

**TOWN OF BRATTLEBORO, VERMONT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**TOWN OF BRATTLEBORO, VERMONT**

**JUNE 30, 2013**

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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, 2013, 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, 2013, 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 performed 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 financial statements or to the 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 20, 2013, 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 the 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 20, 2013

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

**TOWN OF BRATTLEBORO, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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

**Financial Highlights**

- The net position of the Town's governmental activities increased by \$1,092,340, or approximately 7.0%. The net position of our business-type activities increased by \$602,188, or approximately 2.0%.
- The cost of all of the Town's programs was \$19,981,285, with no new programs added this year. Program costs were down \$387,827 this year over the previous year due, in large part, to costs associated with Tropical Storm Irene in the previous year.
- The General Fund reported an increase in fund balance this year of \$839,785, which was \$839,785 better than was budgeted. This favorable budget variance was mostly due to a \$765,000 transfer from the Capital Projects Fund.
- The unassigned fund balance for the General Fund was \$1,712,852 as of June 30, 2013. This represents the amount of funds available for future budgets. The committed fund balance of \$872,886 was for the Town's portion of the remaining Tropical Storm Irene expenditures and for future capital projects. The nonspendable fund balance was \$665,861, including \$620,789 in fiscal year 2014 prepaid expenditures and inventories of \$45,072.
- The Development Fund reported a decrease in fund balance this year of \$106,718, compared to an increase of \$421,902 in the prior year. This decrease was largely due to unrealized losses on investments.
- The Capital Projects Fund reported a decrease in fund balance this year of \$309,657, compared to a decrease of \$24,936 in the prior year. The decrease from the previous year was primarily due to a decrease in net transfers into the Capital Projects Fund.

**Financial Statements**

The accompanying financial statements for the year ended June 30, 2013 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, with the difference between the two 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**

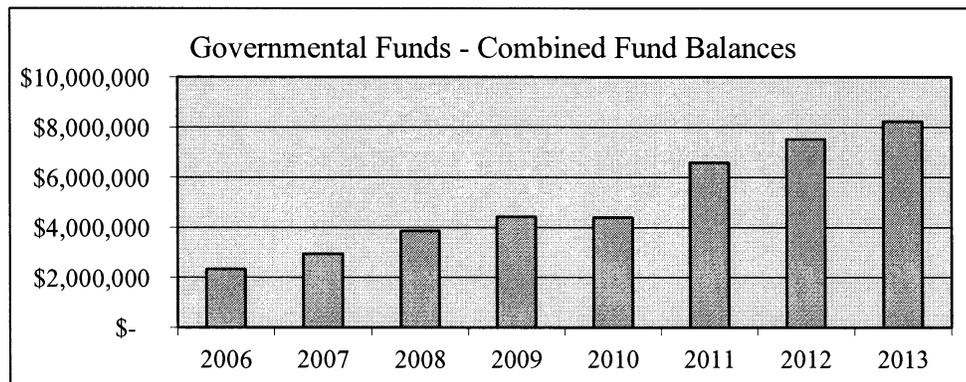
The Statement of Net Position as of June 30, 2013 shows total recorded assets of the Town are \$97,345,558. This includes the net value of capital assets of \$74,608,875. Total assets reported in 2012 were \$94,764,354. Of the 2013 assets, \$22,736,683 are current assets. The noncurrent assets are the 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, 2013 totaled \$50,230,773 including \$4,498,302 in current liabilities, and \$45,732,471 in noncurrent liabilities. The liabilities of the Town at June 30, 2012 totaled \$49,344,097 including \$6,261,692 in current liabilities, and \$43,082,405 in noncurrent liabilities.

The Statement of Activities reports total operating expenses for 2013 of \$19,981,285 which includes depreciation of capital assets of \$2,500,437. Total expenses for 2012 were \$20,369,112 (including depreciation of capital assets of \$2,131,298). 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.

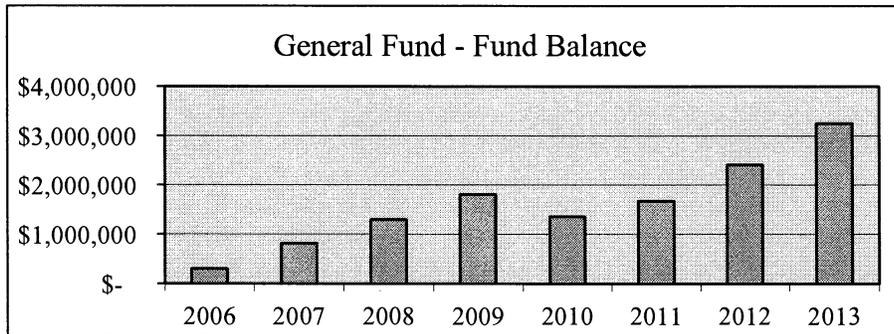
General revenues are mainly the Town property taxes of \$13,285,146 and \$13,116,313 for 2013 and 2012, respectively. Property taxes are reported net of the education taxes required to be collected by the Town for the benefit of others. For the year ending June 30, 2013, the Town's total revenues exceeded expenses by \$1,694,528 and increased net position at June 30, 2013 to \$47,114,785. For the year ending June 30, 2012, revenues exceeded expenses, increasing government-wide net position by \$2,296,408.

**Governmental Funds**

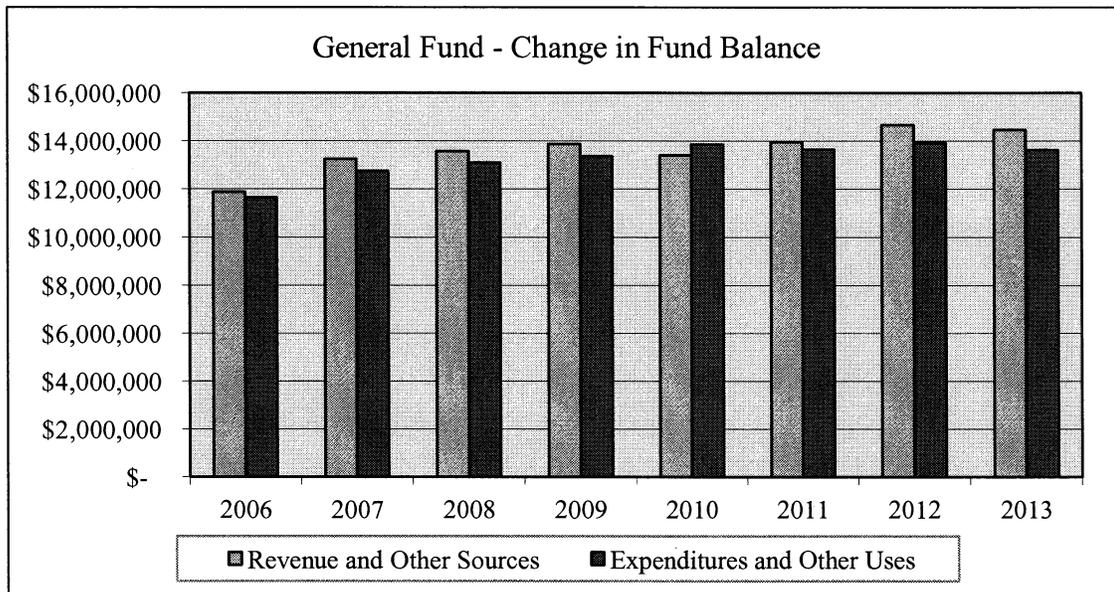
The Town's governmental funds reported combined ending fund balances of \$8,237,267 at June 30, 2013, an increase of \$712,593 for the year then ended.



