113 | - | - | 4,700 | 555,813 |
| Inventory | <u>19,271</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,271</u> |
| Total assets | <u>\$ 12,950,219</u> | <u>\$ 6,077,074</u> | <u>\$ 5,120,547</u> | <u>\$ 1,071,483</u> | <u>\$ 25,219,323</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY | | | | | |
| LIABILITIES: | | | | | |
| Warrants and accounts payable | \$ 391,970 | \$ - | \$ 283,359 | \$ 98,752 | \$ 774,081 |
| Accrued liabilities - | | | | | |
| Payroll | 93,303 | - | - | 2,332 | 95,635 |
| Compensated absences | 134,589 | - | - | - | 134,589 |
| Other | 48,275 | - | - | - | 48,275 |
| Due to other funds | <u>8,232,300</u> | <u>-</u> | <u>47,561</u> | <u>81,792</u> | <u>8,361,653</u> |
| Total liabilities | <u>8,900,437</u> | <u>-</u> | <u>330,920</u> | <u>182,876</u> | <u>9,414,233</u> |

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2016

(Page 2 of 3)

| | <u>General Fund</u> | <u>Development Fund</u> | <u>Capital Projects Fund</u> | <u>Other Governmental Funds</u> | <u>Totals Governmental Funds</u> |
|---|-------------------------|-----------------------------|--------------------------------------|---|--|
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Deferred property taxes | 172,238 | - | - | - | 172,238 |
| Deferred revenue and grants | <u>19,901</u> | <u>2,536,600</u> | <u>21,300</u> | <u>142,597</u> | <u>2,720,398</u> |
| Total deferred inflows of resources | <u>192,139</u> | <u>2,536,600</u> | <u>21,300</u> | <u>142,597</u> | <u>2,892,636</u> |
| FUND EQUITY: | | | | | |
| Fund balances - | | | | | |
| Nonspendable | 570,384 | 537,332 | - | - | 1,107,716 |
| Restricted | - | 2,791,050 | 3,880,789 | 271,128 | 6,942,967 |
| Committed | 494,500 | 212,092 | - | 474,882 | 1,181,474 |
| Assigned | - | - | 887,538 | - | 887,538 |
| Unassigned | <u>2,792,759</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,792,759</u> |
| Total fund balances | <u>3,857,643</u> | <u>3,540,474</u> | <u>4,768,327</u> | <u>746,010</u> | <u>12,912,454</u> |
| Total liabilities, deferred inflows of resources and fund equity | <u>\$ 12,950,219</u> | <u>\$ 6,077,074</u> | <u>\$ 5,120,547</u> | <u>\$ 1,071,483</u> | <u>\$ 25,219,323</u> |

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2016

(Page 3 of 3)

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:

| | |
|--|---------------|
| Amount reported on Balance Sheet - Governmental Funds - total fund balances | \$ 12,912,454 |
| Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because - | |
| Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds. | |
| Capital assets | 45,512,938 |
| Accumulated depreciation | (28,564,552) |
| Accrued compensated absences in the governmental funds are limited to benefits used within 60 days after year end, while the full liability is included in the government-wide statements. | |
| | (394,366) |
| Liabilities not due and payable in the year are not reported in the governmental funds. | |
| Other postemployment benefits | (2,797,923) |
| Capital lease liability - current | (176,035) |
| Capital lease liability - noncurrent | (591,430) |
| Long-term debt - current | (880,333) |
| Long-term debt - noncurrent | (5,448,000) |
| Balances related to net position asset or liability and related to deferred outflows/inflows of resources are not reported in the funds. | |
| Deferred pension expense | 969,340 |
| Deferred pension credits | (26,829) |
| Net pension liability | (1,523,072) |
| Deferred property taxes are reported in the governmental funds to offset uncollected property taxes which are not available financial resources. | |
| | 172,238 |
| Net position of governmental activities - Government-wide Statement of Net Position | \$ 19,164,430 |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(Page 1 of 4)

| | General <u>Fund</u> | Development <u>Fund</u> | Capital Projects <u>Fund</u> | Other Governmental <u>Funds</u> | Totals Governmental <u>Funds</u> |
|---|------------------------|----------------------------|------------------------------------|---------------------------------------|--|
| REVENUES: | | | | | |
| Property taxes | \$ 14,079,750 | \$ - | \$ - | \$ - | \$ 14,079,750 |
| Licenses and permits | 201,890 | - | - | - | 201,890 |
| Investment income (loss) | 9,464 | 923,102 | 245 | 509 | 933,320 |
| Intergovernmental | 395,056 | - | 545,210 | 2,224,357 | 3,164,623 |
| Donations | - | - | 7,946 | 13,145 | 21,091 |
| Other departmental revenue | <u>710,695</u> | <u>445</u> | <u>54,596</u> | <u>643,426</u> | <u>1,409,162</u> |
| Total revenues | <u>15,396,855</u> | <u>923,547</u> | <u>607,997</u> | <u>2,881,437</u> | <u>19,809,836</u> |
| EXPENDITURES: | | | | | |
| Current - | | | | | |
| General government | 2,391,166 | 358,341 | - | 2,873,444 | 5,622,951 |
| Human services | 140,765 | - | - | 143,932 | 284,697 |
| Public safety | 4,376,542 | - | - | 158,898 | 4,535,440 |
| Public works | 1,505,497 | - | - | 15,618 | 1,521,115 |
| Culture and recreation | 1,362,845 | - | - | 215,807 | 1,578,652 |
| Recycling and solid waste | - | - | - | - | - |
| Pension and benefits | 2,877,856 | - | - | - | 2,877,856 |
| Capital outlay | - | - | 2,529,346 | - | 2,529,346 |
| Debt service - Principal | 840,666 | - | - | - | 840,666 |
| - Capital lease principal | 172,071 | - | - | - | 172,071 |
| - Interest | <u>245,560</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>245,560</u> |
| Total expenditures | <u>13,912,968</u> | <u>358,341</u> | <u>2,529,346</u> | <u>3,407,699</u> | <u>20,208,354</u> |
| EXCESS OF REVENUES OR (EXPENDITURES) | <u>1,483,887</u> | <u>565,206</u> | <u>(1,921,349)</u> | <u>(526,262)</u> | <u>(398,518)</u> |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(Page 2 of 4)

| | <u>General Fund</u> | <u>Development Fund</u> | <u>Capital Projects Fund</u> | <u>Other Governmental Funds</u> | <u>Totals Governmental Funds</u> |
|--------------------------------------|----------------------------|-----------------------------|--------------------------------------|---|--|
| OTHER FINANCING SOURCES (USES): | | | | | |
| Proceeds from borrowing | - | - | 632,000 | - | 632,000 |
| Operating transfers in (out), net | <u>(613,100)</u> | <u>-</u> | <u>357,000</u> | <u>543,000</u> | <u>286,900</u> |
| Total other financing sources (uses) | <u>(613,100)</u> | <u>-</u> | <u>989,000</u> | <u>543,000</u> | <u>918,900</u> |
| NET CHANGE IN FUND BALANCES | 870,787 | 565,206 | (932,349) | 16,738 | 520,382 |
| FUND BALANCES, July 1, 2015 | <u>2,986,856</u> | <u>2,975,268</u> | <u>5,700,676</u> | <u>729,272</u> | <u>12,392,072</u> |
| FUND BALANCES, June 30, 2016 | \$ <u><u>3,857,643</u></u> | \$ <u><u>3,540,474</u></u> | \$ <u><u>4,768,327</u></u> | \$ <u><u>746,010</u></u> | \$ <u><u>12,912,454</u></u> |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(Page 3 of 4)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 520,382 |
|--|----|---------|

Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

| | | |
|----------------------------------|--|-------------|
| Additions to capital assets, net | | 2,529,347 |
| Depreciation | | (1,144,327) |

Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within 60 days are unavailable at year end.

| | | |
|--------------|--|-----------|
| Prior year | | (290,379) |
| Current year | | 172,238 |

Accrued compensated absences are fully accrued for the governmental activities, exceeding the limited accrual for fund accounting by these amounts.

| | | |
|--------------|--|-----------|
| Prior year | | 438,711 |
| Current year | | (394,366) |

Increase in long-term obligation for other postemployment benefits is a cost accrued in the government-wide statements but only reported as an expenditure when paid on the fund statements.

| | | |
|--------------|--|-------------|
| Prior year | | 2,360,188 |
| Current year | | (2,797,923) |

The issuance of long-term debt 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 has any effect on net position.

| | | |
|---------------------------|--|-----------|
| Proceeds from borrowing | | (632,000) |
| Debt service - principal | | 840,667 |
| Capital lease - principal | | 172,071 |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

(Page 4 of 4)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (CONTINUED):

Changes in net pension asset or liability and related deferred outflows/inflows of resources will increase or decrease the amounts reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds

| | |
|---|----------------------------|
| Net (increase) decrease in net pension obligation | <u>(116,212)</u> |
| Change in net position of governmental activities - Government-wide Statement of Activities | \$ <u><u>1,658,397</u></u> |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

(Page 1 of 2)

| | Original and Final <u>Budget</u> | Actual (Budgetary <u>Basis)</u> | Variance Over <u>(Under)</u> |
|------------------------------------|--|---------------------------------------|------------------------------------|
| REVENUES: | | | |
| Taxes | \$ 13,933,675 | \$ 14,079,750 | \$ 146,075 |
| Interest income | 13,000 | 9,464 | (3,536) |
| Departmental revenue - | | | |
| Town Manager | 146,500 | 134,992 | (11,508) |
| Finance | 50,000 | 52,405 | 2,405 |
| Town Clerk | 134,000 | 135,163 | 1,163 |
| Listers | 200 | 1,255 | 1,055 |
| General services | - | 47,005 | 47,005 |
| Risk management | - | 960 | 960 |
| Planning | 35,100 | 66,727 | 31,627 |
| Library | 46,250 | 43,900 | (2,350) |
| Fire | 13,700 | 51,871 | 38,171 |
| Refuse/recycle | - | - | - |
| Municipal Center | 20,000 | 19,888 | (112) |
| Police | 146,109 | 90,518 | (55,591) |
| Public works | 4,000 | 8,490 | 4,490 |
| Parks and recreation | 212,200 | 259,359 | 47,159 |
| Reimbursements | - | 52 | 52 |
| Intergovernmental - regional | <u>382,500</u> | <u>395,056</u> | <u>12,556</u> |
| Budgeted revenues | <u>15,137,234</u> | <u>15,396,855</u> | <u>259,621</u> |
| EXPENDITURES: | | | |
| Administration - | | | |
| Town Manager | 219,450 | 222,845 | 3,395 |
| Finance | 331,874 | 329,905 | (1,969) |
| Town Attorney | 107,250 | 102,814 | (4,436) |
| Town Clerk | 170,489 | 173,360 | 2,871 |
| Listers | 157,111 | 155,440 | (1,671) |
| General services | 206,200 | 284,077 | 77,877 |
| Risk management | 691,800 | 599,561 | (92,239) |
| Planning | 206,185 | 208,012 | 1,827 |
| Employee benefits | 3,131,547 | 2,877,856 | (253,691) |
| Debt service - bonds, notes, lease | 1,245,205 | 1,258,297 | 13,092 |
| Human services | 140,765 | 140,765 | - |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

