

TOWN OF BRATTLEBORO, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2014

AND

INDEPENDENT AUDITOR'S REPORT

TOWN OF BRATTLEBORO, VERMONT

JUNE 30, 2014

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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, 2014, 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, 2014, 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 6 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 6 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 December 10, 2014, 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.

Montpelier, Vermont
December 10, 2014

*Mudgett, Jennett &
Krogh-Wisner, P.C.*

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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 \$285,864, or approximately 1.7%. The net position of our business-type activities increased by \$1,973,101, or approximately 6.5%.
- The cost of all of the Town's programs was \$22,827,421, with no new programs added this year. Program costs were up \$2,846,137 this year over the previous year due, in large part, to costs associated with an \$800,000 VCDP grant for the Brooks House project and a \$937,794 increase in utilities depreciation expense due to the completion of the wastewater upgrade project.
- The General Fund reported a decrease in fund balance this year of \$88,575, which was \$88,575 worse than was budgeted. This unfavorable budget variance was mostly due to an unbudgeted transfer of \$914,871 to the Capital Projects Fund offset, in part, by a decrease in delinquent property taxes and favorable budget variances in debt service, benefits and insurance expenses.
- The unassigned fund balance of the General Fund was \$2,535,915 as of June 30, 2014. This represents the amount of funds available for future budgets. The committed fund balance of \$290,262 was for the Town's portion of the remaining Tropical Storm Irene expenditures and to offset fiscal year 2015 operating expenditures. The nonspendable fund balance was \$336,847, including \$306,954 in fiscal year 2015 prepaid expenditures and inventories of \$29,893.
- The Development Fund reported an increase in fund balance this year of \$51,323, compared to a decrease of \$106,718 in the prior year. This increase was largely due to unrealized gains on investments.
- The Capital Projects Fund reported an increase in fund balance this year of \$3,826,694, compared to a decrease of \$309,657 in the prior year. The increase from the previous year was primarily due to the issuance of a \$5,000,000 bond to finance renovations to the police and fire facilities.

Financial Statements

The accompanying financial statements for the year ended June 30, 2014 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

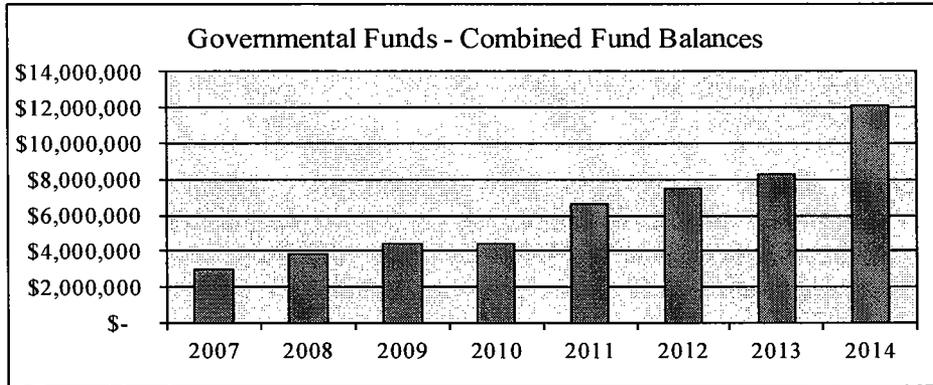
The Statement of Net Position as of June 30, 2014 shows total recorded assets of the Town are \$100,187,575. This includes the net value of capital assets of \$74,130,738. Total assets reported in 2013 were \$97,345,558. Of the 2014 assets, \$22,274,986 are current assets. The noncurrent assets are the 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, 2014 totaled \$45,652,977 including \$4,626,871 in current liabilities, and \$41,026,106 in noncurrent liabilities. The liabilities of the Town at June 30, 2013 totaled \$50,230,773 including \$4,498,302 in current liabilities, and \$45,732,471 in noncurrent liabilities. Deferred inflows of the Town at June 30, 2014 totaled \$5,160,848.

The Statement of Activities reports total operating expenses for 2014 of \$22,827,421 which includes depreciation of capital assets of \$3,716,984. Total expenses for 2013 were \$19,981,285 (including depreciation of capital assets of \$2,500,437). 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.

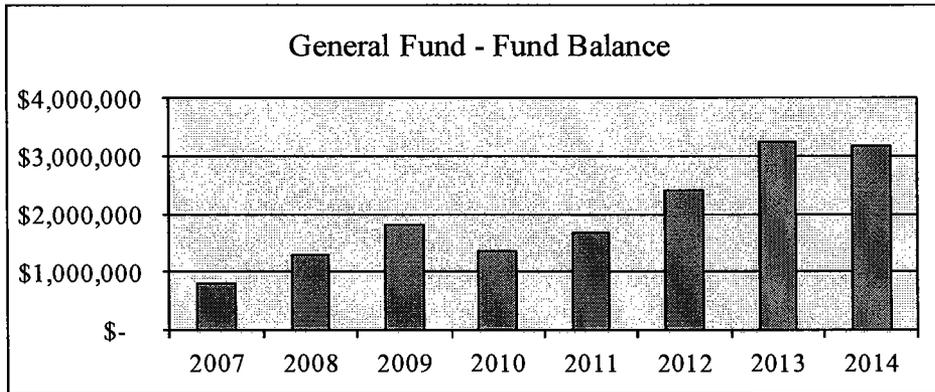
General revenues are mainly the Town property taxes of \$13,535,195 and \$13,285,146 for 2014 and 2013, respectively. Property taxes are reported net of the education taxes required to be collected by the Town for the benefit of others. For the year ending June 30, 2014, the Town's total revenues exceeded expenses by \$2,258,965, and increased net position at June 30, 2014 to \$49,373,750. For the year ending June 30, 2013, revenues exceeded expenses, increasing government-wide net position by \$1,694,528.

Governmental Funds

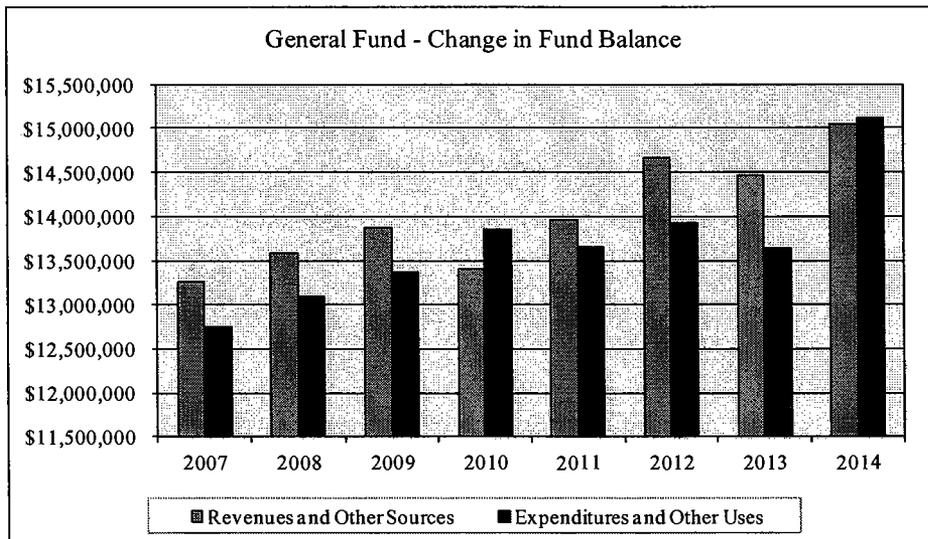
The Town's governmental funds reported combined ending fund balances of \$12,116,527 at June 30, 2014, an increase of \$3,879,260 for the year then ended.



In 2013 the General Fund experienced an increase in fund balance of \$839,785. In 2014 the General Fund recorded a decrease in fund balance of \$88,575, resulting in a June 30, 2014 fund balance of \$3,163,024, of which \$336,847 was nonspendable, \$ 290,262 was committed and \$2,535,915 was unassigned.