In 2012 the General Fund experienced an increase in fund balance of \$739,947. In 2013 the General Fund recorded an increase in fund balance of \$839,785, resulting in a June 30, 2013 fund balance of \$3,251,599, of which \$665,861 was nonspendable, \$872,886 was committed and \$1,712,852 was unassigned.



The 2013 increase in fund balance was a result of 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. The 2012 increase in fund balance resulted from a decrease in delinquent property taxes, refinancing two leases, employee vacancies in the police department, employee benefit cost savings and the delay of some planned public works projects due to Tropical Storm Irene.

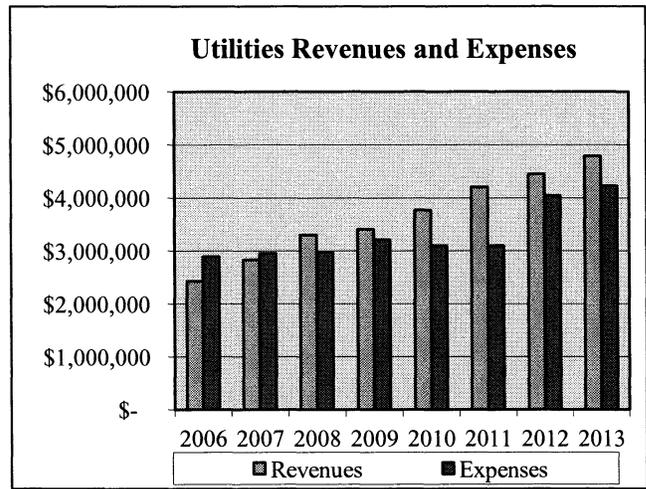
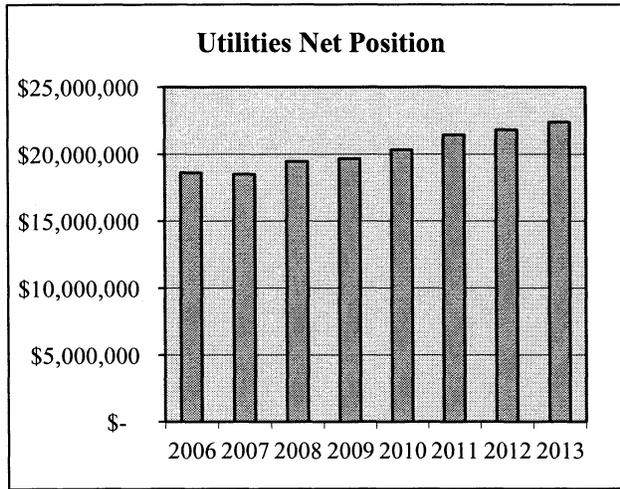


As shown on the Statement of Revenue and Expenditures - Budget and Actual - General Fund, revenues exceeded the budget by \$34,083. Actual expenditures (excluding fund transfers) were less than the budgeted expenditures by \$438,478. Fund transfers were less than the budget by \$367,224 due primarily to a \$765,000 transfer from the Capital Projects Fund. Monitoring of expenditures and revenue is conducted on an on-going basis with financial reports being reviewed on a monthly basis by the Selectboard.

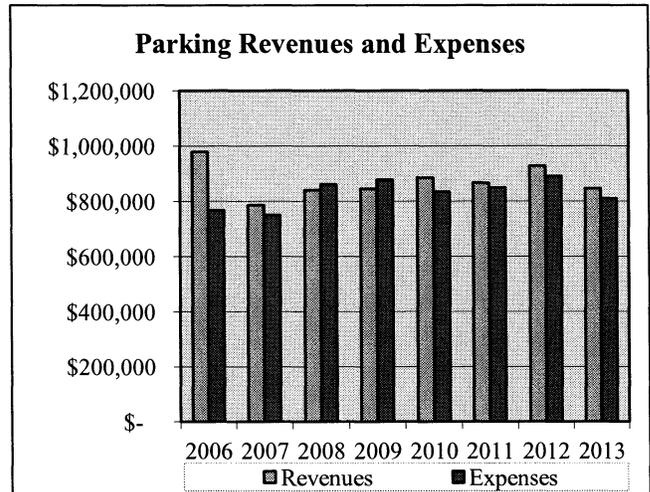
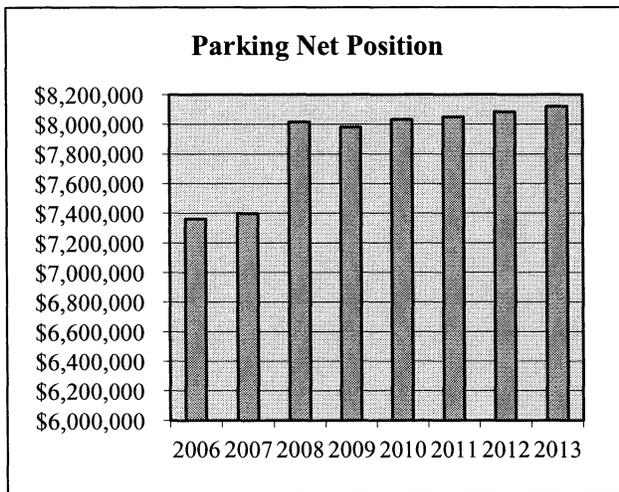
**Proprietary Funds:**

The Utilities Fund net position increased by \$566,388 in 2013. Operating revenues exceeded operating expenses by \$1,152,337 and nonoperating revenue was \$20,611 in 2013 compared to \$67,949 in 2012. Nonoperating

expense for interest for the years ending June 30, 2013 and 2012 was \$424,560 and \$417,848, 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 \$35,800. Operating revenues decreased by \$79,894 from the previous year and operating expenses decreased by \$73,417, primarily due to insurance claims and expenses related to Tropical Storm Irene in the previous year. Nonoperating expenses decreased by \$6,191 and transfers out were unchanged from the prior year.