(Page 2 of 2)

| | Final Budget | Actual (Budgetary Basis) | Variance Over (Under) |
|---|--------------------|--------------------------------|-----------------------------|
| EXPENDITURES (CONTINUED): | | | |
| Auxiliary services | 416,350 | 393,571 | (22,779) |
| Library | 621,243 | 619,281 | (1,962) |
| Fire Department | 1,840,500 | 1,747,047 | (93,453) |
| Recycling and solid waste | - | - | - |
| Municipal center | 179,467 | 136,320 | (43,147) |
| Police Department | 1,954,499 | 1,783,626 | (170,873) |
| Police dispatch | 455,431 | 452,298 | (3,133) |
| Public works | 1,589,564 | 1,505,497 | (84,067) |
| Regional | 103,652 | 100,832 | (2,820) |
| Recreation and parks | 773,817 | 743,564 | (30,253) |
| Assessment - BABB | <u>78,000</u> | <u>78,000</u> | <u>-</u> |
| Total expenditures | <u>14,620,399</u> | <u>13,912,968</u> | <u>(707,431)</u> |
| EXCESS OF REVENUES OR (EXPENDITURES) | <u>516,835</u> | <u>1,483,887</u> | <u>967,052</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Proceeds from borrowing | - | - | - |
| Proceeds from borrowing - capital lease | - | - | - |
| Operating transfers in | 299,400 | 299,400 | - |
| Operating transfers out | <u>(912,500)</u> | <u>(912,500)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(613,100)</u> | <u>(613,100)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | \$ <u>(96,265)</u> | \$ <u>870,787</u> | \$ <u>967,052</u> |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

| | <u>Utilities</u> <u>Fund</u> | <u>Parking</u> <u>Fund</u> | <u>Totals</u> <u>Proprietary</u> <u>Funds</u> |
|---|---------------------------------|-------------------------------|---|
| ASSETS: | | | |
| Current assets - | | | |
| Cash and cash equivalents | \$ 440,146 | \$ 50 | \$ 440,196 |
| Accounts receivable: | | | |
| Accounts net of allowance for uncollectibles of \$10,075 in the Utilities Fund | 1,355,859 | - | 1,355,859 |
| Other | - | - | - |
| Due from other funds | 5,557,302 | 400,216 | 5,957,518 |
| Inventory | 157,166 | - | 157,166 |
| Prepaid expenses | 104,974 | 18,370 | 123,344 |
| Total current assets | <u>7,615,447</u> | <u>418,636</u> | <u>8,034,083</u> |
| Noncurrent assets - | | | |
| Capital assets | 74,497,784 | 11,841,156 | 86,338,940 |
| less - accumulated depreciation | <u>(26,397,485)</u> | <u>(2,971,927)</u> | <u>(29,369,412)</u> |
| Total noncurrent assets | <u>48,100,299</u> | <u>8,869,229</u> | <u>56,969,528</u> |
| Total assets | <u>55,715,746</u> | <u>9,287,865</u> | <u>65,003,611</u> |
| LIABILITIES: | | | |
| Current liabilities - | | | |
| Accounts payable | 805,577 | 8,892 | 814,469 |
| Accrued liabilities: | | | |
| Payroll | 13,788 | 1,866 | 15,654 |
| Compensated absences | 96,277 | 16,929 | 113,206 |
| Other | 206,900 | - | 206,900 |
| Current portion of capital lease liability | 26,196 | - | 26,196 |
| Current portion of long-term debt | <u>1,476,656</u> | <u>200,000</u> | <u>1,676,656</u> |
| Total current liabilities | <u>2,625,394</u> | <u>227,687</u> | <u>2,853,081</u> |
| Noncurrent liabilities - | | | |
| Long-term debt | <u>28,017,576</u> | <u>800,000</u> | <u>28,817,576</u> |
| Total noncurrent liabilities | <u>28,017,576</u> | <u>800,000</u> | <u>28,817,576</u> |
| Total liabilities | <u>30,642,970</u> | <u>1,027,687</u> | <u>31,670,657</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred revenue | <u>1,222,650</u> | <u>-</u> | <u>1,222,650</u> |
| NET POSITION: | | | |
| Net investment in capital assets | 18,579,871 | 7,869,229 | 26,449,100 |
| Unrestricted | <u>5,270,255</u> | <u>390,949</u> | <u>5,661,204</u> |
| Total net position | <u>\$ 23,850,126</u> | <u>\$ 8,260,178</u> | <u>\$ 32,110,304</u> |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | Utilities | Parking | Totals |
|--|----------------------|---------------------|----------------------|
| | <u>Fund</u> | <u>Fund</u> | <u>Proprietary</u> |
| | | | <u>Funds</u> |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 5,421,946 | \$ 804,115 | \$ 6,226,061 |
| Interest and penalties | 36,305 | - | 36,305 |
| Intergovernmental | 86,528 | - | 86,528 |
| Miscellaneous | <u>7,298</u> | <u>6,790</u> | <u>14,088</u> |
| Total operating revenues | <u>5,552,077</u> | <u>810,905</u> | <u>6,362,982</u> |
| OPERATING EXPENSES: | | | |
| Personnel services | 1,312,114 | 225,360 | 1,537,474 |
| Contractual services | 392,907 | 45,485 | 438,392 |
| Supplies and materials | 199,192 | 21,882 | 221,074 |
| Maintenance | 288,961 | 67,479 | 356,440 |
| Heat, light and power | 304,703 | 29,198 | 333,901 |
| Depreciation | 2,307,329 | 244,618 | 2,551,947 |
| Miscellaneous | <u>9,025</u> | <u>-</u> | <u>9,025</u> |
| Total operating expenses | <u>4,814,231</u> | <u>634,022</u> | <u>5,448,253</u> |
| Operating income | <u>737,846</u> | <u>176,883</u> | <u>914,729</u> |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Gain on sale of assets | 21,157 | - | 21,157 |
| Investment income | 8,754 | 700 | 9,454 |
| Interest expense | <u>(688,223)</u> | <u>(56,002)</u> | <u>(744,225)</u> |
| Total nonoperating revenues (expenses) | <u>(658,312)</u> | <u>(55,302)</u> | <u>(713,614)</u> |
| INCOME (LOSS) BEFORE TRANSFERS | 79,534 | 121,581 | 201,115 |
| Operating transfers out | <u>(250,000)</u> | <u>(36,900)</u> | <u>(286,900)</u> |
| CHANGE IN NET POSITION | (170,466) | 84,681 | (85,785) |
| NET POSITION, July 1, 2015 | <u>24,020,592</u> | <u>8,175,497</u> | <u>32,196,089</u> |
| NET POSITION, June 30, 2016 | \$ <u>23,850,126</u> | \$ <u>8,260,178</u> | \$ <u>32,110,304</u> |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(Page 1 of 2)

| | <u>Utilities</u> <u>Fund</u> | <u>Parking</u> <u>Fund</u> | <u>Totals</u> <u>Proprietary</u> <u>Funds</u> |
|--|---------------------------------|-------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 5,483,167 | \$ 810,905 | \$ 6,294,072 |
| Cash paid to suppliers for goods and services | (643,612) | (165,222) | (808,834) |
| Cash payments to employees for services | <u>(1,354,213)</u> | <u>(231,109)</u> | <u>(1,585,322)</u> |
| Net cash provided (used) by operating activities | <u>3,485,342</u> | <u>414,574</u> | <u>3,899,916</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received on investments | <u>8,754</u> | <u>700</u> | <u>9,454</u> |
| Net cash provided (used) by investing activities | <u>8,754</u> | <u>700</u> | <u>9,454</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| (Increase)Decrease in pooled cash due from other funds | 74,405 | 66,031 | 140,436 |
| Operating transfer from (to) other funds | <u>(250,000)</u> | <u>(36,900)</u> | <u>(286,900)</u> |
| Net cash provided (used) by noncapital financing activities | <u>(175,595)</u> | <u>29,131</u> | <u>(146,464)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Purchase of capital assets, net | (1,933,541) | (188,403) | (2,121,944) |
| Contributed capital - intergovernmental grants | - | - | - |
| Proceeds from borrowing | 748,289 | - | 748,289 |
| Payments on bonds and bond anticipation note | (1,444,545) | (200,000) | (1,644,545) |
| Interest expense on bonds and notes | <u>(688,223)</u> | <u>(56,002)</u> | <u>(744,225)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(3,318,020)</u> | <u>(444,405)</u> | <u>(3,762,425)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 481 | - | 481 |
| CASH AND CASH EQUIVALENTS, July 1, 2015 | <u>439,665</u> | <u>50</u> | <u>439,715</u> |
| CASH AND CASH EQUIVALENTS, June 30, 2016 | <u><u>\$ 440,146</u></u> | <u><u>\$ 50</u></u> | <u><u>\$ 440,196</u></u> |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(Page 2 of 2)

| | <u>Utilities</u> <u>Fund</u> | <u>Parking</u> <u>Fund</u> | <u>Totals</u> <u>Proprietary</u> <u>Funds</u> |
|---|---------------------------------|-------------------------------|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) | | | |
| TO NET CASH PROVIDED (USED) BY | | | |
| OPERATING ACTIVITIES: | | | |
| Operating income | \$ 737,846 | \$ 176,883 | \$ 914,729 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities - | | | |
| Depreciation expense | 2,307,329 | 244,618 | 2,551,947 |
| (Increase) decrease in accounts receivable | 17,461 | - | 17,461 |
| (Increase) decrease in inventory | (7,236) | - | (7,236) |
| (Increase) decrease in prepaid expenses | (9,214) | (899) | (10,113) |
| Increase (decrease) in accounts payable | 567,626 | (279) | 567,347 |
| Increase (decrease) in deferred revenue | (86,371) | - | (86,371) |
| Increase (decrease) in accrued liabilities | <u>(42,099)</u> | <u>(5,749)</u> | <u>(47,848)</u> |
| Net cash provided (used) by operating activities | \$ <u>3,485,342</u> | \$ <u>414,574</u> | \$ <u>3,899,916</u> |