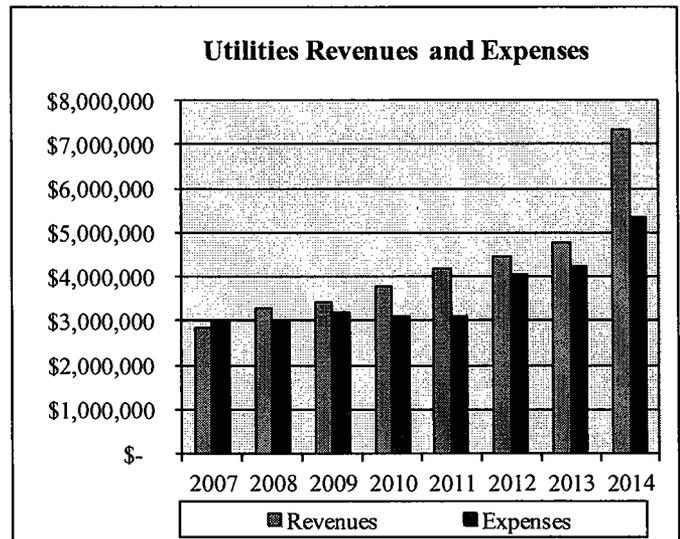
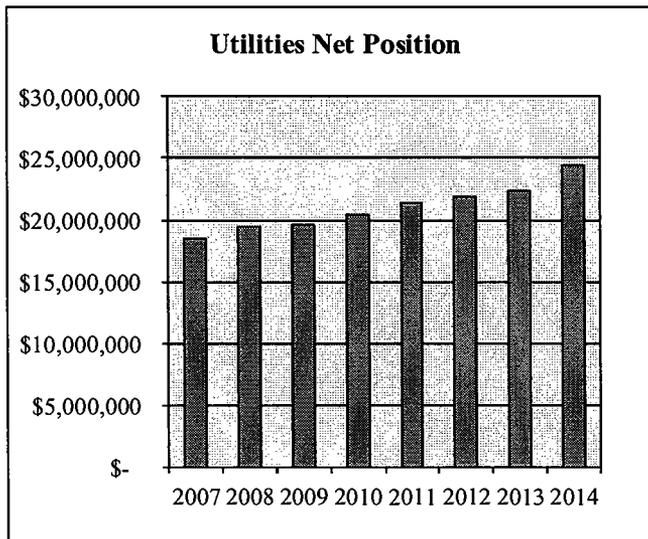
The 2014 decrease in fund balance was a result of an unbudgeted transfer of \$914,871 to the Capital Projects Fund offset, in part, by lower debt service costs, benefits expense and risk management expense than was budgeted and a decrease in delinquent property taxes. The 2013 increase in fund balance resulted from a transfer of \$765,000 from the Capital Projects Fund, employee vacancies in the police department, and employee benefit cost savings which were offset by an increase in delinquent property taxes.



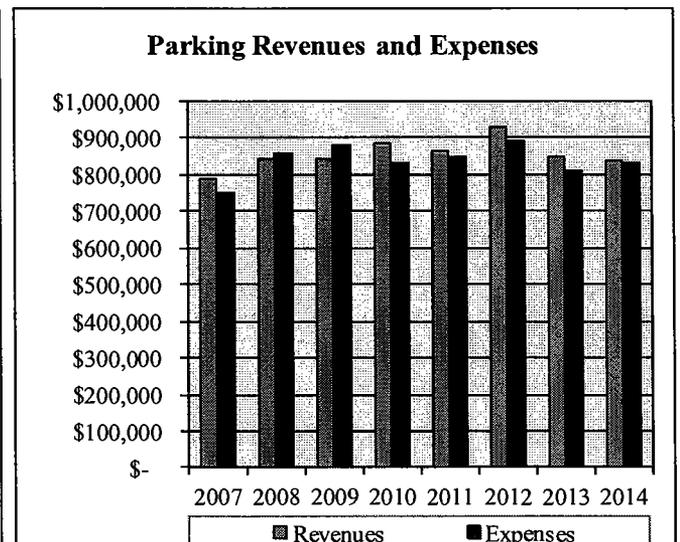
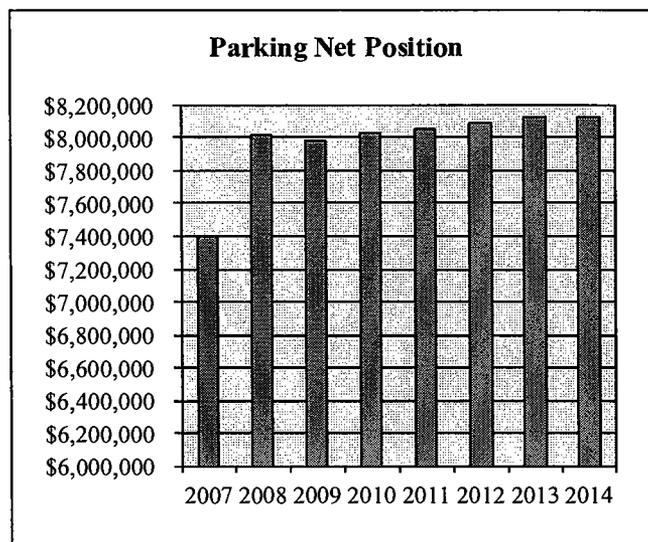
As shown on the Statement of Revenues and Expenditures - Budget and Actual - General Fund, revenues exceeded the budget by \$336,063. Actual expenditures (excluding fund transfers) were less than the budgeted expenditures by \$507,857. Fund transfers were more than the budget by \$932,495 due primarily to a \$914,871 transfer to the Capital Projects Fund. 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 increased by \$1,963,066 in 2014. Operating revenues exceeded operating expenses by \$2,728,098 and nonoperating revenue was \$60,022 in 2014 compared to \$20,611 in 2013. Nonoperating expense for interest for the years ending June 30, 2014 and 2013 was \$648,254 and \$424,560, respectively. This fund remains on target as it continues to build a fund balance in preparation for current and future debt repayment.



The Parking Fund showed an increase in net position of \$10,035. Operating revenues decreased by \$7,203 from the previous year and operating expenses increased by \$29,136, primarily due to additional maintenance expense related to the parking facilities. Nonoperating expenses decreased by \$10,514 and transfers out were unchanged from the prior year.



Capital Assets and Debt Administration

Capital Assets

At June 30, 2014, the Town had \$74,130,738 compared to \$74,608,875 at June 30, 2013 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 decrease (including additions and deductions) of \$478,137 from last year.

Debt Administration

As of June 30, 2014, the Governmental Activities had \$8,321,435 in debt and capital leases outstanding compared to \$4,077,353 at June 30, 2013, a net increase of \$4,244,082 (104.1%). This increase is the result of \$5,000,000 in new debt to finance capital projects and principal payments on governmental debt (\$571,297) and leases (\$184,621). As of June 30, 2014, the Utilities Fund had \$31,631,119 in debt and capital leases outstanding compared to \$34,572,986 at June 30, 2013, a decrease of \$2,941,867 (8.5%). This decrease is due to \$2,100,000 in American Recovery and Reinvestment Act grant subsidies on bonds for the wastewater upgrade project and principal payments of \$875,467 offset by an increase in new debt for the wastewater upgrade project of \$33,600. As of June 30, 2014, the Parking Fund had \$1,400,000 in outstanding debt compared to \$1,600,000 at June 30, 2013, representing a decrease of \$200,000 (12.5%). 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 2015, 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 the recession, high fuel prices, 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 2015.

Total fiscal year 2015 General Fund budgeted expenditures approved by the Town Meeting Members was \$15,881,866 which represents an increase of \$958,509 from the fiscal year 2014 budgeted expenditures. The municipal portion of the Town's property taxes approved by Town Meeting Members as part of the overall fiscal year 2015 budget was \$13,473,675 which represents an increase of \$431,598 from the property taxes approved in fiscal year 2014. The fiscal year 2015 municipal property tax rate (including the local agreement rate) was \$1.1655 per \$100.00 of valuation. This represents an increase of \$0.027 per \$100.00 of valuation (2.34%).