## Capital Assets and Debt Administration

### Capital Assets

At June 30, 2013, the Town had \$74,608,875 compared to \$70,129,618 at June 30, 2012 invested in a broad range of capital assets including land, highway equipment, buildings, park facilities, roads, bridges, water facilities and wastewater facilities. This amount represents a net increase (including additions and deductions) of \$4,479,257 over the last year.

### *Debt Administration*

As of June 30, 2013, the Governmental Activities had \$4,077,353 in debt and capital leases outstanding compared to \$4,347,571 at June 30, 2012, a net decrease of \$270,218 (6.2%). This decrease is the result of \$310,000 in new debt to finance capital projects and principal payments on governmental debt (\$465,000) and leases (\$115,218). As of June 30, 2013, the Utilities Fund had \$34,572,986 in debt and capital leases outstanding compared to \$31,268,182 at June 30, 2012, an increase of \$3,304,804 (10.6%). This increase is due to \$4,000,000 in new bonds issued for the wastewater upgrade project less principal payments of \$695,196. Loans in the Utilities Fund from the Wastewater Revolving Loan Fund are subsidized with American Recovery and Reinvestment Act grants that will be available at the completion of the wastewater upgrade project. The amount of the subsidy at June 30, 2013 and 2012 was \$2,100,000 and \$2,000,000, respectively. As of June 30, 2013, the Parking Fund had \$1,600,000 in outstanding debt compared to \$1,800,000 at June 30, 2012, representing a decrease of \$200,000 (11.1%). 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 2014, 55% 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 2014.

Total fiscal year 2014 General Fund budgeted expenditures approved by the Town Meeting representatives was \$14,923,357 which represents an increase of \$278,233 from the fiscal year 2013 budgeted expenditures. The municipal portion of the Town's property taxes approved by Town Meeting representatives as part of the overall fiscal year 2014 budget was \$13,042,077 which represents an increase of \$261,653 from the property taxes approved in fiscal year 2013. The fiscal year 2014 municipal property tax rate (including the local agreement rate) was \$1.1389 per \$100.00 of valuation. This represents an increase of \$0.013 per \$100.00 of valuation (1.15%).

Total fiscal year 2014 Utility Fund budgeted expenditures approved by the Selectboard was \$5,550,800, which represents an increase of \$790,100 from the fiscal year 2013 budgeted expenditures. This increase is due, in large part, to an increase in depreciation expense as the wastewater upgrade project is expected to be in service for the entire year. Total fiscal year 2014 Utility Fund budgeted revenues are \$4,914,976, which is up 13.7% over fiscal year 2013 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, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 10,671,531	\$ 2,468,651	\$ 13,140,182
Investments	1,768,298	-	1,768,298
Receivables:			
Property taxes	700,696	-	700,696
Loans net of allowance of \$260,567 in the SBAP loan fund	3,895,366	-	3,895,366
Accounts	969,119	1,352,876	2,321,995
Due from (to) other activities	(4,985,083)	4,985,083	-
Prepaid expenses	625,214	102,042	727,256
Inventory	45,072	137,818	182,890
Total current assets	<u>13,690,213</u>	<u>9,046,470</u>	<u>22,736,683</u>
Noncurrent assets -			
Capital assets	39,810,631	84,244,579	124,055,210
less - accumulated depreciation	<u>(25,915,794)</u>	<u>(23,530,541)</u>	<u>(49,446,335)</u>
Total noncurrent assets	<u>13,894,837</u>	<u>60,714,038</u>	<u>74,608,875</u>
Total assets	<u>27,585,050</u>	<u>69,760,508</u>	<u>97,345,558</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Warrants and accounts payable	365,735	1,401,476	1,767,211
Accrued liabilities:			
Payroll	210,394	-	210,394
Compensated absences	120,823	113,442	234,265
Other	355,524	61,168	416,692
Due to fiduciary funds	30,000	-	30,000
Current portion of capital lease liability	193,898	26,617	220,515
Current portion of long-term debt	568,333	1,050,892	1,619,225
Total current liabilities	<u>1,844,707</u>	<u>2,653,595</u>	<u>4,498,302</u>
Noncurrent liabilities -			
Compensated absences	464,940	-	464,940
Other postemployment benefits	1,484,758	-	1,484,758
Deferred revenue	3,876,287	1,495,887	5,372,174
Capital lease liability	1,098,455	74,903	1,173,358
Long-term debt	2,216,667	35,020,574	37,237,241
Total noncurrent liabilities	<u>9,141,107</u>	<u>36,591,364</u>	<u>45,732,471</u>
Total liabilities	<u>10,985,814</u>	<u>39,244,959</u>	<u>50,230,773</u>
<b>NET POSITION:</b>			
Net investment in capital assets	9,817,484	24,541,052	34,358,536
Restricted	3,673,896	-	3,673,896
Unrestricted	3,107,856	5,974,497	9,082,353
Total net position	<u>\$ 16,599,236</u>	<u>\$ 30,515,549</u>	<u>\$ 47,114,785</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, 2013**

FUNCTIONS/PROGRAMS:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
Governmental activities -							
General government	\$ 5,279,555	\$ 340,633	\$ 316,453	\$ 17,887	\$ (4,604,582)	\$ -	\$ (4,604,582)
Public safety	4,864,249	367,961	163,924	20,707	(4,311,657)	-	(4,311,657)
Public works	2,167,272	874,745	8,509	7,440	(1,276,578)	-	(1,276,578)
Culture and recreation	1,741,869	274,911	386,797	-	(1,080,161)	-	(1,080,161)
Recycling and solid waste	963,989	600	5,845	-	(957,544)	-	(957,544)
Other	144,832	1,500	-	-	(143,332)	-	(143,332)
Total governmental activities	<u>15,161,766</u>	<u>1,860,350</u>	<u>881,528</u>	<u>46,034</u>	<u>(12,373,854)</u>	<u>-</u>	<u>(12,373,854)</u>
Business-type activities -							
Utilities	4,042,123	105,626	4,616,152	48,122	-	727,777	727,777
Parking	777,396	-	838,000	7,396	-	68,000	68,000
Total business-type activities	<u>4,819,519</u>	<u>105,626</u>	<u>5,454,152</u>	<u>55,518</u>	<u>-</u>	<u>795,777</u>	<u>795,777</u>
	<u>\$ 19,981,285</u>	<u>\$ 1,965,976</u>	<u>\$ 6,335,680</u>	<u>\$ 101,552</u>	<u>(12,373,854)</u>	<u>795,777</u>	<u>(11,578,077)</u>
GENERAL REVENUES					13,285,146	-	13,285,146
- PROPERTY TAXES					(34,024)	21,483	(12,541)
- INVESTMENT INCOME (LOSS)					215,072	(215,072)	-
- TRANSFERS, NET					13,466,194	(193,589)	13,272,605
CHANGE IN NET POSITION					1,092,340	602,188	1,694,528
NET POSITION, July 1, 2012					15,506,896	29,913,361	45,420,257
NET POSITION, June 30, 2013					<u>\$ 16,599,236</u>	<u>\$ 30,515,549</u>	<u>\$ 47,114,785</u>