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

| | Public Trust Funds Held By <u>Trustees</u> | Lundberg and Auditorium <u>Fund</u> | Library Trust <u>Fund</u> |
|--------------------------------------|---|--|---------------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 12,978 | \$ 18,827 | \$ 623,088 |
| Investments, at fair value | 198,319 | - | 1,688,142 |
| Due from other funds | <u>30,000</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>241,297</u> | <u>18,827</u> | <u>2,311,230</u> |
| LIABILITIES: | | | |
| Accounts payable | - | 9,077 | 15,236 |
| Intergovernmental | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>9,077</u> | <u>15,236</u> |
| NET POSITION: | | | |
| Held in trust for specific purpose | 241,297 | 5,000 | 2,295,994 |
| Held in trust for restricted purpose | <u>-</u> | <u>4,750</u> | <u>-</u> |
| Total net position | <u>\$ 241,297</u> | <u>\$ 9,750</u> | <u>\$ 2,295,994</u> |

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

**TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

| | Public Trust Funds Held by <u>Trustees</u> | Lundberg and Auditorium <u>Fund</u> | Library Trust <u>Fund</u> |
|---|---|--|---------------------------------|
| ADDITIONS: | | | |
| Investment earnings - | | | |
| Investment income | \$ 10,810 | \$ 9 | \$ 33,264 |
| Net increase (decrease) in fair value of investments | <u>(3,926)</u> | <u>-</u> | <u>34,494</u> |
| Total investment earnings | 6,884 | 9 | 67,758 |
| Operating transfers in | - | - | - |
| Contributions | <u>-</u> | <u>-</u> | <u>337,246</u> |
| Total additions | <u>6,884</u> | <u>9</u> | <u>405,004</u> |
| DEDUCTIONS: | | | |
| Broker fees | - | - | 10,023 |
| Miscellaneous | <u>3,091</u> | <u>9</u> | <u>59,785</u> |
| Operating transfer out | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deductions | <u>3,091</u> | <u>9</u> | <u>69,808</u> |
| CHANGE IN NET POSITION | 3,793 | - | 335,196 |
| NET POSITION, July 1, 2015 | <u>237,504</u> | <u>9,750</u> | <u>1,960,798</u> |
| NET POSITION, June 30, 2016 | \$ <u>241,297</u> | \$ <u>9,750</u> | \$ <u>2,295,994</u> |

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. Summary of significant accounting policies:

Organization - The Town of Brattleboro, Vermont (the Town) was chartered in 1753. The Town operates under a Selectboard/Representative form of government and provides the following services as authorized by its charter: public safety - police and fire, highways and streets, water, health and social services, culture - recreation, public improvements, planning and zoning, and general administrative services.

Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the Government-wide Statement of Net Position, the financial position of the Town is consolidated and incorporates capital assets as well as long-term debt and benefit obligations. The Government-wide Statement of Activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are summarized in a single column.

Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund balances or net position, revenues and expenditures or expenses, as appropriate.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. Summary of significant accounting policies (continued):

Basis of presentation (continued) -

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Development Fund - This fund is used to account for operations of the Town's revolving loan funds, which are maintained to encourage development.

Capital Projects Fund - This fund is used to account for acquisition or construction of governmental capital assets and the funding sources for those assets. As the projects are completed or capital assets are placed in service, they are closed from this fund and reported as assets in the government-wide financial statements.

The Town reports the following major proprietary funds:

Utilities Fund - This fund accounts for water and sewer services. The Town operates the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

Parking Fund - This fund accounts for the activities of the Town parking lots and metered street parking, as well as the new Town Transportation Center.

The Town also reports fiduciary funds which are used to account for assets held in a trustee capacity (trust funds) or as an agent (agency funds) for the benefit of parties outside of the Town. Fiduciary funds include trusts held by the Trustees of Public Funds, the Lundberg and Auditorium Fund, and the Library Trust Fund.

Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is made.

Property taxes are recorded as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received because they are generally not measurable prior to collection. Investment earnings and certain intergovernmental grants are recorded as earned.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. Summary of significant accounting policies (continued):

Measurement focus and basis of accounting (continued) -

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Unbilled service revenue is accrued in the Utilities Fund.

Budgets and budgetary accounting - The Town of Brattleboro follows these procedures in establishing the General Fund budgetary data reflected in the financial statements:

Prior to October 1, the Town departments submit to the Finance Director, Town Manager and Selectboard a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

Hearings are conducted by the Selectboard prior to the Town budget meeting to discuss the proposed budget.

The budget is legally enacted at the annual Town Meeting by vote of the Town Meeting Members in March.

Appropriations expire at the end of the fiscal year. However, appropriations for certain capital projects and capital equipment not fully expended at the fiscal year end are carried forward, with specific authority from the Selectboard, as continued appropriations to the new fiscal year in which they supplement the appropriations of that year.

Appropriations may be transferred by the Town Manager between accounts or departments as long as the total budget for all expenditures in the General Fund does not change.

Additional appropriations for unbudgeted grants or donations must be approved by the Selectboard prior to expenditure.

A copy of the budget is published in the Annual Report of the Town of Brattleboro, Vermont.

The tax rate is determined by the Selectboard based on the education and municipal grand lists and the approved operating budget. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year for the General Fund. The Town does not legally adopt budgets for other governmental funds.

Property taxes - Attach as an enforceable lien on property owned as of April 1st. Listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by-Town Meeting Members at the Annual Representative Town and Town School District Meeting and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2016 were payable in four installments due August 17, 2015, November 16, 2015, February 16, 2016 and May 16, 2016.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. Summary of significant accounting policies (continued):

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Risk management - The Town 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 others; environmental liability; and natural disasters. The Town manages these risks through a combination of commercial insurance packages purchased in the name of the Town, and participation in risk pools administered by the Vermont League of Cities and Towns. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.

Cash, cash equivalents and investments - The Town pools cash from several funds for investment purposes; note 5 describes the effect on interfund balances at year end. The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair market value.

Inventory - Inventory in the governmental funds is valued at cost and is recorded as an expenditure at the time individual inventory items are consumed (consumption method). Inventory in the Utilities Fund is valued at cost using the first in/first out method. Inventory is recorded as an expense when consumed rather than when purchased.

Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 (more than \$50,000 for infrastructure and utilities systems) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|--------------------------------------|---------------|
| Buildings and improvements | 20 - 50 years |
| Infrastructure and utilities systems | 20 - 50 years |
| Machinery and equipment | 5 - 20 years |
| Parking lot improvements | 40 years |

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. Summary of significant accounting policies (continued):

Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources (previously reported as assets) and deferred inflows of resources (previously reported as liabilities), if applicable, are reported as separate sections in the Government-wide Statement of Net Position and the Balance Sheet - Governmental Funds. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period. The Town reports deferred pension expense as deferred outflows of resources and deferred pension credits as deferred inflows of resources. The Town also reports property taxes which have not been collected within 60 days following year end as deferred property taxes, certain state and federal grants which are restricted for specified purposes as deferred grant revenue upon receipt until they are expended and grant funds loaned for community development projects which are recorded as deferred loans receivable as deferred inflows of resources.

Compensated absences - Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation (subject to certain limitations) at their then current rates of pay. Sick leave accruals in excess of 90 days up to a maximum of 120 days will be paid to any Town employee who retires after a minimum of 20 consecutive years of service. Accrued compensated absences have been recorded in the General Fund and proprietary funds and included in accrued expenses on the Government-wide Statement of Net Position.

Long-term obligations - In the government-wide financial statements and proprietary fund financial statements, governmental activities, business-type activities, and proprietary funds report long-term debt and other long-term obligations as liabilities in the applicable Statement of Net Position. In the fund financial statements, governmental fund types report the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

Fund equity - Governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the Town Meeting Members, as a result of articles passed at the Annual or Special Representative Town Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Selectboard.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. Summary of significant accounting policies (continued):

Fund equity(continued) -

Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in another classification. Deficits are also classified as unassigned.

The Town's policy is to apply expenditures to fund balance in the order of restricted, committed, assigned and unassigned unless the Selectboard specifies otherwise.

New accounting standards - In fiscal year 2015 the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The impact on these financial statements is to include the Town's proportionate share of the Vermont Municipal Employees' Retirement System's (VMERS) net pension liability, deferred outflows of resources for pension expense, deferred inflows of resources from investment earnings and contributions, and the related effects on government-wide net position and activities. Fund financial statements have not been affected by this change.

2. Deposits and investments:

Custodial credit risk - deposits - Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy addresses this risk by requiring the use of qualified public depositories and requiring insurance or collateralization on certificates of deposit and repurchase agreements. As of June 30, 2016, all deposits were insured by the FDIC or collateralized.