Total fiscal year 2015 Utility Fund budgeted expenditures approved by the Selectboard was \$5,759,325, which represents an increase of \$208,525 from the fiscal year 2014 budgeted expenditures. Total fiscal year 2015 Utility Fund budgeted revenues are \$5,011,276, which is up 2.0% over fiscal year 2014 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, 2014
(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	\$ 16,382,143	\$ 1,129,575	\$ 17,511,718
Investments	1,828,511	-	1,828,511
Receivables:			
Property taxes	430,996	-	430,996
Accounts	621,069	1,372,862	1,993,931
Due from (to) other activities	(6,209,720)	6,209,720	-
Prepaid expenses	315,502	8,613	324,115
Inventory	29,893	155,822	185,715
Total current assets	<u>13,398,394</u>	<u>8,876,592</u>	<u>22,274,986</u>
Noncurrent assets -			
Loans receivable, net of allowance of \$256,247 in the SBAP loan fund	3,781,851	-	3,781,851
Capital assets	42,016,023	83,373,576	125,389,599
less - accumulated depreciation	<u>(26,789,351)</u>	<u>(24,469,510)</u>	<u>(51,258,861)</u>
Total noncurrent assets	<u>19,008,523</u>	<u>58,904,066</u>	<u>77,912,589</u>
Total assets	<u>32,406,917</u>	<u>67,780,658</u>	<u>100,187,575</u>
LIABILITIES:			
Current liabilities -			
Warrants and accounts payable	674,407	515,393	1,189,800
Accrued liabilities:			
Payroll	240,477	-	240,477
Compensated absences	102,287	114,353	216,640
Other	33,055	231,087	264,142
Due to fiduciary funds	30,000	-	30,000
Current portion of capital lease liability	168,196	25,104	193,300
Current portion of long-term debt	898,702	1,593,810	2,492,512
Total current liabilities	<u>2,147,124</u>	<u>2,479,747</u>	<u>4,626,871</u>
Noncurrent liabilities -			
Accrued compensated absences	436,146	-	436,146
Other postemployment benefits	1,923,218	-	1,923,218
Capital lease liability	939,536	51,841	991,377
Long-term debt	6,315,001	31,360,364	37,675,365
Total noncurrent liabilities	<u>9,613,901</u>	<u>31,412,205</u>	<u>41,026,106</u>
Total liabilities	<u>11,761,025</u>	<u>33,891,952</u>	<u>45,652,977</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, 2014
(Page 2 of 2)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue	<u>3,760,792</u>	<u>1,400,056</u>	<u>5,160,848</u>
NET POSITION:			
Net investment in capital assets	6,905,237	25,872,947	32,778,184
Restricted	8,144,669	-	8,144,669
Unrestricted	<u>1,835,194</u>	<u>6,615,703</u>	<u>8,450,897</u>
Total net position	\$ <u>16,885,100</u>	\$ <u>32,488,650</u>	\$ <u>49,373,750</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, 2014**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
FUNCTIONS/PROGRAMS:							
Governmental activities -							
General government	\$ 6,254,391	\$ 1,079,104	\$ 189,546	\$ 221,162	\$ (4,764,579)	\$ -	\$ (4,764,579)
Public safety	5,193,689	659,019	2,250	158,955	(4,373,465)	-	(4,373,465)
Public works	2,475,031	351,463	-	2,057	(2,121,511)	-	(2,121,511)
Culture and recreation	1,736,488	88,632	150,391	273,000	(1,224,465)	-	(1,224,465)
Recycling and solid waste	946,849	-	-	6,619	(940,230)	-	(940,230)
Other	<u>238,557</u>	<u>175</u>	<u>-</u>	<u>14,558</u>	<u>(223,824)</u>	<u>-</u>	<u>(223,824)</u>
Total governmental activities	<u>16,845,005</u>	<u>2,178,393</u>	<u>342,187</u>	<u>676,351</u>	<u>(13,648,074)</u>	<u>-</u>	<u>(13,648,074)</u>
Business-type activities -							
Utilities	5,186,398	2,196,000	5,027,400	86,842	-	2,123,844	2,123,844
Parking	<u>796,018</u>	<u>-</u>	<u>836,727</u>	<u>1,466</u>	<u>-</u>	<u>42,175</u>	<u>42,175</u>
Total business-type activities	<u>5,982,416</u>	<u>2,196,000</u>	<u>5,864,127</u>	<u>88,308</u>	<u>-</u>	<u>2,166,019</u>	<u>2,166,019</u>
	<u>\$ 22,827,421</u>	<u>\$ 4,374,393</u>	<u>\$ 6,206,314</u>	<u>\$ 764,659</u>	<u>(13,648,074)</u>	<u>2,166,019</u>	<u>(11,482,055)</u>
GENERAL REVENUES - PROPERTY TAXES					13,535,195	-	13,535,195
- INVESTMENT INCOME (LOSS)					188,871	16,954	205,825
- TRANSFERS IN (OUT), NET					209,872	(209,872)	-
					<u>13,933,938</u>	<u>(192,918)</u>	<u>13,741,020</u>
CHANGE IN NET POSITION					285,864	1,973,101	2,258,965
NET POSITION, July 1, 2013					16,599,236	30,515,549	47,114,785
NET POSITION, June 30, 2014					<u>\$ 16,885,100</u>	<u>\$ 32,488,650</u>	<u>\$ 49,373,750</u>

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014
 (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	\$ 12,300,333	\$ -	\$ 4,078,469	\$ 3,341	\$ 16,382,143
Investments	-	1,828,511	-	-	1,828,511
Receivables:					
Property taxes	430,996	-	-	-	430,996
Loans net of allowance of \$256,247 in the SBAP loan fund	-	3,781,851	-	-	3,781,851
Accounts	102,482	-	71,679	446,908	621,069
Due from other funds	-	578,750	1,379,946	644,834	2,603,530
Prepaid expenditures	306,954	-	-	8,548	315,502
Inventory	<u>29,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,893</u>
Total assets	<u>\$ 13,170,658</u>	<u>\$ 6,189,112</u>	<u>\$ 5,530,094</u>	<u>\$ 1,103,631</u>	<u>\$ 25,993,495</u>

**LIABILITIES, DEFERRED INFLOWS
 OF RESOURCES AND FUND EQUITY**

LIABILITIES:					
Warrants and accounts payable	\$ 597,894	\$ 32,409	\$ 30,009	\$ 14,095	\$ 674,407
Accrued liabilities -					
Payroll	239,558	-	-	919	240,477
Compensated absences	102,287	-	-	-	102,287
Other	33,055	-	-	-	33,055
Due to other funds	<u>8,806,312</u>	<u>-</u>	<u>6,597</u>	<u>30,341</u>	<u>8,843,250</u>
Total liabilities	<u>9,779,106</u>	<u>32,409</u>	<u>36,606</u>	<u>45,355</u>	<u>9,893,476</u>

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014
(Page 2 of 3)

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
DEFERRED INFLOWS OF RESOURCES:					
Deferred property taxes	222,700	-	-	-	222,700
Deferred revenue and grants	<u>5,828</u>	<u>3,298,496</u>	<u>19,000</u>	<u>437,468</u>	<u>3,760,792</u>
Total deferred inflows of resources	<u>228,528</u>	<u>3,298,496</u>	<u>19,000</u>	<u>437,468</u>	<u>3,983,492</u>
FUND EQUITY:					
Fund balances -					
Nonspendable	336,847	483,355	-	-	820,202
Restricted	-	2,213,289	4,058,372	203,675	6,475,336
Committed	290,262	161,563	310,540	423,613	1,185,978
Assigned	-	-	1,105,576	-	1,105,576
Unassigned	<u>2,535,915</u>	<u>-</u>	<u>-</u>	<u>(6,480)</u>	<u>2,529,435</u>
Total fund balances	<u>3,163,024</u>	<u>2,858,207</u>	<u>5,474,488</u>	<u>620,808</u>	<u>12,116,527</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 13,170,658</u>	<u>\$ 6,189,112</u>	<u>\$ 5,530,094</u>	<u>\$ 1,103,631</u>	<u>\$ 25,993,495</u>

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014
 (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	\$ 12,116,527
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	42,016,023
Accumulated depreciation	(26,789,351)
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.	(436,146)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Other postemployment benefits	(1,923,218)
Capital lease liability - current	(168,196)
Capital lease liability - noncurrent	(939,536)
Long-term debt - current	(898,702)
Long-term debt - noncurrent	(6,315,001)
Deferred property taxes are reported in the governmental funds to offset uncollected property taxes which are not available financial resources.	<u>222,700</u>
Net position of governmental activities - Government-wide Statement of Net Position	<u>\$ 16,885,100</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, 2014

(Page 1 of 3)

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:					
Property taxes	\$ 13,806,678	\$ -	\$ -	\$ -	\$ 13,806,678
Licenses and permits	173,585	-	-	-	173,585
Investment income (loss)	14,762	173,080	287	742	188,871
Intergovernmental	380,230	800,000	340,816	536,888	2,057,934
Donations	-	-	81,298	38,986	120,284
Other departmental revenue	661,793	175	14,058	169,102	845,128
Total revenues	<u>15,037,048</u>	<u>973,255</u>	<u>436,459</u>	<u>745,718</u>	<u>17,192,480</u>
EXPENDITURES:					
Current -					
General government	2,187,038	921,932	-	12,043	3,121,013
Human services	152,425	-	-	168,013	320,438
Public safety	4,452,091	-	-	109,610	4,561,701
Public works	1,586,888	-	-	236,106	1,822,994
Culture and recreation	1,334,961	-	-	135,252	1,470,213
Recycling and solid waste	946,849	-	-	-	946,849
Pension and benefits	2,760,772	-	-	-	2,760,772
Capital outlay	-	-	2,524,636	-	2,524,636
Debt service - Principal	571,297	-	-	-	571,297
- Capital lease principal	184,622	-	-	-	184,622
- Interest	238,557	-	-	-	238,557
Total expenditures	<u>14,415,500</u>	<u>921,932</u>	<u>2,524,636</u>	<u>661,024</u>	<u>18,523,092</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>621,548</u>	<u>51,323</u>	<u>(2,088,177)</u>	<u>84,694</u>	<u>(1,330,612)</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, 2014

(Page 2 of 3)