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

**TOWN OF BRATTLEBORO, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**  
(Page 1 of 3)

<u>ASSETS</u>	<u>General Fund</u>	<u>Development Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
Cash and cash equivalents	\$ 10,667,890	\$ -	\$ -	\$ 3,641	\$ 10,671,531
Investments	-	1,768,298	-	-	1,768,298
Receivables:					
Property taxes	700,696	-	-	-	700,696
Loans net of allowance of \$260,567 in the SBAP loan fund	-	3,895,366	-	-	3,895,366
Accounts	152,221	-	201,581	615,317	969,119
Due from other funds	-	515,317	1,583,782	546,350	2,645,449
Prepaid expenditures	620,789	-	-	4,425	625,214
Inventory	45,072	-	-	-	45,072
<b>Total assets</b>	<b>\$ 12,186,668</b>	<b>\$ 6,178,981</b>	<b>\$ 1,785,363</b>	<b>\$ 1,169,733</b>	<b>\$ 21,320,745</b>

LIABILITIES AND FUND EQUITY

<b>LIABILITIES:</b>					
Warrants and accounts payable	\$ 211,413	\$ 9,170	\$ 118,569	\$ 26,583	\$ 365,735
Accrued liabilities -					
Payroll	208,820	-	-	1,574	210,394
Compensated absences	120,823	-	-	-	120,823
Other	355,524	-	-	-	355,524
Due to other funds	7,540,509	-	-	120,023	7,660,532
Deferred revenue	497,980	3,362,927	19,000	490,563	4,370,470
<b>Total liabilities</b>	<b>8,935,069</b>	<b>3,372,097</b>	<b>137,569</b>	<b>638,743</b>	<b>13,083,478</b>

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

**TOWN OF BRATTLEBORO, VERMONT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

(Page 2 of 3)

	<u>General Fund</u>	<u>Development Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>FUND EQUITY:</b>					
Fund balances -					
Nonspendable	665,861	532,439	-	4,425	1,202,725
Restricted	-	2,106,510	-	244,209	2,350,719
Committed	872,886	167,935	-	282,356	1,323,177
Assigned	-	-	1,647,794	-	1,647,794
Unassigned	<u>1,712,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,712,852</u>
Total fund balances	<u>3,251,599</u>	<u>2,806,884</u>	<u>1,647,794</u>	<u>530,990</u>	<u>8,237,267</u>
Total liabilities and fund equity	<u>\$ 12,186,668</u>	<u>\$ 6,178,981</u>	<u>\$ 1,785,363</u>	<u>\$ 1,169,733</u>	<u>\$ 21,320,745</u>

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

**TOWN OF BRATTLEBORO, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**  
 (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	\$ 8,237,267
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	39,810,631
Accumulated depreciation	(25,915,794)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	494,183
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.	(464,940)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Other postemployment benefits	(1,484,758)
Capital lease liability - current	(193,898)
Capital lease liability - noncurrent	(1,098,455)
Long-term debt - current	(568,333)
Long-term debt - noncurrent	<u>(2,216,667)</u>
<b>Net Position of Governmental Activities - Government-wide Statement of Net Position</b>	<b>\$ <u>16,599,236</u></b>

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, 2013**

(Page 1 of 3)

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 13,139,762	\$ -	\$ -	\$ -	\$ 13,139,762
Licenses and permits	217,269	-	-	-	217,269
Investment income (loss)	18,966	(53,895)	-	905	(34,024)
Intergovernmental	380,896	-	191,083	865,514	1,437,493
Donations	-	-	238,202	1,500	239,702
Other departmental revenue	712,442	-	3,922	177,084	893,448
Total revenues	<u>14,469,335</u>	<u>(53,895)</u>	<u>433,207</u>	<u>1,045,003</u>	<u>15,893,650</u>
<b>EXPENDITURES:</b>					
Current -					
General government	2,243,720	47,823	-	25,794	2,317,337
Human services	153,375	-	-	166,741	320,116
Public safety	4,252,701	-	-	111,169	4,363,870
Public works	1,456,559	-	-	210,131	1,666,690
Culture and recreation	1,366,331	-	-	156,571	1,522,902
Recycling and solid waste	963,989	-	-	-	963,989
Pension and benefits	2,550,507	-	-	-	2,550,507
Capital outlay	-	-	1,145,549	109,790	1,255,339
Debt service - Principal	465,000	-	-	-	465,000
- Capital lease principal	135,547	-	-	-	135,547
- Interest	144,832	-	-	-	144,832
Total expenditures	<u>13,732,561</u>	<u>47,823</u>	<u>1,145,549</u>	<u>780,196</u>	<u>15,706,129</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	<u>736,774</u>	<u>(101,718)</u>	<u>(712,342)</u>	<u>264,807</u>	<u>187,521</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, 2013**

(Page 2 of 3)

	<u>General</u> <u>Fund</u>	<u>Development</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from borrowing-capital lease	-	-	310,000	-	310,000
Operating transfers in (out), net	<u>103,011</u>	<u>(5,000)</u>	<u>92,685</u>	<u>24,376</u>	<u>215,072</u>
Total other financing sources (uses)	<u>103,011</u>	<u>(5,000)</u>	<u>402,685</u>	<u>24,376</u>	<u>525,072</u>
<b>NET CHANGE IN FUND BALANCES</b>	839,785	(106,718)	(309,657)	289,183	712,593
<b>FUND BALANCES, July 1, 2012</b>	<u>2,411,814</u>	<u>2,913,602</u>	<u>1,957,451</u>	<u>241,807</u>	<u>7,524,674</u>
<b>FUND BALANCES, June 30, 2013</b>	<u>\$ 3,251,599</u>	<u>\$ 2,806,884</u>	<u>\$ 1,647,794</u>	<u>\$ 530,990</u>	<u>\$ 8,237,267</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, 2013**