Custodial credit risk - investments - Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Town's policy addresses this risk by requiring the use of qualified financial institutions and broker/dealers. The classification and fair value of investments as of June 30, 2016 are as follows:

| | <u>Governmental Activities</u> | <u>Fiduciary Funds</u> | <u>Total</u> |
|-----------------------------|------------------------------------|----------------------------|---------------------|
| Certificates of deposit | \$ - | \$ 200,000 | \$ 200,000 |
| U.S. Government obligations | \$ 2,078,814 | \$ 263,250 | \$ 2,342,064 |
| International obligations | - | - | - |
| Municipal obligations | - | 32,811 | 32,811 |
| Corporate obligations | - | 304,139 | 304,139 |
| Common and preferred stock | - | 1,035,175 | 1,035,175 |
| Mutual funds - various | - | 251,088 | 251,088 |
| | <u>\$ 2,078,814</u> | <u>\$ 2,086,463</u> | <u>\$ 4,165,277</u> |

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

2. Deposits and investments (continued):

Interest rate risk - Interest rate risk is the risk that changes in interest rates will affect the fair value of certain investments. The Town's policy states risk will be minimized by investing primarily in shorter term investments and limiting the average maturity of the Town's investment portfolio. Investments subject to interest rate risk and their maturities as of June 30, 2016 are as follows:

| | Fair Value | Investment Maturity | | | |
|----------------------------|---------------------|-----------------------|-------------------|---------------------|-------------------|
| | | Less than One Year | 1 to 5 Years | 6 to 10 Years | Over 10 Years |
| U.S. Government obligation | \$ 2,342,064 | \$ 231,541 | \$ - | \$ 2,110,522 | \$ - |
| International obligations | - | - | - | - | - |
| Municipal obligations | 32,811 | - | 11,190 | - | 21,621 |
| Corporate obligations | <u>304,139</u> | <u>-</u> | <u>170,691</u> | <u>50,944</u> | <u>82,504</u> |
| | \$ <u>2,679,013</u> | \$ <u>231,541</u> | \$ <u>181,881</u> | \$ <u>2,161,466</u> | \$ <u>104,125</u> |

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy states this risk will be addressed by diversifying so that the impact of losses from any one type of investment will be minimized. As of June 30, 2016, the Town holds \$2,078,814 of its investments in a US Treasury Strip which matures in February 2023 held at Morgan Stanley which represents 50% of the Town's total investments. No other investments exceed 5% in any one issuer.

Investment policy - The Town's investment policy allows the investment of Town funds in savings accounts, certificates of deposit, money market accounts, repurchase agreements with qualified public depositories, bankers acceptances, commercial paper rated in the highest tier, investment grade obligations of state and local governments and public authorities, and in obligations of the U.S. Government and its agencies. The Public Trust Funds Held by Trustees and the Library Trust Funds are managed under separate investment policies adopted by their trustees which allow investments in corporate stocks, corporate obligations and mutual funds, as well.

3. Loans receivable:

The Town, through various federal programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as loans receivable in the governmental funds. Until repaid, loans of federal awards are offset by deferred revenue, which is taken into operating revenue as payments are received in a future period. Upon receipt, the repayment of these loans is placed in the Town's Small Business Assistance Program (SBAP) and is available for future loans. Assets of the Rental Housing Improvement Program (RHIP) are available for future loans to help upgrade or maintain affordable rental housing. The loans provide for interest, where permitted under the terms of the programs, from 0% to 7%, and repayment terms ranging from monthly installments to lump-sum payment at the end of 30 years.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

4. Capital assets: - Capital asset activity for the year ended June 30, 2016 was as follows:

| | Balance | | | Balance |
|--|----------------------|---------------------|---------------------|----------------------|
| | <u>July 1, 2015</u> | <u>Increase</u> | <u>Decrease</u> | <u>June 30, 2016</u> |
| Governmental activities - | | | | |
| Capital assets, not depreciated: | | | | |
| Land | \$ 1,416,716 | \$ - | \$ - | \$ 1,416,716 |
| Construction in process | <u>175,896</u> | <u>1,351,916</u> | <u>490,446</u> | <u>1,037,366</u> |
| Total capital assets, not depreciated | <u>1,592,612</u> | <u>1,351,916</u> | <u>490,446</u> | <u>2,454,082</u> |
| Capital assets, depreciated: | | | | |
| Buildings and improvements | 7,383,602 | 23,646 | 603,916 | 6,803,332 |
| Improvements, other | 4,909,200 | 490,446 | - | 5,399,646 |
| Machinery and equipment | 7,874,976 | 655,476 | 242,513 | 8,287,939 |
| Infrastructure | <u>21,490,714</u> | <u>1,077,225</u> | <u>-</u> | <u>22,567,939</u> |
| Total capital assets, depreciated | <u>41,658,492</u> | <u>2,246,793</u> | <u>846,429</u> | <u>43,058,856</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 3,424,761 | 185,439 | 25,000 | 3,585,200 |
| Improvements, other | 2,869,248 | 221,542 | - | 3,090,790 |
| Machinery and equipment | 5,459,494 | 452,582 | 242,513 | 5,669,563 |
| Infrastructure | <u>15,934,235</u> | <u>284,764</u> | <u>-</u> | <u>16,218,999</u> |
| Total accumulated depreciation | <u>27,687,738</u> | <u>1,144,327</u> | <u>267,513</u> | <u>28,564,552</u> |
| Total capital assets, depreciated, net | <u>13,970,754</u> | <u>1,102,466</u> | <u>578,916</u> | <u>14,494,304</u> |
| Capital assets, net, governmental | <u>15,563,366</u> | <u>2,454,382</u> | <u>1,069,362</u> | <u>16,948,386</u> |
| Business-type activities - | | | | |
| Capital assets, not depreciated: | | | | |
| Land | 1,364,025 | - | - | 1,364,025 |
| Construction in process | <u>648,932</u> | <u>1,380,835</u> | <u>-</u> | <u>2,029,767</u> |
| Total capital assets, not depreciated | <u>2,012,957</u> | <u>1,380,835</u> | <u>-</u> | <u>3,393,792</u> |
| Capital assets, depreciated: | | | | |
| Utilities - water | 22,252,073 | 424,393 | 128,554 | 22,547,912 |
| Utilities - sewer | 49,016,584 | 149,470 | - | 49,166,054 |
| Parking | <u>11,042,779</u> | <u>188,403</u> | <u>-</u> | <u>11,231,182</u> |
| Total capital assets, depreciated | <u>82,311,436</u> | <u>762,266</u> | <u>128,554</u> | <u>82,945,148</u> |
| Less accumulated depreciation for: | | | | |
| Utilities - water | 10,606,158 | 604,425 | 128,554 | 11,082,029 |
| Utilities - sewer | 13,612,552 | 1,702,904 | - | 15,315,456 |
| Parking | <u>2,727,309</u> | <u>244,618</u> | <u>-</u> | <u>2,971,927</u> |
| Total accumulated depreciation | <u>26,946,019</u> | <u>2,551,947</u> | <u>128,554</u> | <u>29,369,412</u> |
| Total capital assets, depreciated, net | <u>55,365,417</u> | <u>(1,789,681)</u> | <u>-</u> | <u>53,575,736</u> |
| Capital assets, net, business-type | <u>57,378,374</u> | <u>(408,846)</u> | <u>-</u> | <u>56,969,528</u> |
| Capital assets, net | \$ <u>72,941,740</u> | \$ <u>2,045,536</u> | \$ <u>1,069,362</u> | \$ <u>73,917,914</u> |

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

4. Capital assets (continued):

Depreciation expense of \$1,144,327 in the governmental activities was allocated to expenses of the general government (\$76,164), public safety (\$213,765), public works (\$591,253) and culture and recreation (\$263,145) programs based on capital assets assigned to those functions.

Depreciation expense of \$2,551,947 in the business-type activities was recorded in the Utilities Fund (\$2,307,329) and the Parking Fund (\$244,618) in the proprietary fund statements.

5. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as of June 30, 2016 are as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|--------------------------|----------------------------------|-------------------------------|
| Governmental funds - | | |
| General Fund | \$ - | \$ 8,232,300 |
| Development Fund | 924,328 | - |
| Capital Projects Fund | 573,257 | 47,561 |
| Other Governmental Funds | <u>876,550</u> | <u>81,792</u> |
| | <u>2,374,135</u> | <u>8,361,653</u> |
| Proprietary funds - | | |
| Utilities Fund | 5,557,302 | - |
| Parking Fund | <u>400,216</u> | <u>-</u> |
| | <u>5,957,518</u> | <u>-</u> |
| Fiduciary funds | <u>30,000</u> | <u>-</u> |
| | <u>\$ 8,361,653</u> | <u>\$ 8,361,653</u> |

6. Interfund transfers:

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Interfund transfers for the year ended June 30, 2016 were as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------|-------------------------|--------------------------|
| General Fund | \$ 299,400 | \$ 912,500 |
| Development Fund | - | - |
| Capital Projects Fund | 357,000 | - |
| Other Governmental Funds | 555,500 | 12,500 |
| Utilities Fund | - | 250,000 |
| Parking Fund | - | 36,900 |
| Fiduciary funds | <u>-</u> | <u>-</u> |
| | <u>\$ 1,211,900</u> | <u>\$ 1,211,900</u> |

**TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

6. Interfund transfers (continued):

The General Fund received transfers of \$286,900 from the proprietary funds and \$12,500 from Other Governmental Funds as reimbursement of expenditures for administration and other operating costs. The General Fund transferred \$555,500 to Other Governmental Funds, and \$357,000 to the Capital Projects Fund.