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	-	-	5,000,000	-	5,000,000
Operating transfers in (out), net	<u>(710,123)</u>	<u>-</u>	<u>914,871</u>	<u>5,124</u>	<u>209,872</u>
Total other financing sources (uses)	<u>(710,123)</u>	<u>-</u>	<u>5,914,871</u>	<u>5,124</u>	<u>5,209,872</u>
NET CHANGE IN FUND BALANCES	(88,575)	51,323	3,826,694	89,818	3,879,260
FUND BALANCES, July 1, 2013	<u>3,251,599</u>	<u>2,806,884</u>	<u>1,647,794</u>	<u>530,990</u>	<u>8,237,267</u>
FUND BALANCES, June 30, 2014	<u>\$ 3,163,024</u>	<u>\$ 2,858,207</u>	<u>\$ 5,474,488</u>	<u>\$ 620,808</u>	<u>\$ 12,116,527</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, 2014

(Page 3 of 3)

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	\$ 3,879,260
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	2,558,374
Depreciation	(1,226,540)
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	(494,183)
Current year	222,700
Accrued compensated absences are fully accrued for the governmental activities, exceeding the limited accrual for fund accounting by these amounts.	
Prior year	464,940
Current year	(436,146)
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	1,484,758
Current year	(1,923,218)
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	(5,000,000)
Debt service - principal	571,297
Capital lease - principal	<u>184,622</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u>285,864</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, 2014

(Page 1 of 2)

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES:			
Taxes	\$ 13,512,077	\$ 13,806,678	\$ 294,601
Interest income	16,800	14,762	(2,038)
Departmental revenue -			
Town Manager	148,000	147,111	(889)
Finance	40,000	50,890	10,890
Attorney	-	1,123	1,123
Town Clerk	131,350	133,729	2,379
Listers	300	53	(247)
General services	-	500	500
Risk management	-	1,016	1,016
Planning	32,800	39,856	7,056
Benefits	-	362	362
Library	51,750	51,003	(747)
Fire	21,000	18,042	(2,958)
Refuse/recycle	-	1,212	1,212
Municipal Center	21,500	20,108	(1,392)
Police	153,908	146,320	(7,588)
Public works	4,300	2,057	(2,243)
Parks and recreation	208,700	221,996	13,296
Intergovernmental - regional	357,500	380,230	22,730
Intergovernmental - school	1,000	-	(1,000)
Budgeted revenues	<u>14,700,985</u>	<u>15,037,048</u>	<u>336,063</u>
EXPENDITURES:			
Administration -			
Town Manager	197,625	143,176	54,449
Finance	318,515	315,022	3,493
Town Attorney	104,500	103,000	1,500
Town Clerk	174,430	175,886	(1,456)
Listers	156,174	156,873	(699)
General services	219,700	198,293	21,407
Risk management	646,350	557,998	88,352
Planning	225,400	195,552	29,848
Employee benefits	2,860,485	2,760,772	99,713
Debt service - bonds, notes, lease	1,188,400	994,476	193,924
Human services	152,425	152,425	-

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, 2014

(Page 2 of 2)

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Auxiliary services	465,685	398,460	67,225
Library	596,667	596,860	(193)
Fire Department	1,726,321	1,733,980	(7,659)
Recycling and solid waste	966,550	946,849	19,701
Municipal center	183,120	183,292	(172)
Police Department	1,880,425	1,884,395	(3,970)
Police dispatch	425,375	435,256	(9,881)
Public works	1,492,735	1,586,888	(94,153)
Regional	82,500	79,946	2,554
Recreation and parks	781,975	738,101	43,874
Assessment - BABB	<u>78,000</u>	<u>78,000</u>	<u>-</u>
Total expenditures	<u>14,923,357</u>	<u>14,415,500</u>	<u>507,857</u>
EXCESS OF REVENUES OR (EXPENDITURES)			
	<u>(222,372)</u>	<u>621,548</u>	<u>843,920</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	222,372	222,372	-
Operating transfers out	<u>-</u>	<u>(932,495)</u>	<u>(932,495)</u>
Total other financing sources (uses)	<u>222,372</u>	<u>(710,123)</u>	<u>(932,495)</u>
NET CHANGE IN FUND BALANCES	\$ <u>-</u>	\$ <u>(88,575)</u>	\$ <u>(88,575)</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, 2014

	<u>Utilities Fund</u>	<u>Parking Fund</u>	<u>Totals Proprietary Funds</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 1,129,525	\$ 50	\$ 1,129,575
Accounts receivable:			
Accounts net of allowance for uncollectibles of \$13,347 in the Utilities Fund	1,372,862	-	1,372,862
Due from other funds	5,781,835	427,885	6,209,720
Inventory	155,822	-	155,822
Prepaid expenses	<u>6,012</u>	<u>2,601</u>	<u>8,613</u>
Total current assets	<u>8,446,056</u>	<u>430,536</u>	<u>8,876,592</u>
Noncurrent assets -			
Capital assets	71,777,179	11,596,397	83,373,576
less - accumulated depreciation	<u>(21,992,998)</u>	<u>(2,476,512)</u>	<u>(24,469,510)</u>
Total noncurrent assets	<u>49,784,181</u>	<u>9,119,885</u>	<u>58,904,066</u>
Total assets	<u>58,230,237</u>	<u>9,550,421</u>	<u>67,780,658</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	513,783	1,610	515,393
Accrued liabilities:			
Payroll	-	-	-
Compensated absences	102,264	12,089	114,353
Other	225,053	6,034	231,087
Current portion of capital lease liability	25,104	-	25,104
Current portion of long-term debt	<u>1,393,810</u>	<u>200,000</u>	<u>1,593,810</u>
Total current liabilities	<u>2,260,014</u>	<u>219,733</u>	<u>2,479,747</u>
Noncurrent liabilities -			
Capital lease liability	51,841	-	51,841
Long-term debt	<u>30,160,364</u>	<u>1,200,000</u>	<u>31,360,364</u>
Total noncurrent liabilities	<u>30,212,205</u>	<u>1,200,000</u>	<u>31,412,205</u>
Total liabilities	<u>32,472,219</u>	<u>1,419,733</u>	<u>33,891,952</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue	<u>1,400,056</u>	<u>-</u>	<u>1,400,056</u>
NET POSITION:			
Net investment in capital assets	18,153,062	7,719,885	25,872,947
Unrestricted	<u>6,204,900</u>	<u>410,803</u>	<u>6,615,703</u>
Total net position	<u>\$ 24,357,962</u>	<u>\$ 8,130,688</u>	<u>\$ 32,488,650</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, 2014

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
OPERATING REVENUES:			
Charges for services	\$ 5,027,400	\$ 836,727	\$ 5,864,127
Interest and penalties	38,410	-	38,410
Intergovernmental	2,196,000	-	2,196,000
Miscellaneous	<u>4,432</u>	<u>1,466</u>	<u>5,898</u>
Total operating revenues	<u>7,266,242</u>	<u>838,193</u>	<u>8,104,435</u>
OPERATING EXPENSES:			
Personnel services	1,236,181	238,358	1,474,539
Contractual services	372,518	39,812	412,330
Supplies and materials	187,534	25,838	213,372
Maintenance	102,445	113,529	215,974
Heat, light and power	397,169	40,618	437,787
Depreciation	2,234,258	256,186	2,490,444
Miscellaneous	<u>8,039</u>	<u>-</u>	<u>8,039</u>
Total operating expenses	<u>4,538,144</u>	<u>714,341</u>	<u>5,252,485</u>
Operating income	<u>2,728,098</u>	<u>123,852</u>	<u>2,851,950</u>
NONOPERATING REVENUES (EXPENSES):			
Gain on sale of assets	44,000	-	44,000
Investment income	16,022	932	16,954
Interest expense	<u>(648,254)</u>	<u>(81,677)</u>	<u>(729,931)</u>
Total nonoperating revenues (expenses)	<u>(588,232)</u>	<u>(80,745)</u>	<u>(668,977)</u>
INCOME (LOSS) BEFORE TRANSFERS	2,139,866	43,107	2,182,973
Operating transfers out	<u>(176,800)</u>	<u>(33,072)</u>	<u>(209,872)</u>
CHANGE IN NET POSITION	1,963,066	10,035	1,973,101
NET POSITION, July 1, 2013	<u>22,394,896</u>	<u>8,120,653</u>	<u>30,515,549</u>
NET POSITION, June 30, 2014	\$ <u>24,357,962</u>	\$ <u>8,130,688</u>	\$ <u>32,488,650</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, 2014

(Page 1 of 2)