(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	\$ 712,593
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	1,239,627
Depreciation	(946,278)
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	(348,799)
Current year	494,183
Accrued compensated absences are fully accrued for the governmental activities, exceeding the limited accrual for fund accounting by these amounts.	
Prior year	466,542
Current year	(464,940)
Increase in long-term obligation for other postemployment benefits is a cost accrued on the government-wide statements but only reported as an expenditure when paid on the fund statements.	
Prior year	1,133,623
Current year	(1,484,758)
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	(310,000)
Debt service - principal	465,000
Capital lease - principal	135,547
Change in Net Position of Governmental Activities - Government-wide Statement of Activities	\$ <u>1,092,340</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, 2013**

(Page 1 of 2)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	\$ 13,246,424	\$ 13,139,762	\$ (106,662)
Interest income	12,000	18,966	6,966
Departmental revenue -			
Town Manager	139,000	149,298	10,298
Finance	40,000	51,229	11,229
Attorney	-	53	53
Town Clerk	131,100	135,840	4,740
Listers	300	402	102
General Services	-	142	142
Risk Management	-	70	70
Planning	42,800	81,429	38,629
Benefits	-	5,000	5,000
Library	51,750	53,569	1,819
Fire	21,000	13,175	(7,825)
Refuse/recycle	-	6,445	6,445
Municipal Center	20,770	30,613	9,843
Police	158,808	174,117	15,309
Public works	4,300	8,509	4,209
Parks and recreation	199,500	219,820	20,320
Intergovernmental - regional	352,500	380,896	28,396
Intergovernmental - school	15,000	-	(15,000)
Budgeted revenues	<u>14,435,252</u>	<u>14,469,335</u>	<u>34,083</u>
<b>EXPENDITURES:</b>			
Administration -			
Town Manager	195,300	196,569	(1,269)
Finance	324,850	301,324	23,526
Town Attorney	101,000	100,313	687
Town Clerk	179,730	178,018	1,712
Listers	155,800	172,573	(16,773)
General services	203,100	218,939	(15,839)
Risk management	552,500	540,539	11,961
Planning	197,450	199,702	(2,252)
Employee benefits	2,710,235	2,550,507	159,728
Debt service - bonds, notes, lease	780,100	745,379	34,721
Human services	152,625	153,375	(750)

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, 2013**

(Page 2 of 2)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Auxiliary services	449,800	409,248	40,552
Library	603,205	612,525	(9,320)
Fire Department	1,702,605	1,694,293	8,312
Recycling and solid waste	995,700	963,989	31,711
Municipal center	181,770	182,271	(501)
Police Department	1,879,500	1,734,743	144,757
Police dispatch	447,000	414,417	32,583
Public Works	1,436,815	1,456,559	(19,744)
Regional	90,500	75,472	15,028
Recreation and parks	753,454	753,806	(352)
Assessment - BABB	<u>78,000</u>	<u>78,000</u>	<u>-</u>
Total expenditures	<u>14,171,039</u>	<u>13,732,561</u>	<u>438,478</u>
EXCESS OF REVENUES			
OR (EXPENDITURES)	<u>264,213</u>	<u>736,774</u>	<u>472,561</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	209,872	987,372	777,500
Operating transfers out	<u>(474,085)</u>	<u>(884,361)</u>	<u>(410,276)</u>
Total other financing sources (uses)	<u>(264,213)</u>	<u>103,011</u>	<u>367,224</u>
NET CHANGE IN FUND BALANCES	\$ <u>-</u>	\$ <u>839,785</u>	\$ <u>839,785</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, 2013**

	<u>Utilities Fund</u>	<u>Parking Fund</u>	<u>Totals Proprietary Funds</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 2,468,601	\$ 50	\$ 2,468,651
Accounts receivable:			
Accounts net of allowance for uncollectibles of \$5,584 in the utilities fund	1,352,876	-	1,352,876
Due from other funds	4,631,663	353,420	4,985,083
Inventory	137,818	-	137,818
Prepaid expenses	87,755	14,287	102,042
Total current assets	<u>8,678,713</u>	<u>367,757</u>	<u>9,046,470</u>
Noncurrent assets -			
Capital assets	72,422,873	11,821,706	84,244,579
less - accumulated depreciation	<u>(21,084,906)</u>	<u>(2,445,635)</u>	<u>(23,530,541)</u>
Total noncurrent assets	<u>51,337,967</u>	<u>9,376,071</u>	<u>60,714,038</u>
Total assets	<u>60,016,680</u>	<u>9,743,828</u>	<u>69,760,508</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	1,396,737	4,739	1,401,476
Accrued liabilities:			
Compensated absences	101,883	11,559	113,442
Other	54,291	6,877	61,168
Current portion of capital lease liability	26,617	-	26,617
Current portion of long-term debt	850,892	200,000	1,050,892
Total current liabilities	<u>2,430,420</u>	<u>223,175</u>	<u>2,653,595</u>
Noncurrent liabilities -			
Deferred revenue	1,495,887	-	1,495,887
Capital lease liability	74,903	-	74,903
Long-term debt	33,620,574	1,400,000	35,020,574
Total noncurrent liabilities	<u>35,191,364</u>	<u>1,400,000</u>	<u>36,591,364</u>
Total liabilities	<u>37,621,784</u>	<u>1,623,175</u>	<u>39,244,959</u>
<b>NET POSITION:</b>			
Net investment in capital assets	16,764,981	7,776,071	24,541,052
Unrestricted	5,629,915	344,582	5,974,497
Total net position	<u>\$ 22,394,896</u>	<u>\$ 8,120,653</u>	<u>\$ 30,515,549</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, 2013**