7. Long-term debt:

Outstanding long-term debt for the year ended June 30, 2016 consisted of:

| | Balance June 30, 2015 | Additions | Reductions | Balance June 30, 2016 | Due Within One Year |
|--|--------------------------|-------------------|---------------------|--------------------------|------------------------|
| Governmental activities - | | | | | |
| Notes payable (1.44 - 2.06%): | | | | | |
| Fire Equipment Note payments through April 2018 | 222,000 | - | 74,000 | 148,000 | 74,000 |
| Highway Equipment Note payments through September 2015 | \$ 103,333 | \$ - | \$ 103,333 | \$ - | \$ - |
| Highway Equipment Note payments through July 2020 | - | 632,000 | - | 632,000 | 158,000 |
| General obligation bonds (0.44% - 5.24%): | | | | | |
| General purpose, maturities through - November 2017 | 155,000 | - | 60,000 | 95,000 | 50,000 |
| General purpose, maturities | | | | | |
| November 2022 | 230,000 | - | 35,000 | 195,000 | 30,000 |
| November 2028 | 4,666,667 | - | 333,334 | 4,333,333 | 333,333 |
| November 2031 | <u>1,160,000</u> | <u>-</u> | <u>235,000</u> | <u>925,000</u> | <u>235,000</u> |
| Total governmental activities | \$ <u>6,537,000</u> | \$ <u>632,000</u> | \$ <u>840,667</u> | \$ <u>6,328,333</u> | \$ <u>880,333</u> |
| Business-type activities - | | | | | |
| General obligation bonds (2.0% - 5.64%): | | | | | |
| Parking, through December 2020 | \$ 1,200,000 | \$ - | \$ 200,000 | \$ 1,000,000 | \$ 200,000 |
| Wastewater, Revolving Loan Fund - | | | | | |
| RF1-127, through December 2033 | 12,431,119 | - | 544,256 | 11,886,863 | 555,141 |
| RF1-024, through September 2031 | 2,282,268 | - | 114,045 | 2,168,223 | 116,325 |
| RF1-171, through June 2036 | 38,080 | 748,289 | - | 786,369 | 32,364 |
| Wastewater, Recovery Zone Economic Development, through December 2030 | 11,230,000 | - | 585,000 | 10,645,000 | 595,000 |
| Special obligation bonds (-3.0% - 2.0%): | | | | | |
| Tri-Park Water, through June 2043 | 1,799,532 | - | 64,269 | 1,735,263 | 64,269 |
| Tri-Park Sewer, through June 2033 | <u>2,383,845</u> | <u>-</u> | <u>111,331</u> | <u>2,272,514</u> | <u>113,557</u> |
| Total business-type activities | \$ <u>31,364,844</u> | \$ <u>748,289</u> | \$ <u>1,618,901</u> | \$ <u>30,494,232</u> | \$ <u>1,676,656</u> |

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

7. Long-term debt (continued):

Government Activities – Notes Payable

Fire Equipment - A capital equipment note of \$222,000 was obtained in April 2015 to finance the purchase of air packs for the fire department. The note is payable over three years with an interest rate of 1.44%.

Highway Equipment - A highway equipment note of \$310,000 was obtained in September 2012 to finance the purchase of various pieces of highway equipment. The note is payable over three years with an interest rate of 2.06%. The note was fully repaid in fiscal year 2016.

Highway Equipment - A capital equipment note of \$632,000 was obtained in July 2015 to finance the purchase of rolling stock for the public works and police departments. The note is payable over four years with an interest rate of 1.51%.

Government Activities – Obligation bonds

General Purpose November 2017 - The Town issued a \$530,000 bond in July 2008 through the Vermont Municipal Bond Bank for building improvements and firefighting equipment. The bond is payable in nine annual installments ranging from \$45,000 to \$65,000 from December 2009 to November 2017.

General Purpose November 2022 - The Town issued a \$405,000 bond in July 2007 through the Vermont Municipal Bond Bank for building improvements and the purchase of land for a park. The bond is payable in thirteen annual installments ranging from \$35,000 to \$25,000 from November 2010 to November 2022.

General Purpose November 2028 - The Town has authorized bonds in an amount not to exceed \$14,130,000 for constructing renovations to fire and police facilities. In July 2013, the Town borrowed \$5,000,000 of this authorized debt through the Vermont Municipal Bond Bank. The bonds have a net interest cost of 3.508%. The annual debt service payments range from \$480,000 to \$348,000 from November 2014 through November 2028.

General Purpose November 2031 - The Town issued a \$1,865,000 bond in July 2010 through the Vermont Municipal Bond Bank for building, road and bridge improvements. The bond is payable in twenty annual installments ranging from \$40,000 to \$235,000 from December 2012 to November 2031.

Business Activities – Obligation bonds

Parking - The Town issued a \$4,000,000 bond in July 2000 through the Vermont Municipal Bond Bank for the construction of a parking facility. The bond is payable in twenty annual installments of \$200,000 from December 2001 to December 2020.

RF1-127 - The Town received a loan of \$14,064,704 from the Clean Water State Revolving Loan Fund (CWSRLF) for planning, design engineering, and a portion of construction costs of a Wastewater Treatment Plant (WWTP) Upgrade. The loan has a 2.0% administration fee in lieu of interest. The Town recognized a loan forgiveness subsidy of \$1,100,000 in fiscal year 2014. The loan is payable in annual installments of \$792,879 from December 2014 through December 2033.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

7. Long-term debt (continued):

Business Activities – Obligation bonds (continued)

RF1-024 - The Town received a loan of \$3,780,900 from the CWSRLF for the replacement of the rotating biological contactors as part of the WWTP upgrade. The loan was made under the American Recovery and Reinvestment Act (ARRA). The loan has a 2.0% administration fee and the remaining balance is payable in annual installments of \$159,690 from September 2014 through September 2031. The Town recognized a loan forgiveness subsidy capitalized with 26% ARRA funds in the amount of \$1,000,000 in fiscal year 2014.

RF1-171 - The Town has received a loan of \$985,000 from the Clean Water State Revolving Loan Fund (CWSRLF) for planning, design engineering and construction of the Black Mountain Gravity Line which is part of the overall Wastewater Treatment Plant (WWTP) Upgrade. \$786,369 was borrowed at June 30, 2016. The loan is payable in twenty annual installments of \$48,092 from June 2017 to June 2036.

Wastewater RZED - In December 2010, the Town borrowed \$13,500,000 of Recovery Zone Economic Development Bonds through the Vermont Municipal Bond Bank to fund a major portion of the WWTP upgrade. The bonds have a net interest cost of 3.14%. The remaining annual debt service ranges from \$890,000 to \$924,000 from December 2014 through December 2030.

Business Activities – Special obligation bonds

TriPark Water and Sewer - The Town constructed water and sewer improvements in the Mountain Home Park Special Benefit Assessment District. The \$2,600,000 sewer replacement project loan (plus 2% administration fee) and the \$1,928,070 water main replacement project loan (less negative 3.0% interest) were the original values of the Town's liabilities, but repayment is to be provided from assessments against the District. The Utility Fund reports deferred revenue of \$998,210 related to the water main replacement project loan which will be recognized in future years as installments of the negative 3% interest water loan become due. The sewer replacement annual debt service is \$159,007 from June 2014 through June 2033. The water main annual debt service is \$64,269 from June 2014 to June 2043.

Debt service requirements to maturity are as follows:

| Year ending June 30, | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|----------------------|--------------------------------|---------------------|---------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 880,333 | \$ 186,624 | \$ 1,676,657 | \$ 660,969 |
| 2018 | 690,333 | 172,523 | 1,703,005 | 619,594 |
| 2019 | 571,334 | 157,981 | 1,734,680 | 588,343 |
| 2020 | 571,333 | 148,342 | 1,761,688 | 542,817 |
| 2021 | 408,333 | 133,635 | 1,794,037 | 529,775 |
| 2022-2026 | 1,941,667 | 460,758 | 8,517,798 | 2,107,286 |
| 2027-2031 | 1,225,000 | 102,440 | 9,556,609 | 981,020 |
| 2032-2036 | 40,000 | 29 | 3,299,875 | 118,270 |
| 2037-2041 | - | - | 321,345 | - |
| 2042-2044 | - | - | 128,538 | - |
| | <u>\$ 6,328,333</u> | <u>\$ 1,362,332</u> | <u>\$ 30,494,232</u> | <u>\$ 6,148,074</u> |

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

8. Capital leases:

The Town has entered into lease agreements as lessee for financing the acquisition of energy efficiency improvements in several buildings and the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, the cost and depreciation of these assets are included with other capital assets of the Town. The cost of the assets acquired by capital leases is the present value of the future lease payments. Leased building improvements (\$1,094,917) and equipment (\$312,654) are included in governmental capital assets. Equipment (\$124,249) is included in Utilities Fund capital assets.

The capital lease liabilities are also reported on the Government-wide Statement of Net Position and the Statement of Net Position - Proprietary Funds as the net present value of the minimum lease payments remaining under the leases.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 are as follows:

| | Governmental Funds | Utilities Fund | Totals |
|---|-----------------------|-------------------|------------|
| Year ending June 30, | | | |
| 2017 | \$ 193,899 | \$ 26,617 | \$ 220,516 |
| 2018 | 126,920 | - | 126,920 |
| 2019 | 126,920 | - | 126,920 |
| 2020 | 126,920 | - | 126,920 |
| 2021 | 126,920 | - | 126,920 |
| Thereafter | 126,920 | - | 126,920 |
| Total minimum lease payments | 828,499 | 26,617 | 855,116 |
| Less: amount representing interest | 61,034 | 421 | 61,455 |
| Present value of minimum lease payments | \$ 767,465 | \$ 26,196 | \$ 793,661 |

9. Fund balances:

The General Fund reported a nonspendable fund balance (\$570,384) for inventory and prepaid expenditures. The General Fund also reported a \$494,500 committed fund balance; (\$45,275) to defray the Town's portion of costs associated with repairs due to Tropical Storm Irene, (\$134,225) to fund General Fund expenditures in fiscal year 2017 and (\$315,000) to fund two capital projects in fiscal year 2017. The General Fund's unassigned fund balance was \$2,792,759 as of June 30, 2016.

The Development Fund reported a nonspendable fund balance (\$537,332) for those loan balances not offset by deferred revenue; the remaining balance of these programs are restricted (\$2,791,050) by program regulations or committed (\$212,092) by Town Meeting Members.

The Capital Projects Fund reported a restricted fund balance (\$3,880,789), and an assigned fund balance (\$887,538) for capital projects which has not been used and may be released to the General Fund.

The Other Governmental Funds reported restricted or committed fund balances for the individual funds that are shown in the combining balance sheet at schedule 3.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

10. Pension plans:

Defined Contribution Plan - The Town maintains a single-employer defined contribution pension plan. The plan was established on January 1, 1988. It is a “qualified” plan under Section 401(a) of the Internal Revenue Code. It covers all full time employees (excluding sworn police officers and certified firefighters who are participating in the Vermont Municipal Employees’ Retirement System) after completing 1 year of service. The Town contributes 6% of the gross earnings for each eligible employee each pay period. In addition, the Town makes a matching contribution equal to each employee’s contribution to the plan for that pay period up to a maximum of 3% of the employee’s gross earnings. Participants become 60% vested after three years, 80% vested after four years and 100% vested after five years in the plan. They are always 100% vested in their own contributions.