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 7,246,256	\$ 838,193	\$ 8,084,449
Cash paid to suppliers for goods and services	(1,886,920)	(211,240)	(2,098,160)
Cash payments to employees for services	<u>(1,065,038)</u>	<u>(238,671)</u>	<u>(1,303,709)</u>
Net cash provided (used) by operating activities	<u>4,294,298</u>	<u>388,282</u>	<u>4,682,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	<u>16,022</u>	<u>932</u>	<u>16,954</u>
Net cash provided (used) by investing activities	<u>16,022</u>	<u>932</u>	<u>16,954</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
(Increase)Decrease in pooled cash due from other funds	(1,150,172)	(74,465)	(1,224,637)
Operating transfer from (to) other funds	<u>(176,800)</u>	<u>(33,072)</u>	<u>(209,872)</u>
Net cash provided (used) by noncapital financing activities	<u>(1,326,972)</u>	<u>(107,537)</u>	<u>(1,434,509)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets, net	(636,472)	-	(636,472)
Contributed capital - intergovernmental grants	(95,831)	-	(95,831)
Payments on bonds and bond anticipation note	(2,941,867)	(200,000)	(3,141,867)
Interest expense on bonds and notes	<u>(648,254)</u>	<u>(81,677)</u>	<u>(729,931)</u>
Net cash provided (used) by capital and related financing activities	<u>(4,322,424)</u>	<u>(281,677)</u>	<u>(4,604,101)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,339,076)	-	(1,339,076)
CASH AND CASH EQUIVALENTS, July 1, 2013	<u>2,468,601</u>	<u>50</u>	<u>2,468,651</u>
CASH AND CASH EQUIVALENTS, June 30, 2014	\$ <u>1,129,525</u>	\$ <u>50</u>	\$ <u>1,129,575</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, 2014

(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	\$ 2,728,098	\$ 123,852	\$ 2,851,950
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation expense	2,234,258	256,186	2,490,444
(Increase) decrease in accounts receivable	(19,986)	-	(19,986)
(Increase) decrease in inventory	(18,004)	-	(18,004)
(Increase) decrease in prepaid expenses	81,743	11,686	93,429
Increase (decrease) in accounts payable	(882,954)	(3,129)	(886,083)
Increase (decrease) in accrued liabilities	<u>171,143</u>	<u>(313)</u>	<u>170,830</u>
Net cash provided (used) by operating activities	\$ <u>4,294,298</u>	\$ <u>388,282</u>	\$ <u>4,682,580</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, 2014

	Public Trust Funds Held By <u>Trustees</u>	Lundberg and Auditorium <u>Fund</u>	Library Trust <u>Fund</u>
ASSETS:			
Cash and cash equivalents	\$ 97,571	\$ 18,808	\$ 192,127
Investments, at fair value	107,553	-	567,649
Due from other funds	<u>30,000</u>	<u>-</u>	<u>-</u>
Total assets	<u>235,124</u>	<u>18,808</u>	<u>759,776</u>
LIABILITIES:			
Accounts payable	-	257	2,413
Intergovernmental	<u>-</u>	<u>8,792</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>9,049</u>	<u>2,413</u>
NET POSITION:			
Held in trust for specific purpose	235,124	5,009	757,363
Held in trust for restricted purpose	<u>-</u>	<u>4,750</u>	<u>-</u>
Total net position	<u>\$ 235,124</u>	<u>\$ 9,759</u>	<u>\$ 757,363</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, 2014

	Public Trust Funds Held by <u>Trustees</u>	Lundberg and Auditorium <u>Fund</u>	Library Trust <u>Fund</u>
ADDITIONS:			
Investment earnings -			
Investment income	\$ 2,521	\$ 9	\$ 18,627
Net increase (decrease) in fair value of investments	<u>13,288</u>	<u>-</u>	<u>59,708</u>
Total investment earnings	15,809	9	78,335
Contributions	<u>-</u>	<u>-</u>	<u>12,264</u>
Total additions	<u>15,809</u>	<u>9</u>	<u>90,599</u>
DEDUCTIONS:			
Broker fees			4,643
Miscellaneous	<u>7,899</u>	<u>-</u>	<u>30,076</u>
Total deductions	<u>7,899</u>	<u>-</u>	<u>34,719</u>
CHANGE IN NET POSITION	7,910	9	55,880
NET POSITION, July 1, 2013	<u>227,214</u>	<u>9,750</u>	<u>701,483</u>
NET POSITION, June 30, 2014	\$ <u>235,124</u>	\$ <u>9,759</u>	\$ <u>757,363</u>

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

- A. 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.

- B. 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 nonfiduciary 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.

- C. 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, 2014

1. Summary of significant accounting policies (continued):

C. 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.

- D. 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, 2014

1. Summary of significant accounting policies (continued):

D. 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.

E. 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.

F. 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, 2014 were payable in four installments due August 15, 2013, November 15, 2013, February 18, 2014 and May 15, 2014.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued):

- G. 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.
- H. 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.
- I. 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 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.
- J. 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.
- K. 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.
- L. 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, 2014

1. Summary of significant accounting policies (continued):

M. 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. The total compensated absences liability of governmental activities of \$587,337 at June 30, 2013 decreased by \$47,986 to \$539,351 at June 30, 2014. The proprietary funds compensated absences liability increased by \$911 from \$113,442 at June 30, 2013 to \$114,353 at June 30, 2014.

N. Long-term obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. In the fund financial statements, governmental fund types recognize the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

O. 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.

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.

P. New accounting standards - The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of significant accounting policies (continued):

P. New accounting standards (continued) - 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, will be reported as separate sections in the statement of net position and the governmental funds balance sheet. 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 does not currently report any deferred outflows of resources. The Town reports deferred property taxes, deferred grant revenue and deferred loans receivable as deferred inflows of resources.

Deferred property taxes are property taxes which have not been collected within 60 days following year end and are not considered available for current year operations in the governmental funds. Certain state and federal grants are restricted for specified purposes and, upon receipt, are recorded as deferred grant revenue until they are expended. Grant funds loaned for community development projects are recorded as deferred loans receivable with revenue recognized as loan repayments are received.

The Town is required to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting for pensions by state and local governments. Management is in the process of reviewing this Statement and the potential effect upon its financial reporting. However, the Town does expect it to have a significant impact on its government-wide financial position due to its participation in the Vermont Municipal Employees' Retirement System.

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, 2014, 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, 2014 are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
U.S. Government obligations	\$ 1,828,511	\$ 51,809	\$ 1,880,320
Municipal obligations	-	20,783	20,783
Corporate obligations	-	74,492	74,492
Common and preferred stock	-	353,914	353,914
Mutual funds - various	-	174,204	174,204
	<u>\$ 1,828,511</u>	<u>\$ 675,202</u>	<u>\$ 2,503,713</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014 are as follows:

	Fair Value	<u>Investment Maturity</u>			
		<u>Less than One Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>Over 10 Years</u>
U.S. Government obligations	\$ 1,880,320	\$ -	\$ 22,269	\$ 1,828,511	\$ 29,540
Municipal obligations	20,783	-	-	-	20,783
Corporate obligations	<u>74,492</u>	<u>10,127</u>	<u>37,319</u>	<u>-</u>	<u>27,046</u>
	<u>\$ 1,975,595</u>	<u>\$ 10,127</u>	<u>\$ 59,588</u>	<u>\$ 1,828,511</u>	<u>\$ 77,369</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, 2014, the Town holds \$1,828,511 of its investments in a US Treasury Strip which matures in February 2023 held at Morgan Stanley which represents 73% 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, 2014

4. Capital assets:

Capital asset activity for the year ended June 30, 2014 was as follows::

	Balance <u>July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2014</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ <u>1,123,682</u>	\$ <u>293,034</u>	\$ <u>-</u>	\$ <u>1,416,716</u>
Capital assets, depreciated:				
Buildings and improvements	6,542,652	765,033	-	7,307,685
Improvements, other	4,457,377	513,229	6,000	4,964,606
Machinery and equipment	7,256,615	597,894	353,988	7,500,521
Infrastructure	<u>20,430,305</u>	<u>396,190</u>	<u>-</u>	<u>20,826,495</u>
Total capital assets, depreciated	<u>38,686,949</u>	<u>2,272,346</u>	<u>359,988</u>	<u>40,599,307</u>
Less accumulated depreciation for:				
Buildings and improvements	2,951,230	239,953	-	3,191,183
Improvements, other	2,520,706	175,837	-	2,696,543
Machinery and equipment	4,972,816	476,748	352,983	5,096,581
Infrastructure	<u>15,471,042</u>	<u>334,002</u>	<u>-</u>	<u>15,805,044</u>
Total accumulated depreciation	<u>25,915,794</u>	<u>1,226,540</u>	<u>352,983</u>	<u>26,789,351</u>
Total capital assets, depreciated, net	<u>12,771,155</u>	<u>1,045,806</u>	<u>7,005</u>	<u>13,809,956</u>
Capital assets, net, governmental	<u>13,894,837</u>	<u>1,338,840</u>	<u>7,005</u>	<u>15,226,672</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	1,364,025	-	-	1,364,025
Construction in process	<u>806,728</u>	<u>206,633</u>	<u>865,845</u>	<u>147,516</u>
Total capital assets, not depreciated	<u>2,170,753</u>	<u>206,633</u>	<u>865,845</u>	<u>1,511,541</u>
Capital assets, depreciated:				
Utilities - water	22,966,270	342,549	1,167,396	22,141,423
Utilities - sewer	47,895,824	997,135	158,770	48,734,189
Parking	<u>11,211,732</u>	<u>17,588</u>	<u>242,897</u>	<u>10,986,423</u>
Total capital assets, depreciated	<u>82,073,826</u>	<u>1,357,272</u>	<u>1,569,063</u>	<u>81,862,035</u>
Less accumulated depreciation for:				
Utilities - water	10,636,654	563,149	1,166,462	10,033,341
Utilities - sewer	10,448,252	1,670,175	158,770	11,959,657
Parking	<u>2,445,635</u>	<u>273,773</u>	<u>242,896</u>	<u>2,476,512</u>
Total accumulated depreciation	<u>23,530,541</u>	<u>2,507,097</u>	<u>1,568,128</u>	<u>24,469,510</u>
Total capital assets, depreciated, net	<u>58,543,285</u>	<u>(1,149,825)</u>	<u>935</u>	<u>57,392,525</u>
Capital assets, net, business-type	<u>60,714,038</u>	<u>(943,192)</u>	<u>866,780</u>	<u>58,904,066</u>
Capital assets, net	\$ <u>74,608,875</u>	\$ <u>395,648</u>	\$ <u>873,785</u>	\$ <u>74,130,738</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. Capital assets (continued):