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 4,616,152	\$ 838,000	\$ 5,454,152
Interest and penalties	41,421	-	41,421
Intergovernmental	105,626	-	105,626
Miscellaneous	<u>6,701</u>	<u>7,396</u>	<u>14,097</u>
Total operating revenues	<u>4,769,900</u>	<u>845,396</u>	<u>5,615,296</u>
<b>OPERATING EXPENSES:</b>			
Personnel services	1,231,259	220,150	1,451,409
Contractual services	322,886	35,883	358,769
Supplies and materials	126,654	25,985	152,639
Maintenance	229,599	96,783	326,382
Heat, light and power	375,208	45,317	420,525
Depreciation	1,296,464	257,696	1,554,160
Miscellaneous	<u>35,493</u>	<u>3,391</u>	<u>38,884</u>
Total operating expenses	<u>3,617,563</u>	<u>685,205</u>	<u>4,302,768</u>
Operating income	<u>1,152,337</u>	<u>160,191</u>	<u>1,312,528</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income	20,611	872	21,483
Interest expense	<u>(424,560)</u>	<u>(92,191)</u>	<u>(516,751)</u>
Total nonoperating revenues (expenses)	<u>(403,949)</u>	<u>(91,319)</u>	<u>(495,268)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	748,388	68,872	817,260
Operating transfers out	<u>(182,000)</u>	<u>(33,072)</u>	<u>(215,072)</u>
<b>CHANGE IN NET POSITION</b>	566,388	35,800	602,188
<b>NET POSITION, July 1, 2012</b>	<u>21,828,508</u>	<u>8,084,853</u>	<u>29,913,361</u>
<b>NET POSITION, June 30, 2013</b>	\$ <u>22,394,896</u>	\$ <u>8,120,653</u>	\$ <u>30,515,549</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, 2013**

(Page 1 of 2)

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 4,747,507	\$ 845,946	\$ 5,593,453
Cash paid to suppliers for goods and services	(3,406,004)	(183,662)	(3,589,666)
Cash payments to employees for services	<u>(1,230,550)</u>	<u>(215,226)</u>	<u>(1,445,776)</u>
Net cash provided (used) by operating activities	<u>110,953</u>	<u>447,058</u>	<u>558,011</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	<u>20,611</u>	<u>872</u>	<u>21,483</u>
Net cash provided (used) by investing activities	<u>20,611</u>	<u>872</u>	<u>21,483</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
(Increase)Decrease in pooled cash due from other funds	(506,723)	(112,667)	(619,390)
Operating transfer from (to) other funds	<u>(182,000)</u>	<u>(33,072)</u>	<u>(215,072)</u>
Net cash provided (used) by noncapital financing activities	<u>(688,723)</u>	<u>(145,739)</u>	<u>(834,462)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of capital assets, net	(5,709,739)	(10,000)	(5,719,739)
Contributed capital - intergovernmental grants	221	-	221
Proceeds from borrowing	3,977,271	-	3,977,271
Payments on bonds and bond anticipation note	(672,467)	(200,000)	(872,467)
Interest expense on bonds and notes	<u>(424,560)</u>	<u>(92,191)</u>	<u>(516,751)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,829,274)</u>	<u>(302,191)</u>	<u>(3,131,465)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,386,433)</b>	<b>-</b>	<b>(3,386,433)</b>
<b>CASH AND CASH EQUIVALENTS, July 1, 2012</b>	<b><u>5,855,034</u></b>	<b><u>50</u></b>	<b><u>5,855,084</u></b>
<b>CASH AND CASH EQUIVALENTS, June 30, 2013</b>	<b>\$ <u>2,468,601</u></b>	<b>\$ <u>50</u></b>	<b>\$ <u>2,468,651</u></b>

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, 2013**

(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>
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>			
<b>TO NET CASH PROVIDED (USED) BY</b>			
<b>OPERATING ACTIVITIES:</b>			
Operating income	\$ 1,152,337	\$ 160,191	\$ 1,312,528
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation expense	1,296,464	257,696	1,554,160
(Increase) decrease in accounts receivable	(22,393)	550	(21,843)
(Increase) decrease in inventory	418	-	418
(Increase) decrease in prepaid expenses	35,918	20,435	56,353
Increase (decrease) in accounts payable	(2,352,500)	3,262	(2,349,238)
Increase (decrease) in accrued liabilities	<u>709</u>	<u>4,924</u>	<u>5,633</u>
Net cash provided (used) by operating activities	\$ <u>110,953</u>	\$ <u>447,058</u>	\$ <u>558,011</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, 2013**

	Public Trust Funds Held By <u>Trustees</u>	Lundberg and Auditorium <u>Fund</u>	Library Trust <u>Fund</u>	Morningside Perpetual Care <u>Fund</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 104,431	\$ 18,799	\$ 258,361	\$ -
Investments, at fair value	92,783	-	454,242	-
Due from other funds	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>227,214</u>	<u>18,799</u>	<u>712,603</u>	<u>-</u>
 <b>LIABILITIES:</b>				
Accounts payable	-	257	11,120	-
Intergovernmental	<u>-</u>	<u>8,792</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>9,049</u>	<u>11,120</u>	<u>-</u>
 <b>NET POSITION:</b>				
Held in trust for specific purpose	227,214	5,000	701,483	-
Held in trust for restricted purpose	<u>-</u>	<u>4,750</u>	<u>-</u>	<u>-</u>
Total net position	\$ <u>227,214</u>	\$ <u>9,750</u>	\$ <u>701,483</u>	\$ <u>-</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, 2013**

	Public Trust Funds Held by <u>Trustees</u>	Lundberg and Auditorium <u>Fund</u>	Library Trust <u>Fund</u>	Morningside Perpetual Care <u>Fund</u>
<b>ADDITIONS:</b>				
Investment earnings -				
Investment income	\$ 2,840	\$ 9	\$ 14,934	\$ 21
Net increase (decrease) in fair value of investments	<u>7,954</u>	<u>-</u>	<u>37,980</u>	<u>-</u>
Total investment earnings	10,794	9	52,914	21
Operating transfers in	53,120	-	-	-
Contributions	<u>-</u>	<u>-</u>	<u>85,835</u>	<u>-</u>
Total additions	<u>63,914</u>	<u>9</u>	<u>138,749</u>	<u>21</u>
 <b>DEDUCTIONS:</b>				
Broker fees			4,432	
Miscellaneous	180	9	45,051	-
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,120</u>
Total deductions	<u>180</u>	<u>9</u>	<u>49,483</u>	<u>53,120</u>
 CHANGE IN NET POSITION	 63,734	 -	 89,266	 (53,099)
 NET POSITION, July 1, 2012	 <u>163,480</u>	 <u>9,750</u>	 <u>612,217</u>	 <u>53,099</u>
 NET POSITION, June 30, 2013	 \$ <u>227,214</u>	 \$ <u>9,750</u>	 \$ <u>701,483</u>	 \$ <u>-</u>

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

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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 (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 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. 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, fund equity, revenues and expenditures or expenses, as appropriate.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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.

Additionally, the Town reports fiduciary funds even though fiduciary funds are excluded from the government-wide financial statements. Fiduciary funds include trusts held by the Trustees of Public Funds, the Lundberg and Auditorium Fund, the Library Trust Fund, and the Morningside Perpetual Care 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 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 on a current financial resource 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 due.

Property taxes are recognized 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 in cash because they are generally not measurable until actually received. Investment earnings and certain intergovernmental grants are recorded as earned.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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 proprietary funds.