The following is a summary of pension plan information for the year ended June 30, 2016:

| | | |
|--|----|------------------|
| Number of active plan participants | | <u>89</u> |
| Current year covered payroll | \$ | <u>4,181,772</u> |
| Current year total payroll | \$ | <u>8,020,525</u> |
| Contributions by Town (8.6% of covered payroll) | \$ | <u>363,083</u> |
| Contributions by employees (3.3% of covered payroll) | \$ | <u>210,156</u> |

Vermont Municipal Employees’ Retirement System (VMERS) - The Town contributes to VMERS Plan D for sworn police officers and certified firefighters.

Plan description: The Town contributes to VMERS, a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. The state statutory provisions, found in Title 24, Chapter 125, of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS’ office, 109 State Street, Montpelier, Vermont, 05609-6901 or by calling (802) 828-2305. Information can also be obtained online by visiting the following web address: <http://www.vermonttreasurer.gov/retirement/municipal-vmers>.

Benefits provided: VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits do vary between the four groups included in the plan, but are determined for the members of each group as a percentage of average compensation in a certain number of the highest consecutive years of service. Eligibility for benefits requires five years of service.

Contributions: VMERS members are required to contribute 2.5% (Group A), 4.75% (Group B), 9.625% (Group C) or 11.25% (Group D) of their annual covered salary, and the Town is required to contribute 4% (Group A), 5.375% (Group B), 7.0% (Group C) or 9.75% (Group D) of the employees' compensation. Defined Contribution Plan members are required to contribute 5% of their annual covered salary and the Town is required to contribute an equal dollar amount.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

10. Pension plans (continued):

Vermont Municipal Employees' Retirement System (continued) -

Contributions (continued): The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2016, 2015, and 2014 were \$301,643, \$276,153, and \$266,442, respectively. The amounts contributed were equal to the required contributions for each year.

Pension liabilities, deferred outflows of resources, deferred inflows of resources: In 2015, the Town implemented a change in governmental accounting and reporting which was mandated by the Governmental Accounting Standards Board in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The impact on these financial statements is to include the Town's proportionate share of the VMERS' net pension liability, deferred outflows of resources for pension expense, deferred inflows of resources from investment earnings and contributions, and the related effects on government-wide net position and activities. Financial statements of the individual funds have not been affected by the change in 2016, but may be affected by certain estimates or accruals in future years. The State of Vermont has provided the following information to all employers participating in VMERS, which is based on their calculation of the Town's 1.97556% proportionate share of VMERS.

| | | |
|--|----|------------------|
| Town's share of VMERS net pension liability | \$ | <u>1,523,072</u> |
| Deferred outflow of resources - Deferred pension expense | \$ | <u>969,340</u> |
| Deferred inflow of resources - Deferred pension credits | \$ | <u>26,829</u> |

Other information: VMERS obtains an annual actuarial valuation for the pension plan. Detailed information is provided in that report for actuarial assumptions of inflation rates, salary increases, investment rates of return, mortality rates, discount rates, and the calculations used to develop annual contributions and the VMERS net position.

Required supplementary information: Implementation of GASB Statement No. 68 requires reporting of ten years of historical pension information by employers. This information will be built up by year for the next ten years in schedules of the *Town's Proportionate Share of Net Pension Liability of VMERS* and *Town Contributions to VMERS*. The required information for the year ended June 30, 2016 is as follows:

| | | |
|---|----|------------------|
| Town's proportion of the net pension liability | | <u>1.9756%</u> |
| Town's proportionate share of the net pension liability | \$ | <u>1,523,072</u> |
| Town's covered-employee payroll | \$ | <u>3,062,370</u> |
| Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll | | <u>49.74%</u> |
| VMERS net position as a percentage of the total pension liability | | <u>87.42%</u> |
| Contractually required contribution (fully paid) | \$ | <u>301,643</u> |
| Contributions as a percentage of covered-employee payroll | | <u>9.85%</u> |

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

11. Other postemployment benefit (OPEB) plan:

Retirement Health Plan for Brattleboro Firefighters and Police Unions - The Town calculates and reports the cost of the healthcare benefits promised certain employees during the period of the employee's active employment while the benefits are being earned, although the Town pays for these benefits on a pay-as-you-go basis.

Plan description: In addition to the pension benefits described in note 10, the Town administers a single employer defined benefit healthcare plan for retired members of the Brattleboro Professional Firefighters Association and members of the New England Police Benevolent Association. The plan provides healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active employees and retired members. As of June 30, 2016, the Town's plan included 68 members, with 10 retirees or spouses receiving benefits and 58 active employees who could be eligible to receive future benefits. Thirty-one spouses are also included in the plan census because the plan provides for two-person health coverage. The plan does not issue a separate financial report.

Funding policy: Members of either Association who has attained the age of 50 and who has worked for the Town continuously for 20 years shall be eligible for Town medical insurance coverage as set forth in applicable union contracts until said employee is eligible for Medicare or any State or Federal medical insurance program. The cost shall be shared by the Town and the employee as follows: 40% of the monthly premium paid by Town; once the employee reaches age 55 the Town will pay 60% of the monthly premium. The retiree/employee contributions and employer contributions are governed by the terms of the applicable union contracts.

Annual OPEB costs and net OPEB obligation: The Town's annual OPEB cost for retiree healthcare is required to be calculated based on the annual required contribution of the employer. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover both (1) the normal costs attributed to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability related to the prior years of service. The catch-up cost is calculated to amortize the unfunded actuarial accrued liability over a period not to exceed 30 years. The Town is not required to pay the annual required contribution each year, but it does need to be calculated and reported in the annual financial statements. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

| | | |
|--|----|-----------|
| Annual required contribution | \$ | 531,342 |
| Interest on net OPEB obligation | | 35,403 |
| Adjustment to annual required contribution | | (96,824) |
| Amortization of actuarial (gains)/losses | | 45,061 |
| Annual OPEB Cost | | 514,982 |
| Contributions made (12.5%) | | (77,247) |
| Increase in OPEB obligation | | 437,735 |
| Net OPEB obligation, July 1, 2015 | | 2,360,188 |
| Net OPEB obligation, June 30, 2016 | \$ | 2,797,923 |

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

11. Other postemployment benefit (OPEB) plan (continued):

Retirement Health Plan for Brattleboro Firefighters and Police (continued) -

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

| <u>Fiscal Year</u> <u>Ended</u> | <u>Annual</u> <u>OPEB Cost</u> | <u>Expected</u> <u>Contributions</u> <u>Made</u> | <u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u> | <u>Net</u> <u>OPEB</u> <u>Obligation</u> |
|------------------------------------|-----------------------------------|--|---|--|
| June 30, 2014 | \$ 484,629 | \$ 46,169 | 9.5% | \$ 1,923,218 |
| June 30, 2015 | \$ 499,277 | \$ 62,307 | 12.5% | \$ 2,360,188 |
| June 30, 2016 | \$ 514,982 | \$ 77,247 | 15.0% | \$ 2,797,923 |

Funded status and funding progress: An independent actuary valued the Town's OPEB liabilities as of June 30, 2014. The actuarial accrued liability for the postemployment healthcare benefits promised to eligible retired firefighter and police employees was \$4,666,583 as of June 30, 2016, all of which was unfunded. The covered 2016 payroll (annual payroll of active employees covered by the plan) was \$3,348,679, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 139%. The schedule of funding progress is presented as required supplementary information in schedule 7. It presents multi-year trend information about whether the actuarial accrued liability for benefits is increasing or decreasing over time.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts calculated are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of cost sharing between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The 2014 actuarial valuation used the projected unit credit actuarial cost method. Current employees and retirees only are considered; no provision is made for future hires. The actuarial assumptions include a 1.5% investment rate of return and a healthcare inflation rate of 5.0%. The annual inflation assumption was 2.5% and the annual compensation increase assumption was 3.0%. The amortization costs for the initial unfunded actuarial accrued liability were calculated using a 4.5% increased amortization per year over a period of 30 years.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

12. Commitments:

Residential refuse and recyclables collection - The Town has a nine-year waste and recycling contract through June 30, 2024. For the years ending June 30, 2017 through 2024 the contractual commitments are \$461,380, \$465,994, \$470,653, \$475,360, \$480,114, \$484,915, \$489,764 and \$494,662 respectively.

Transfer of bus operations - The Town previously transferred bus operations to Connecticut River Transit. The Town is committed to continue payment of a \$50,000 bus service subsidy for fiscal 2017.

Legal services - The Town has a one-year retainer contract for legal services through March 2017. The annual cost of the contract is \$102,010 from March 20, 2016 to March 20, 2017.

13. Contingencies:

Litigation and other matters - The Town is involved in various claims and legal actions arising in the administration of Town governance and the conduct of law enforcement activities. The ultimate disposition of these matters is indeterminable, but in the opinion of management, the amount of any ultimate liability, not covered by insurance, would not have a significant impact on the Town's financial condition.

The Town participates in various federally funded programs. These programs are subject to financial and compliance audits and resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

The Town had been a statutory party in the relicensing petition of Entergy Nuclear Vermont Yankee for a certificate of public good from the Vermont Public Service Board to allow continued operation of the Vermont Yankee nuclear plant. On December 29, 2014 Entergy permanently ceased operation of the Entergy Nuclear Vermont Yankee plant. The Town recognizes the potential for significant economic impacts to the tax base of the Town as operations cease and Vermont Yankee is decommissioned. The nuclear plant was the area's largest employer.

14. Joint venture:

Pursuant to a charter from the State of Vermont, the Town participates with several other municipalities in the Windham Solid Waste Management District (the District). Members of the District's Board of Supervisors are appointed by each town. The District has the power to levy assessments on the member municipalities based on the amount of waste generated by or within each of the member municipalities.

The District has primary liability for its future obligations, including debt service and costs associated with landfill postclosure maintenance and monitoring, and has investments with an estimated maturity value sufficient to provide for these estimated future liabilities. The towns have contingent liability for these obligations through their membership in the District.

**TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

14. Joint venture (Continued):

Summary financial information for the District as of and for the fiscal year ended June 30, 2015 is provided below because audited financial statements for the fiscal year ended June 30, 2016 were not available as of the date of this report.

| | |
|---------------------------|---------------------|
| Assets | \$ <u>2,200,769</u> |
| Liabilities | \$ 464,594 |
| Net position | <u>1,736,175</u> |
| | \$ <u>2,200,769</u> |
| Operating revenues | \$ 1,253,621 |
| Operating expenses | <u>1,586,353</u> |
| Operating loss | (332,732) |
| Nonoperating revenue, net | <u>46,743</u> |
| Change in net position | \$ <u>(285,989)</u> |

15. Tropical Storm Irene:

On August 28, 2011 the Town of Brattleboro was struck by Tropical Storm Irene. The Town experienced flooding and severe infrastructure damage in a number of areas. As a result of the storm and widespread damage throughout the State of Vermont, Windham County, along with the most of the other counties in the state, were declared disaster areas by the President of the United States. This declaration allowed the Town to access federal emergency management funds from FEMA and the Federal Highway Administration to assist with recovery efforts. As of June 30, 2016, the Town had received approval of \$1,870,898 in federal and state disaster recovery assistance. All projects related to Tropical Storm Irene have been completed and billed to the State of Vermont. Receivable due to the General Fund is \$81,791; Receivable due to the Utilities fund is \$14,404. The Town's portion of the Tropical Storm Irene recovery effort was \$138,569 as of June 30, 2016.

16. Subsequent events:

Subsequent to year end, the Town issued a \$7,800,000 bond through the Vermont Municipal Bond Bank for construction and renovations to police and fire facilities. The bonds have a net interest cost of 2.732%. The annual debt service ranges from \$580,000 to \$402,000 from November 2017 through November 2036.

At the June 21, 2016 Selectboard meeting, the Board approved collective bargaining agreements with the employees in the Police department (local 412), Public Works and Recreation and Parks departments (Steelworkers Union local 944) and Administrative departments (Engineers local 98); effective 7/1/2016 thru 6/30/2019. These agreements included enrollment in Vermont Municipal Employees Retirement System (VMERS) Plan B effective October 1, 2016. Additionally, the Board approved a motion to authorize Non-Union employees enrollment. Group B - members make pre-tax contributions equal to 4.875% of pay. Employer's contributions equal 5.5%.

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - DEVELOPMENT FUND
JUNE 30, 2016

Schedule 1

| | <u>Disaster Relief</u> | <u>Rental Housing</u> | <u>SBAP</u> | <u>UDAG Holstein</u> | <u>VCDP 1st Generation Active</u> | <u>VCDP 1st Generation Deferred</u> | <u>Total</u> |
|---|----------------------------|---------------------------|-------------------|--------------------------|---|---|---------------------|
| ASSETS | | | | | | | |
| Due from other funds | \$ 45,574 | \$ 166,518 | \$ 166,126 | \$ - | \$ 546,110 | \$ - | \$ 924,328 |
| Investments | - | - | - | 2,078,814 | - | - | 2,078,814 |
| Loans receivable, net | <u>1,962</u> | <u>26,648</u> | <u>693,822</u> | <u>-</u> | <u>-</u> | <u>2,351,500</u> | <u>3,073,932</u> |
| Total assets | \$ <u>47,536</u> | \$ <u>193,166</u> | \$ <u>859,948</u> | \$ <u>2,078,814</u> | \$ <u>546,110</u> | \$ <u>2,351,500</u> | \$ <u>6,077,074</u> |
| LIABILITIES: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | |
| Deferred revenue | <u>-</u> | <u>-</u> | <u>185,100</u> | <u>-</u> | <u>-</u> | <u>2,351,500</u> | <u>2,536,600</u> |
| FUND EQUITY: | | | | | | | |
| Fund balances - | | | | | | | |
| Nonspendable | 1,962 | 26,648 | 508,722 | - | - | - | 537,332 |
| Restricted | - | - | 166,126 | 2,078,814 | 546,110 | - | 2,791,050 |
| Committed | <u>45,574</u> | <u>166,518</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>212,092</u> |
| Total fund balances | <u>47,536</u> | <u>193,166</u> | <u>674,848</u> | <u>2,078,814</u> | <u>546,110</u> | <u>-</u> | <u>3,540,474</u> |
| Total liabilities, deferred inflows of resources and fund equity | \$ <u>47,536</u> | \$ <u>193,166</u> | \$ <u>859,948</u> | \$ <u>2,078,814</u> | \$ <u>546,110</u> | \$ <u>2,351,500</u> | \$ <u>6,077,074</u> |

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016

Schedule 2

| | <u>Disaster Relief</u> | <u>Rental Housing</u> | <u>SBAP</u> | <u>UDAG Holstein</u> | <u>VCDP 1st Generation Active</u> | <u>VCDP 1st Generation Deferred</u> | <u>Total</u> |
|---|----------------------------|---------------------------|-------------------|--------------------------|---|---|---------------------|
| REVENUES: | | | | | | | |
| Investment income/change in value | \$ 152 | \$ 1,344 | \$ 13,432 | \$ 166,132 | \$ 742,042 | \$ - | \$ 923,102 |
| Departmental and other revenue | <u>-</u> | <u>180</u> | <u>265</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>445</u> |
| Total revenues | 152 | 1,524 | 13,697 | 166,132 | 742,042 | - | 923,547 |
| EXPENDITURES: | | | | | | | |
| General government | <u>-</u> | <u>25</u> | <u>18,500</u> | <u>-</u> | <u>339,816</u> | <u>-</u> | <u>358,341</u> |
| EXCESS OF REVENUES OR (EXPENDITURES) | 152 | 1,499 | (4,803) | 166,132 | 402,226 | - | 565,206 |
| Operating transfers in (out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OR (EXPENDITURES)/NET CHANGE IN FUND BALANCES | 152 | 1,499 | (4,803) | 166,132 | 402,226 | - | 565,206 |
| FUND BALANCES, July 1, 2015 | <u>47,384</u> | <u>191,667</u> | <u>679,651</u> | <u>1,912,682</u> | <u>143,884</u> | <u>-</u> | <u>2,975,268</u> |
| FUND BALANCES, June 30, 2016 | \$ <u>47,536</u> | \$ <u>193,166</u> | \$ <u>674,848</u> | \$ <u>2,078,814</u> | \$ <u>546,110</u> | \$ <u>-</u> | \$ <u>3,540,474</u> |

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2016

Schedule 3
Page 1 of 2

| | <u>Grants Fund</u> | <u>Community Restorative Justice</u> | <u>Solid Waste Disposal</u> | <u>Tropical Storm Irene</u> | <u>Energy Efficiency Fund</u> | <u>Union Station Project</u> | <u>Agricultural Land Trust Preservation Fund</u> |
|---|------------------------|--|-------------------------------------|-------------------------------------|---------------------------------------|--------------------------------------|--|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 100 | \$ 200 | \$ 530 | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable | 65,950 | - | 38,620 | 81,792 | - | - | - |
| Prepaid expenditures | - | 750 | - | - | - | - | - |
| Due from other funds | <u>80,739</u> | <u>27,181</u> | <u>67,534</u> | <u>-</u> | <u>12,610</u> | <u>369</u> | <u>50,454</u> |
| Total assets | <u>\$ 146,789</u> | <u>\$ 28,131</u> | <u>\$ 106,684</u> | <u>\$ 81,792</u> | <u>\$ 12,610</u> | <u>\$ 369</u> | <u>\$ 50,454</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable | \$ 27,052 | \$ 132 | \$ 59,225 | \$ - | \$ 1,950 | \$ 369 | \$ - |
| Accrued liabilities | - | 2,332 | - | - | - | - | - |
| Due to other funds | - | - | - | 81,792 | - | - | - |
| Total liabilities | <u>27,052</u> | <u>2,464</u> | <u>59,225</u> | <u>81,792</u> | <u>1,950</u> | <u>369</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | |
| Deferred revenue | <u>119,737</u> | <u>22,395</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND EQUITY: | | | | | | | |
| Fund balances - | | | | | | | |
| Restricted | - | 3,272 | - | - | - | - | - |
| Committed | - | - | 47,459 | - | 10,660 | - | 50,454 |
| Total fund balances | <u>-</u> | <u>3,272</u> | <u>47,459</u> | <u>-</u> | <u>10,660</u> | <u>-</u> | <u>50,454</u> |
| Total liabilities, deferred inflows of resources and fund equity | <u>\$ 146,789</u> | <u>\$ 28,131</u> | <u>\$ 106,684</u> | <u>\$ 81,792</u> | <u>\$ 12,610</u> | <u>\$ 369</u> | <u>\$ 50,454</u> |

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2016

Schedule 3
Page 2 of 2

| | <u>Recreation</u> | <u>Reappraisal</u> | <u>Records</u> | <u>Skating</u> | <u>Trees</u> | <u>Other</u> | <u>Total</u> |
|---|-------------------|--------------------|--------------------|-------------------|------------------|-----------------|---------------------|
| | <u>Programs</u> | <u>Reserve</u> | <u>Restoration</u> | <u>Rink</u> | <u>Program</u> | <u>Funds</u> | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 3,041 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,871 |
| Accounts receivable | - | - | - | - | - | - | 186,362 |
| Prepaid expenditures | 3,950 | - | - | - | - | - | 4,700 |
| Due from other funds | <u>246,905</u> | <u>214,179</u> | <u>45,156</u> | <u>107,209</u> | <u>15,228</u> | <u>8,986</u> | <u>876,550</u> |
| Total assets | <u>\$ 253,896</u> | <u>\$ 214,179</u> | <u>\$ 45,156</u> | <u>\$ 107,209</u> | <u>\$ 15,228</u> | <u>\$ 8,986</u> | <u>\$ 1,071,483</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable | \$ 10,024 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 98,752 |
| Accrued liabilities | - | - | - | - | - | - | 2,332 |
| Due to other funds | - | - | - | - | - | - | 81,792 |
| Total liabilities | <u>10,024</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>182,876</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | |
| Deferred revenue | - | 465 | - | - | - | - | 142,597 |
| FUND EQUITY: | | | | | | | |
| Fund balances - | | | | | | | |
| Restricted | - | 213,714 | 45,156 | - | - | 8,986 | 271,128 |
| Committed | <u>243,872</u> | <u>-</u> | <u>-</u> | <u>107,209</u> | <u>15,228</u> | <u>-</u> | <u>474,882</u> |
| Total fund balances | <u>243,872</u> | <u>213,714</u> | <u>45,156</u> | <u>107,209</u> | <u>15,228</u> | <u>8,986</u> | <u>746,010</u> |
| Total liabilities, deferred inflows of resources and fund equity | <u>\$ 253,896</u> | <u>\$ 214,179</u> | <u>\$ 45,156</u> | <u>\$ 107,209</u> | <u>\$ 15,228</u> | <u>\$ 8,986</u> | <u>\$ 1,071,483</u> |