Depreciation expense of \$1,226,540 in the governmental activities was allocated to expenses of the general government (\$100,361), public safety (\$193,528), public works (\$666,376) and culture and recreation (\$266,275) programs based on capital assets assigned to those functions.

Depreciation expense of \$2,490,444 in the business-type activities was recorded in the Utilities Fund (\$2,234,258) and the Parking Fund (\$256,186) 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, 2014 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 8,806,312
Development Fund	578,750	-
Capital Projects Fund	1,379,946	6,597
Other Governmental Funds	<u>644,834</u>	<u>30,341</u>
	<u>2,603,530</u>	<u>8,843,250</u>
Proprietary funds -		
Utilities Fund	5,781,835	-
Parking Fund	<u>427,885</u>	-
	<u>6,209,720</u>	-
Fiduciary funds	<u>30,000</u>	-
	<u>\$ 8,843,250</u>	<u>\$ 8,843,250</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, 2014 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 222,372	\$ 932,495
Capital Projects Fund	914,871	-
Other Governmental Funds	62,624	57,500
Utilities Fund	-	176,800
Parking Fund	<u>-</u>	<u>33,072</u>
	<u>\$ 1,199,867</u>	<u>\$ 1,199,867</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. Interfund transfers (continued):

The General Fund received transfers of \$209,872 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 \$17,624 to Other Governmental Funds and \$914,871 to the Capital Projects Fund. Other Governmental Funds also recorded a transfer of \$45,000 between two Other Governmental Funds.

7. Long-term debt:

Outstanding long-term debt for the year ended June 30, 2014 consisted of:

	<u>Balance</u> <u>June 30,</u> <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2014</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities -					
Notes payable (2.06 - 2.12%):					
Highway Equipment Note payments through September 2015	\$ 310,000	\$ -	\$ 103,333	\$ 206,667	\$ 103,333
Highway Equipment Note payments through December 2014	270,000	-	137,964	132,036	132,036
General obligation bonds (0.44% - 5.24%):					
General purpose, maturities through -					
December 2017	275,000	-	60,000	215,000	60,000
December 2022	300,000	-	35,000	265,000	35,000
November 2028	-	5,000,000	-	5,000,000	333,333
December 2031	<u>1,630,000</u>	<u>-</u>	<u>235,000</u>	<u>1,395,000</u>	<u>235,000</u>
Total governmental activities	\$ <u>2,785,000</u>	\$ <u>5,000,000</u>	\$ <u>571,297</u>	\$ <u>7,213,703</u>	\$ <u>898,702</u>
Business-type activities -					
General obligation bonds (2.0% - 5.64%):					
Parking, through December 2020	\$ 1,600,000	-	\$ 200,000	\$ 1,400,000	\$ 200,000
Wastewater, Revolving Loan Fund -					
RF1-127, through December 2033	14,064,704	-	1,100,000	12,964,704	533,585
RF1-024, through September 2031	3,503,692	-	1,109,616	2,394,076	111,808
RF1-171, through November 2022	-	33,600	-	33,600	-
Wastewater, Recovery Zone Economic					
Development, through December 2030	12,375,000	-	570,000	11,805,000	575,000
Special obligation bonds (-3.0% - 2.0%):					
Tri-Park Water, through June 2043	1,928,070	-	64,269	1,863,801	64,269
Tri-Park Sewer, through June 2033	<u>2,600,000</u>	<u>-</u>	<u>107,007</u>	<u>2,492,993</u>	<u>109,148</u>
Total business-type activities	\$ <u>36,071,466</u>	\$ <u>33,600</u>	\$ <u>3,150,892</u>	\$ <u>32,954,174</u>	\$ <u>1,593,810</u>

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 this fiscal year. 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, 2014

7. Long-term debt (continued):

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 this fiscal year.

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.

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 \$1,175,930 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.

A highway equipment note of \$405,000 was obtained in December 2011 to refinance two capital leases for highway equipment acquired in a prior year. The terms of repayment were changed but no additional obligation was incurred.

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 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 remaining annual debt service ranges from \$480,000 to \$348,000 from November 2014 through November 2028.

The Town has received a loan of \$33,600 from the Clean Water State Revolving Loan Fund (CWSRLF) for planning and design engineering of the Black Mountain Gravity Line which is part of the overall Wastewater Treatment Plant (WWTP) Upgrade. The loan is payable in five annual installments of \$6,720 from November 2018 to November 2022.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

7. Long-term debt (continued):

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>
2015	\$ 898,703	\$ 218,253	\$ 1,593,810	\$ 772,907
2016	766,667	200,120	1,618,900	737,621
2017	648,333	182,808	1,644,293	645,241
2018	458,333	169,105	1,669,994	604,514
2019	413,333	158,043	1,707,728	573,923
2020-2024	2,006,667	601,215	8,398,575	2,397,767
2025-2029	1,891,667	234,802	8,922,921	1,414,299
2030-2034	130,000	9,769	6,819,531	336,863
2035-2039	-	-	321,345	-
2040-2044	-	-	257,077	-
	<u>\$ 7,213,703</u>	<u>\$ 1,774,115</u>	<u>\$ 32,954,174</u>	<u>\$ 7,483,135</u>

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, 2014 are as follows:

Year ending June 30,	<u>Governmental</u>	<u>Utilities</u>	<u>Totals</u>
	<u>Funds</u>	<u>Fund</u>	
2015	\$ 193,898	\$ 26,617	\$ 220,515
2016	193,898	26,617	220,515
2017	193,898	26,618	220,516
2018	126,920	-	126,920
2019	126,920	-	126,920
Thereafter	<u>380,762</u>	<u>-</u>	<u>380,762</u>
Total minimum lease payments	1,216,296	79,852	1,296,148
Less: amount representing interest	<u>108,564</u>	<u>2,907</u>	<u>111,471</u>
Present value of minimum lease payments	<u>\$ 1,107,732</u>	<u>\$ 76,945</u>	<u>\$ 1,184,677</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

9. Fund balances:

The General Fund reported a nonspendable fund balance (\$336,847) for inventory and prepaid expenditures. The General Fund also reported a committed fund balance (\$90,262) to defray the Town's portion of costs associated with repairs due to Tropical Storm Irene and (\$200,000) to fund General Fund expenditures in fiscal year 2015.

The Development Fund reported a nonspendable fund balance (\$483,355) for those loan balances not offset by deferred revenue; the remaining balance of these programs are restricted (\$2,213,289) by program regulations or committed (\$161,563) by Town Meeting Members.

The Capital Projects Fund reported a restricted fund balance (\$4,058,371), a balance (\$310,540) committed by the Town Meeting Members to be transferred to the General Fund and an assigned fund balance (\$1,105,576) 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.

10. Deficit fund balance:

As of June 30, 2014, the Community Restorative Justice Fund has a deficit fund balance of \$6,480. Management intends to recover this deficit through expense controls in fiscal year 2015 with the objective to end fiscal year 2015 with a surplus which will offset this deficit.

11. 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 substantially all full-time regular employees with one or more years of service, except for certain police and fire department employees that have coverage under the Vermont Municipal Employees' Retirement System. 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, 2014:

Number of active plan participants	<u>95</u>
Current year covered payroll	\$ <u>4,154,083</u>
Current year total payroll	\$ <u>7,509,245</u>
Contributions by Town (8.6% of covered payroll)	\$ <u>361,624</u>
Contributions by employees (3.3% of covered payroll)	\$ <u>184,911</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

11. Pension plans (continued):

Vermont Municipal Employees' Retirement System -

Plan description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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.