E. Budgets - 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 representatives in March.

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. All other appropriations expire at the end of the fiscal 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.

F. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

G. Cash and cash equivalents - The Town pools cash from several funds for investment purposes; note 7 describes the effect on interfund balances at year end. The Town considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**1. Summary of significant accounting policies (continued):**

H. 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. 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.

I. Capital assets - Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide and in the proprietary funds financial statements. Capital assets are defined by the Town as assets with an initial, individual cost that is deemed to be significant and an estimated useful life in excess of two years. 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 the asset or materially extend asset lives 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 - 75 years
Machinery and equipment	5 - 20 years
Parking lot improvements	40 years

J. 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 \$563,773 at June 30, 2012 increased by \$23,564 to \$587,337 at June 30, 2013. The proprietary funds compensated absences liability increased by \$9,795 from \$103,647 at June 30, 2012 to \$113,442 at June 30, 2013.

K. Inventory - In the governmental funds, the cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method). In the Utilities Fund, inventory is recorded on a first-in, first-out (FIFO) basis, lower of cost or market.

L. Deferred revenue - The Town has recorded deferred revenue from the following sources:

Property taxes - Taxes which have not been collected within 60 days following year end are not considered available for current year operations and are shown as deferred revenue in the governmental funds.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**1. Summary of significant accounting policies (continued):**

L. Deferred revenue (continued) -

Grant revenue - Certain state and federal grants are restricted for specified purposes and, upon receipt, are recorded as deferred revenue until they are expended.

Loans receivable - Grant funds loaned for community development projects are recorded as deferred revenue. Town revenue is recognized as loan repayments are received.

M. 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.

N. 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 voters, as a result of articles passed at Annual or Special 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 does not have a formal policy for order of expenditures, but does apply expenditures against restricted, committed or assigned funds by specific identification.

O. Property taxes - Real and personal property taxes are based on values assessed as of each April 1 and are normally due on the subsequent August 15, November 15, February 15 and May 15. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables in the fiscal year of the levy.

P. Interfund activity - The Town has eliminated interfund balances and transfers in the consolidation of funds into the government-wide financial statements unless they represent balances or transactions between governmental and business-type activities. The balance due from (to) other activities is the net effect of the General Fund holding pooled cash owned by the enterprise funds.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**1. Summary of significant accounting policies (continued):**

- Q. Deferred compensation - The Town has discontinued reporting as fiduciary funds those accounts which result from salary deferrals elected in accordance with Internal Revenue Code Section 457. Under current law, those accounts are the property of the employees and the Town is only obligated to direct amounts withheld in accordance with the employees' instructions.
- R. New accounting standard - The Town has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The impact on these financial statements was to change the term "Net Assets" to "Net Position." In the future, deferred outflows of resources and deferred inflows of resources, if applicable, would be reported in the statement of net position.

**2. Cash and investments:**

Cash and cash equivalents - The Town includes liquid investments, such as money market accounts and certificates of deposit with financial institutions, in the classification of cash and cash equivalents. The Town's cash deposits as of June 30, 2013 consisted of the following:

Governmental activities	\$	10,671,531
Business-type activities		<u>2,468,651</u>
		13,140,182
Fiduciary funds		<u>381,591</u>
	\$	<u>13,521,773</u>

Custodial credit risk - deposits - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk, but generally follows the practice of placing cash and investments in insured or collateralized accounts. As of June 30, 2013, all deposits were insured by the FDIC or collateralized.

Investment policy - The Town has an investment policy which allows the investment of Town funds in savings accounts, certificates of deposit, money market accounts and repurchase agreements with approved local banks and in obligations of the U.S. Government and its agencies. All federal and state laws and regulations regarding the investment of funds are followed when applicable. The Library Trust Fund investment policy includes investment in corporate stocks, corporate obligations and mutual funds, as well.

Investments - The classification and fair value of investments held at June 30, 2013 are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
U.S. Government obligations	\$ 1,768,298	\$ 510	\$ 1,768,808
International obligations	-	23,141	23,141
Municipal obligations	-	20,141	20,141
Corporate obligations	-	74,380	74,380
Common and preferred stock	-	279,530	279,530
Mutual funds - various	<u>-</u>	<u>149,323</u>	<u>149,323</u>
	\$ <u>1,768,298</u>	\$ <u>547,025</u>	\$ <u>2,315,323</u>

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**2. Cash and investments (continued):**

Interest rate risk - Changes in market interest rates will affect the fair value of an interest-earning investment over time. Maturities of interest-earning investments at June 30, 2013 are as follows:

	Fair <u>Value</u>	<u>Investment Maturity</u>			
		Less than <u>One Year</u>	1 to 5 <u>Years</u>	6 to 10 <u>Years</u>	Over 10 <u>Years</u>
U.S. Government obligations	\$ 1,768,808	\$ -	\$ -	\$ 1,768,298	\$ 510
International obligations	23,141	-	23,141	-	-
Municipal obligations	20,141	-	-	-	20,141
Corporate obligations	<u>74,380</u>	<u>-</u>	<u>10,468</u>	<u>37,455</u>	<u>26,457</u>
	\$ <u>1,886,470</u>	\$ <u>-</u>	\$ <u>33,609</u>	\$ <u>1,805,753</u>	\$ <u>47,108</u>

**3. Capital assets:**

A summary of changes in capital assets follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 1,123,682	\$ -	\$ -	\$ 1,123,682
Capital assets, depreciated:				
Buildings and improvements	6,246,226	296,426	-	6,542,652
Improvements, other	4,291,181	166,196	-	4,457,377
Machinery and equipment	6,927,092	419,365	89,842	7,256,615
Infrastructure	<u>20,056,953</u>	<u>373,352</u>	<u>-</u>	<u>20,430,305</u>
Total capital assets, depreciated	<u>37,521,452</u>	<u>1,255,339</u>	<u>89,842</u>	<u>38,686,949</u>
Less accumulated depreciation for:				
Buildings and improvements	2,760,778	190,452	-	2,951,230
Improvements, other	2,371,221	149,485	-	2,520,706
Machinery and equipment	4,689,872	377,403	94,459	4,972,816
Infrastructure	<u>15,242,104</u>	<u>228,938</u>	<u>-</u>	<u>15,471,042</u>
Total accumulated depreciation	<u>25,063,975</u>	<u>946,278</u>	<u>94,459</u>	<u>25,915,794</u>
Total capital assets, depreciated, net	<u>12,457,477</u>	<u>309,061</u>	<u>(4,617)</u>	<u>12,771,155</u>
Capital assets, net, governmental	<u>13,581,159</u>	<u>309,061</u>	<u>(4,617)</u>	<u>13,894,837</u>