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Schedule 4
Page 1 of 2

| | <u>Grants Fund</u> | <u>Community Restorative Justice</u> | <u>Solid Waste Disposal</u> | <u>Tropical Storm Irene</u> | <u>Energy Efficiency Fund</u> | <u>Union Station Project</u> | <u>Agricultural Land Trust Preservation Fund</u> |
|---|------------------------|--|-------------------------------------|-------------------------------------|---------------------------------------|--------------------------------------|--|
| REVENUES: | | | | | | | |
| Investment income/change in value | \$ - | \$ - | \$ 77 | \$ - | \$ 30 | \$ - | \$ 75 |
| Intergovernmental | 2,036,181 | 145,214 | - | - | - | - | - |
| Donations and grants | 5,840 | - | - | - | 7,280 | - | - |
| Departmental and other revenues | <u>-</u> | <u>1,990</u> | <u>417,818</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>2,042,021</u> | <u>147,204</u> | <u>417,895</u> | <u>-</u> | <u>7,310</u> | <u>-</u> | <u>75</u> |
| EXPENDITURES: | | | | | | | |
| General government | 1,826,587 | - | 982,666 | - | 34,238 | - | - |
| Human services | - | 143,932 | - | - | - | - | - |
| Public safety | 158,898 | - | - | - | - | - | - |
| Public works | 11,110 | - | - | - | - | 4,508 | - |
| Culture and recreation | 45,426 | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>2,042,021</u> | <u>143,932</u> | <u>982,666</u> | <u>-</u> | <u>34,238</u> | <u>4,508</u> | <u>-</u> |
| EXCESS OF REVENUES OR (EXPENDITURES) | - | 3,272 | (564,771) | - | (26,928) | (4,508) | 75 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Operating transfers in (out) | <u>-</u> | <u>-</u> | <u>555,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | - | 3,272 | (9,271) | - | (26,928) | (4,508) | 75 |
| FUND BALANCES, June 30, 2015 | <u>-</u> | <u>-</u> | <u>56,730</u> | <u>-</u> | <u>37,588</u> | <u>4,508</u> | <u>50,379</u> |
| FUND BALANCES, June 30, 2016 | <u>\$ -</u> | <u>\$ 3,272</u> | <u>\$ 47,459</u> | <u>\$ -</u> | <u>\$ 10,660</u> | <u>\$ -</u> | <u>\$ 50,454</u> |

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Schedule 4
Page 2 of 2

| | Recreation Programs | Reappraisal Reserve | Records Restoration | Skating Rink Improvements | Trees Program | Other Funds | Total |
|---|------------------------|------------------------|------------------------|---------------------------------|------------------|-----------------|-------------------|
| REVENUES: | | | | | | | |
| Investment income/change in value | \$ 327 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 509 |
| Intergovernmental | - | 42,962 | - | - | - | - | 2,224,357 |
| Donations and grants | - | - | - | - | 25 | - | 13,145 |
| Departmental and other revenues | <u>169,017</u> | <u>-</u> | <u>15,636</u> | <u>37,410</u> | <u>-</u> | <u>1,555</u> | <u>643,426</u> |
| Total revenues | <u>169,344</u> | <u>42,962</u> | <u>15,636</u> | <u>37,410</u> | <u>25</u> | <u>1,555</u> | <u>2,881,437</u> |
| EXPENDITURES: | | | | | | | |
| General government | - | 98 | 29,255 | - | 600 | - | 2,873,444 |
| Human services | - | - | - | - | - | - | 143,932 |
| Public safety | - | - | - | - | - | - | 158,898 |
| Public works | - | - | - | - | - | - | 15,618 |
| Culture and recreation | 143,183 | - | - | 27,198 | - | - | 215,807 |
| Miscellaneous | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Total expenditures | <u>143,183</u> | <u>98</u> | <u>29,255</u> | <u>27,198</u> | <u>600</u> | <u>-</u> | <u>3,407,699</u> |
| EXCESS OF REVENUES OR (EXPENDITURES) | 26,161 | 42,864 | (13,619) | 10,212 | (575) | 1,555 | (526,262) |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Operating transfers in (out) | <u>(5,000)</u> | <u>-</u> | <u>-</u> | <u>(7,500)</u> | <u>-</u> | <u>-</u> | <u>543,000</u> |
| NET CHANGE IN FUND BALANCES | 21,161 | 42,864 | (13,619) | 2,712 | (575) | 1,555 | 16,738 |
| FUND BALANCES, June 30, 2015 | <u>222,711</u> | <u>170,850</u> | <u>58,775</u> | <u>104,497</u> | <u>15,803</u> | <u>7,431</u> | <u>729,272</u> |
| FUND BALANCES, June 30, 2016 | <u>\$ 243,872</u> | <u>\$ 213,714</u> | <u>\$ 45,156</u> | <u>\$ 107,209</u> | <u>\$ 15,228</u> | <u>\$ 8,986</u> | <u>\$ 746,010</u> |

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 2016

Schedule 5

| | <u>Capital Projects Fund</u> | <u>West River Park Fund</u> | <u>Skateboard Dog Park Fund</u> | <u>Fire and Police Station</u> | <u>Total</u> |
|--|--------------------------------------|-------------------------------------|---|--|----------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 3,990,450 | \$ 3,990,450 |
| Accounts receivable | 556,840 | - | - | - | 556,840 |
| Due from other funds | <u>501,425</u> | <u>24,700</u> | <u>47,132</u> | <u>-</u> | <u>573,257</u> |
| Total assets | \$ <u><u>1,058,265</u></u> | \$ <u><u>24,700</u></u> | \$ <u><u>47,132</u></u> | \$ <u><u>3,990,450</u></u> | \$ <u><u>5,120,547</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY | | | | | |
| LIABILITIES: | | | | | |
| Accounts payable | \$ 220,259 | \$ 1,000 | \$ - | \$ 62,100 | \$ 283,359 |
| Due to other funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>47,561</u> | <u>47,561</u> |
| Total liabilities | <u><u>220,259</u></u> | <u><u>1,000</u></u> | <u><u>-</u></u> | <u><u>109,661</u></u> | <u><u>330,920</u></u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Deferred revenue | <u>-</u> | <u>-</u> | <u>21,300</u> | <u>-</u> | <u>21,300</u> |
| FUND EQUITY: | | | | | |
| Fund balances - | | | | | |
| Restricted | - | - | - | 3,880,789 | 3,880,789 |
| Assigned | <u>838,006</u> | <u>23,700</u> | <u>25,832</u> | <u>-</u> | <u>887,538</u> |
| Total fund balances | <u><u>838,006</u></u> | <u><u>23,700</u></u> | <u><u>25,832</u></u> | <u><u>3,880,789</u></u> | <u><u>4,768,327</u></u> |
| Total liabilities, deferred inflows of resources and fund equity | \$ <u><u>1,058,265</u></u> | \$ <u><u>24,700</u></u> | \$ <u><u>47,132</u></u> | \$ <u><u>3,990,450</u></u> | \$ <u><u>5,120,547</u></u> |

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016

Schedule 6

| | <u>Capital Projects Fund</u> | <u>West River Park Fund</u> | <u>Skateboard Dog Park Fund</u> | <u>Fire and Police Station</u> | <u>Total</u> |
|---|--------------------------------------|-------------------------------------|---|--|----------------------------|
| REVENUES: | | | | | |
| Investment income/change in value | \$ - | \$ - | \$ - | \$ 245 | \$ 245 |
| Intergovernmental | 545,210 | - | - | - | 545,210 |
| Donations and grants | - | 3,133 | 4,813 | - | 7,946 |
| Departmental and other revenues | <u>54,596</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,596</u> |
| Total revenues | 599,806 | 3,133 | 4,813 | 245 | 607,997 |
| EXPENDITURES: | | | | | |
| Capital outlay | <u>2,323,866</u> | <u>36,466</u> | <u>4,353</u> | <u>164,661</u> | <u>2,529,346</u> |
| EXCESS OF REVENUES OR (EXPENDITURES) | <u>(1,724,060)</u> | <u>(33,333)</u> | <u>460</u> | <u>(164,416)</u> | <u>(1,921,349)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Proceeds from borrowing | 632,000 | - | - | - | 632,000 |
| Operating transfers in (out), net | <u>357,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>357,000</u> |
| Total other financing sources (uses) | <u>989,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>989,000</u> |
| NET CHANGE IN FUND BALANCES | (735,060) | (33,333) | 460 | (164,416) | (932,349) |
| FUND BALANCES, July 1, 2015 | <u>1,573,066</u> | <u>57,033</u> | <u>25,372</u> | <u>4,045,205</u> | <u>5,700,676</u> |
| FUND BALANCES, June 30, 2016 | \$ <u><u>838,006</u></u> | \$ <u><u>23,700</u></u> | \$ <u><u>25,832</u></u> | \$ <u><u>3,880,789</u></u> | \$ <u><u>4,768,327</u></u> |

TOWN OF BRATTLEBORO, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION -
FUNDING PROGRESS FOR OPEB PLAN
JUNE 30, 2016

Schedule 7

Retirement Health Plan for Brattleboro Firefighters and Police -

The Town has performed two actuarial valuations, the latest as of June 30, 2014. The actuarial accrued liability, the unfunded actuarial accrued liability (UAAL), the covered payroll and the UUAL as a percentage of covered payroll for fiscal year 2016 and the two preceding valuations are as follows:

| <u>Annual Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability</u> | <u>Unfunded Actuarial Accrued Liability (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UUAL as a Percentage of Covered Payroll</u> |
|--------------------------------------|--|--|--|-------------------------|----------------------------|--|
| As of June 30, | | | | | | |
| 2014 | \$ - | \$ 3,871,810 | \$ 3,871,810 | 0% | \$ 3,403,715 | 114% |
| 2015 | \$ - | \$ 4,273,241 | \$ 4,273,241 | 0% | \$ 3,379,839 | 126% |
| 2016 | \$ - | \$ 4,666,583 | \$ 4,666,583 | 0% | \$ 3,348,679 | 139% |