Funding policy: Defined Benefit Plan members are required to contribute a percentage of their annual covered salary, and the Town is also required to contribute an additional percentage of the employees' compensation. The Town employees that participate in VMERS are members of Group D and contribute 11.25% with a Town contribution of 9.75% of the employees' compensation. The contribution requirements of plan members and the Town are established and may be amended by the VMERS Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2014, 2013 and 2012 were \$266,442, \$235,132 and \$230,606, respectively, which were equal to the required contributions for each year.

The July 1, 2014 actuarial valuation of VMERS reports asset market value of \$500,557,919 and actuarial accrued liability of \$580,972,276, leaving an unfunded accrued liability of \$80,414,357.

12. Other postemployment benefit (OPEB) plan:

Retirement Health Plan for Brattleboro Firefighters and Police -

Plan description: In addition to the pension benefits described in note 11, the Town administers a single employer defined benefit healthcare plan for retired firefighters and police ("the plan"). 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, 2014, the Town's plan included 73 members, with 9 retirees or spouses receiving benefits and 64 active employees who could be eligible to receive future benefits. Thirty-eight 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.

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.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

Funding policy: The Town will pay 60% of two-person health insurance costs for members of The Brattleboro Professional Firefighters Association who have worked for the Town continuously for 20 years and who retire after attaining age 55, until the former employee is eligible for Medicare benefits. The Town will pay 40% of two-person health insurance costs for members of the International Brotherhood of Police Officers who have worked for the Town continuously for 20 years and who retire after attaining age 50. At age 55 the Town will pay 60% of the two-person health insurance costs, until the former police officer is eligible for Medicare benefits. The retiree and 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	\$	514,120
Interest on net OPEB obligation		22,272
Adjustment to annual required contribution		(60,910)
Amortization of actuarial (gains)/losses		9,147
Annual OPEB Cost		484,629
Contributions made (20.8%)		(46,169)
Increase in OPEB obligation		438,460
Net OPEB obligation, July 1, 2013		1,484,758
Net OPEB obligation, June 30, 2014	\$	1,923,218

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding fiscal years were as follows:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Expected Contributions <u>Made</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
June 30, 2012	\$ 432,069	\$ 73,824	17.1%	\$ 1,133,623
June 30, 2013	\$ 443,377	\$ 92,242	20.8%	\$ 1,484,758
June 30, 2014	\$ 484,629	\$ 46,169	9.5%	\$ 1,923,218

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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 \$3,871,810 as of June 30, 2014, all of which was unfunded. The covered 2014 payroll (annual payroll of active employees covered by the plan) was \$3,403,715, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 114%. 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.

13. Commitments:

Residential refuse and recyclables collection - The Town has a ten-year waste and recycling contract through June 30, 2019. For the years ending June 30, 2014 through 2019 the contractual commitments are \$541,000, \$553,000, \$553,000, \$566,950, \$566,950 and \$566,950, 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 2015.

Police/Fire facilities - The Town has an \$850,000 contract for architectural and engineering services on the police and fire facilities project.

Legal services - The Town has a two-year retainer contract for legal services through March 2015. The annual cost of the contract is \$98,500 from March 25, 2013 to March 24, 2014 and \$100,000 for the period March 24, 2014 to March 23, 2015.

Union Station project - The Town has continuing commitments of \$5,446 for construction in connection with this project.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

14. 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 has 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 August 27, 2013 Entergy announced that it would cease operation of the Entergy Nuclear Vermont Yankee plant permanently in the fourth quarter of 2014. 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 is the area's largest employer.

15. 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.

Summary financial information for the District as of and for the fiscal year ended June 30, 2014 is as follows:

Assets	\$ <u>2,602,589</u>
Liabilities	\$ 580,425
Net position	<u>2,022,164</u>
	\$ <u>2,602,589</u>
Operating revenues	\$ 1,340,815
Operating expenses	<u>1,597,312</u>
Operating loss	(256,497)
Nonoperating revenue, net	<u>20,981</u>
Change in net position	\$ <u>(235,516)</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

16. 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, 2014, the Town had received approval of \$1,815,515 in federal and state disaster recovery assistance. The Town's portion of the Tropical Storm Irene recovery effort was \$93,581 as of June 30, 2014.

17. Subsequent events:

The Town settled a suit related to the delayed completion of the construction of upgrades to the Town's wastewater treatment facility. The settlement will not have a material impact on the Town's financial condition.

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - DEVELOPMENT FUND
JUNE 30, 2014

	Disaster Relief	Rental Housing	SBAP	UDAG Holstein	VCDP 1st Generation Active	VCDP 1st Generation Deferred	Total
ASSETS							
Due from other funds	\$ 41,538	\$ 120,025	\$ 273,291	\$ -	\$ 143,896	\$ -	\$ 578,750
Investments	-	-	-	1,828,511	-	-	1,828,511
Loans receivable, net	<u>5,639</u>	<u>69,939</u>	<u>592,877</u>	<u>-</u>	<u>761,896</u>	<u>2,351,500</u>	<u>3,781,851</u>
Total assets	\$ <u>47,177</u>	\$ <u>189,964</u>	\$ <u>866,168</u>	\$ <u>1,828,511</u>	\$ <u>905,792</u>	\$ <u>2,351,500</u>	\$ <u>6,189,112</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY

LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 32,409	\$ -	\$ 32,409

DEFERRED INFLOWS OF RESOURCES:

Deferred revenue	-	-	<u>185,100</u>	-	<u>761,896</u>	-	<u>3,298,496</u>
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FUND EQUITY:

Fund balances -							
Nonspendable	5,639	69,939	407,777	-	-	-	483,355
Restricted	-	-	273,291	1,828,511	111,487	-	2,213,289
Committed	<u>41,538</u>	<u>120,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,563</u>
Total fund balances	<u>47,177</u>	<u>189,964</u>	<u>681,068</u>	<u>1,828,511</u>	<u>111,487</u>	<u>-</u>	<u>2,858,207</u>

Total liabilities, deferred inflows of resources and fund equity

	\$ <u>47,177</u>	\$ <u>189,964</u>	\$ <u>866,168</u>	\$ <u>1,828,511</u>	\$ <u>905,792</u>	\$ <u>2,351,500</u>	\$ <u>6,189,112</u>
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TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Disaster Relief	Rental Housing	SBAP	UDAG Holstein	VCDP 1st Generation Active	VCDP 1st Generation Deferred	Total
REVENUES:							
Investment income/change in value	\$ 283	\$ 1,438	\$ 30,197	\$ 60,213	\$ 80,949	\$ -	\$ 173,080
Intergovernmental	-	-	-	-	800,000	-	800,000
Departmental and other revenue	-	25	150	-	-	-	175
Total revenues	283	1,463	30,347	60,213	880,949	-	973,255
EXPENDITURES:							
General government	-	-	89,523	-	832,409	-	921,932
EXCESS OF REVENUES OR (EXPENDITURES)	283	1,463	(59,176)	60,213	48,540	-	51,323
EXCESS OF REVENUES OR (EXPENDITURES)/NET CHANGE IN FUND BALANCES	283	1,463	(59,176)	60,213	48,540	-	51,323
FUND BALANCES, July 1, 2013	46,894	188,501	740,244	1,768,298	62,947	-	2,806,884
FUND BALANCES, June 30, 2014	\$ 47,177	\$ 189,964	\$ 681,068	\$ 1,828,511	\$ 111,487	\$ -	\$ 2,858,207

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Grants Fund</u>	<u>Community Restorative Justice</u>	<u>Public Transportation Program</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	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	84,026	-	-	362,882	-	-	-
Prepaid expenditures	5,498	1,500	-	-	-	-	-
Due from other funds	<u>27,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,038</u>	<u>5,446</u>	<u>50,278</u>
Total assets	<u>\$ 117,610</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 362,882</u>	<u>\$ 45,038</u>	<u>\$ 5,446</u>	<u>\$ 50,278</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	\$ 1,018	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	919	-	-	-	-	-
Due to other funds	-	4,261	-	26,080	-	-	-
Total liabilities	<u>1,018</u>	<u>8,180</u>	<u>-</u>	<u>26,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred revenue	<u>116,592</u>	<u>-</u>	<u>-</u>	<u>319,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY:							
Fund balances -							
Restricted	-	-	-	16,841	-	5,446	-
Committed	-	-	-	-	45,038	-	50,278
Unassigned	-	(6,480)	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>(6,480)</u>	<u>-</u>	<u>16,841</u>	<u>45,038</u>	<u>5,446</u>	<u>50,278</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 117,610</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 362,882</u>	<u>\$ 45,038</u>	<u>\$ 5,446</u>	<u>\$ 50,278</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Recreation Programs</u>	<u>Reappraisal Reserve</u>	<u>Records Restoration</u>	<u>Skating Risk Improvements</u>	<u>Trees Program</u>	<u>Other Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,341
Accounts receivable	-	-	-	-	-	-	446,908
Prepaid expenditures	1,500	50	-	-	-	-	8,548
Due from other funds	<u>228,361</u>	<u>129,279</u>	<u>52,843</u>	<u>90,869</u>	<u>14,603</u>	<u>131</u>	<u>644,834</u>
Total assets	<u>\$ 232,902</u>	<u>\$ 129,329</u>	<u>\$ 52,843</u>	<u>\$ 90,869</u>	<u>\$ 14,603</u>	<u>\$ 131</u>	<u>\$ 1,103,631</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY

LIABILITIES:							
Accounts payable	\$ 10,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,095
Accrued liabilities	-	-	-	-	-	-	919
Due to other funds	-	-	-	-	-	-	<u>30,341</u>
Total liabilities	<u>10,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,355</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred revenue	-	<u>915</u>	-	-	-	-	<u>437,468</u>

FUND EQUITY:							
Fund balances -							
Restricted	-	128,414	52,843	-	-	131	203,675
Committed	222,825	-	-	90,869	14,603	-	423,613
Unassigned	-	-	-	-	-	-	<u>(6,480)</u>
Total fund balances (deficit)	<u>222,825</u>	<u>128,414</u>	<u>52,843</u>	<u>90,869</u>	<u>14,603</u>	<u>131</u>	<u>620,808</u>

Total liabilities, deferred inflows of resources and fund equity	<u>\$ 232,902</u>	<u>\$ 129,329</u>	<u>\$ 52,843</u>	<u>\$ 90,869</u>	<u>\$ 14,603</u>	<u>\$ 131</u>	<u>\$ 1,103,631</u>
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**TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Grants Fund	Community Restorative Justice	Public Transportation Program	Tropical Storm Irene	Energy Efficiency Fund	Union Station Project	Agricultural Land Trust Preservation Fund
REVENUES:							
Investment income/change in value	\$ -	\$ -	\$ -	\$ -	\$ 38	\$ -	\$ 200
Intergovernmental	166,607	159,283	-	167,709	-	-	-
Donations and grants	24,069	-	-	-	-	-	-
Departmental and other revenues	500	2,250	-	-	-	-	-
Total revenues	<u>191,176</u>	<u>161,533</u>	<u>-</u>	<u>167,709</u>	<u>38</u>	<u>-</u>	<u>200</u>
EXPENDITURES:							
General government	10,304	-	-	-	-	-	-
Human services	-	168,013	-	-	-	-	-
Public safety	107,343	-	-	-	-	-	-
Public works	49,759	-	-	186,347	-	-	-
Culture and recreation	23,770	-	-	-	-	-	-
Total expenditures	<u>191,176</u>	<u>168,013</u>	<u>-</u>	<u>186,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OR (EXPENDITURES)	-	(6,480)	-	(18,638)	38	-	200
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	-	-	-	17,624	45,000	-	(45,000)
NET CHANGE IN FUND BALANCES	-	(6,480)	-	(1,014)	45,038	-	(44,800)
FUND BALANCES, June 30, 2013	-	-	-	17,855	-	5,446	95,078
FUND BALANCES (DEFICIT), June 30, 2014	<u>\$ -</u>	<u>\$ (6,480)</u>	<u>\$ -</u>	<u>\$ 16,841</u>	<u>\$ 45,038</u>	<u>\$ 5,446</u>	<u>\$ 50,278</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Recreation Programs	Reappraisal Reserve	Records Restoration	Skating Risk Improvements	Trees Program	Other Funds	Total
REVENUES:							
Investment income/change in value	\$ 504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 742
Intergovernmental	-	43,289	-	-	-	-	536,888
Donations and grants	-	-	-	-	14,917	-	38,986
Departmental and other revenues	128,069	-	15,961	22,322	-	-	169,102
Total revenues	<u>128,573</u>	<u>43,289</u>	<u>15,961</u>	<u>22,322</u>	<u>14,917</u>	<u>-</u>	<u>745,718</u>
EXPENDITURES:							
General government	-	425	-	-	1,314	-	12,043
Human services	-	-	-	-	-	-	168,013
Public safety	-	-	-	-	-	2,267	109,610
Public works	-	-	-	-	-	-	236,106
Culture and recreation	111,482	-	-	-	-	-	135,252
Total expenditures	<u>111,482</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>1,314</u>	<u>2,267</u>	<u>661,024</u>
EXCESS OF REVENUES OR (EXPENDITURES)	17,091	42,864	15,961	22,322	13,603	(2,267)	84,694
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>5,124</u>
NET CHANGE IN FUND BALANCES	12,091	42,864	15,961	14,822	13,603	(2,267)	89,818
FUND BALANCES, June 30, 2013	<u>210,734</u>	<u>85,550</u>	<u>36,882</u>	<u>76,047</u>	<u>1,000</u>	<u>2,398</u>	<u>530,990</u>
FUND BALANCES (DEFICIT), June 30, 2014	\$ <u>222,825</u>	\$ <u>128,414</u>	\$ <u>52,843</u>	\$ <u>90,869</u>	\$ <u>14,603</u>	\$ <u>131</u>	\$ <u>620,808</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 2014

ASSETS	<u>Capital Projects Fund</u>	<u>West River Park Fund</u>	<u>Skateboard Park Fund</u>	<u>Fire and Police Station</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 4,078,469	\$ 4,078,469
Accounts receivable	71,679	-	-	-	71,679
Due from other funds	<u>1,275,478</u>	<u>76,136</u>	<u>28,332</u>	-	<u>1,379,946</u>
Total assets	<u>\$ 1,347,157</u>	<u>\$ 76,136</u>	<u>\$ 28,332</u>	<u>\$ 4,078,469</u>	<u>\$ 5,530,094</u>

**LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND EQUITY**

LIABILITIES:					
Accounts payable	\$ 16,509	\$ -	\$ -	\$ 13,500	\$ 30,009
Due to other funds	-	-	-	<u>6,597</u>	<u>6,597</u>
Total liabilities	<u>16,509</u>	-	-	<u>20,097</u>	<u>36,606</u>

DEFERRED INFLOWS OF RESOURCES:

Deferred revenue	-	-	<u>19,000</u>	-	<u>19,000</u>
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FUND EQUITY:

Fund balances -					
Restricted	-	-	-	4,058,372	4,058,372
Committed	310,540	-	-	-	310,540
Assigned	<u>1,020,108</u>	<u>76,136</u>	<u>9,332</u>	-	<u>1,105,576</u>
Unassigned	-	-	-	-	-
Total fund balances	<u>1,330,648</u>	<u>76,136</u>	<u>9,332</u>	<u>4,058,372</u>	<u>5,474,488</u>

Total liabilities, deferred inflows of resources and fund equity

	<u>\$ 1,347,157</u>	<u>\$ 76,136</u>	<u>\$ 28,332</u>	<u>\$ 4,078,469</u>	<u>\$ 5,530,094</u>
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**TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Capital Projects Fund	West River Park Fund	Skateboard Park Fund	Fire and Police Station	Total
REVENUES:					
Investment income/change in value	\$ -	\$ -	\$ -	\$ 287	\$ 287
Intergovernmental	340,816	-	-	-	340,816
Donations and grants	26,676	52,650	1,972	-	81,298
Departmental and other revenues	14,058	-	-	-	14,058
Total revenues	<u>381,550</u>	<u>52,650</u>	<u>1,972</u>	<u>287</u>	<u>436,459</u>
EXPENDITURES:					
Capital outlay	1,515,404	61,456	5,861	941,915	<u>2,524,636</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(1,133,854)</u>	<u>(8,806)</u>	<u>(3,889)</u>	<u>(941,628)</u>	<u>(2,088,177)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	-	-	-	5,000,000	5,000,000
Operating transfers in (out), net	914,871	-	-	-	<u>914,871</u>
Total other financing sources (uses)	<u>914,871</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>5,914,871</u>
NET CHANGE IN FUND BALANCES	<u>(218,983)</u>	<u>(8,806)</u>	<u>(3,889)</u>	<u>4,058,372</u>	<u>3,826,694</u>
FUND BALANCES, July 1, 2013	<u>1,549,631</u>	<u>84,942</u>	<u>13,221</u>	<u>-</u>	<u>1,647,794</u>
FUND BALANCES, June 30, 2014	<u>\$ 1,330,648</u>	<u>\$ 76,136</u>	<u>\$ 9,332</u>	<u>\$ 4,058,372</u>	<u>\$ 5,474,488</u>

TOWN OF BRATTLEBORO, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION -
FUNDING PROGRESS FOR OPEB PLAN
JUNE 30, 2014

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 2014 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,						
2012	\$ -	\$ 4,092,161	\$ 4,092,161	0%	\$ 2,605,395	157%
2013	\$ -	\$ 4,427,483	\$ 4,427,483	0%	\$ 2,993,932	148%
2014	\$ -	\$ 3,871,810	\$ 3,871,810	0%	\$ 3,403,715	114%