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**3. Capital assets (continued):**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	1,364,025	-	-	1,364,025
Construction in process	<u>25,273,864</u>	<u>5,580,939</u>	<u>30,048,075</u>	<u>806,728</u>
Total capital assets, not depreciated	<u>26,637,889</u>	<u>5,580,939</u>	<u>30,048,075</u>	<u>2,170,753</u>
Capital assets, depreciated:				
Utilities - water	22,886,886	79,384	-	22,966,270
Utilities - sewer	17,798,334	30,097,490	-	47,895,824
Parking	<u>11,201,732</u>	<u>10,000</u>	-	<u>11,211,732</u>
Total capital assets, depreciated	<u>51,886,952</u>	<u>30,186,874</u>	<u>-</u>	<u>82,073,826</u>
Less accumulated depreciation for:				
Utilities - water	10,088,965	547,689	-	10,636,654
Utilities - sewer	9,699,478	748,774	-	10,448,252
Parking	<u>2,187,939</u>	<u>257,696</u>	-	<u>2,445,635</u>
Total accumulated depreciation	<u>21,976,382</u>	<u>1,554,159</u>	<u>-</u>	<u>23,530,541</u>
Total capital assets, depreciated, net	<u>29,910,570</u>	<u>28,632,715</u>	<u>-</u>	<u>58,543,285</u>
Capital assets, net, business-type	<u>56,548,459</u>	<u>34,213,654</u>	<u>30,048,075</u>	<u>60,714,038</u>
Capital assets, net	\$ <u>70,129,618</u>	\$ <u>34,522,715</u>	\$ <u>30,043,458</u>	\$ <u>74,608,875</u>

Governmental depreciation of \$946,278 was allocated to the following functions: general government \$73,102; public safety \$154,327; public works \$499,882; and culture and recreation \$218,967.

**4. 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.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**4. Pension plans (continued):**

Defined Contribution Plan (continued) -

The following is a summary of pension plan information for the year ended June 30, 2013:

Number of active plan participants	<u>94</u>
Current year covered payroll	\$ <u>4,420,050</u>
Current year total payroll	\$ <u>7,327,080</u>
Contributions by Town (8.6% of covered payroll)	\$ <u>381,554</u>
Contributions by employees (3.3% of covered payroll)	\$ <u>144,919</u>

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 11.0% with a Town contribution of 9.5% 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, 2013, 2012 and 2011 were \$235,132, \$230,606 and \$237,801, respectively, which were equal to the required contributions for each year.

The July 1, 2013 actuarial valuation of VMERS reports asset market value of \$446,235,922 and actuarial accrued liability of \$528,426,358, leaving an actuarial shortfall of \$82,190,436.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**5. Long-term debt:**

Outstanding long-term debt for the year ended June 30, 2013 consisted of:

	<u>Balance</u> July 1, 2012	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> June 30, 2013	<u>Due</u> Within One Year
Governmental activities -					
Notes payable (2.06 - 2.12%):					
Highway Equipment Note payments through September 2015	\$ -	\$ 310,000	\$ -	\$ 310,000	\$ 103,333
Highway Equipment Note payments through December 2014	405,000	-	135,000	270,000	135,000
General obligation bonds (1.69 - 5.24%):					
General purpose, maturities through -					
December 2017	335,000	-	60,000	275,000	60,000
December 2022	335,000	-	35,000	300,000	35,000
December 2031	<u>1,865,000</u>	<u>-</u>	<u>235,000</u>	<u>1,630,000</u>	<u>235,000</u>
Total governmental activities	\$ <u>2,940,000</u>	\$ <u>310,000</u>	\$ <u>465,000</u>	\$ <u>2,785,000</u>	\$ <u>568,333</u>
Business-type activities -					
General obligation bonds (2.0% - 5.64%):					
Parking, through December 2020	\$ 1,800,000	\$ -	\$ 200,000	\$ 1,600,000	\$ 200,000
Wastewater, Revolving Loan Fund -					
RF1-127; through December 2033	10,064,704	4,000,000	-	14,064,704	-
RF1-024; through June 2033	3,611,159	-	107,467	3,503,692	109,616
Wastewater, Recovery Zone Economic					
Development, through December 2030	12,940,000	-	565,000	12,375,000	570,000
Special obligation bonds (-3.0% - 2.0%):					
Tri-Park Water, through March 2043	1,928,070	-	-	1,928,070	64,269
Tri-Park Sewer, through March 2033	<u>2,600,000</u>	<u>-</u>	<u>-</u>	<u>2,600,000</u>	<u>107,007</u>
	32,943,933	4,000,000	872,467	36,071,466	1,050,892
Less: loan subsidy - RF1-127&024	<u>(2,000,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(2,100,000)</u>	<u>-</u>
Total business-type activities	\$ <u>30,943,933</u>	\$ <u>3,900,000</u>	\$ <u>872,467</u>	\$ <u>33,971,466</u>	\$ <u>1,050,892</u>

The Town has 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 and a loan forgiveness subsidy of \$1,100,000. The loan is payable in annual installments of \$792,879 from December 2014 through December 2033.

The Town has 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 \$170,071 from June 2014 through June 2031. The loan is capitalized with 26% ARRA funds in the amount of \$1,000,000. The project is complete and the net amount due on the loan is \$2,503,692.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**5. Long-term debt (continued):**

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 \$926,000 from December 2013 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) are Town liabilities, but repayment is to be provided from assessments against the District. The Utility Fund reports deferred revenue of \$1,495,887 which will be recognized in future years as installments of the negative 3% interest water loan become due.

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 estimated annual requirements to amortize all bonds and notes outstanding as of June 30, 2013, including interest payments, are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30,				
2014	\$ 568,333	\$ 86,737	\$ 1,050,892	\$ 536,541
2015	568,333	72,639	1,593,810	772,907
2016	433,334	57,698	1,618,900	737,621
2017	315,000	44,909	1,644,293	700,511
2018	125,000	37,035	1,669,994	661,064
2019-2023	375,000	134,550	8,406,688	2,665,877
2024-2028	225,000	70,773	8,719,067	1,635,835
2029-2033	175,000	17,484	7,847,799	511,767
2034-2038	-	-	1,098,677	15,547
2039-2043	-	-	321,346	-
	<u>\$ 2,785,000</u>	<u>\$ 521,825</u>	<u>\$ 33,971,466</u>	<u>\$ 8,237,670</u>

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.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**6. Capital leases:**

The Town has entered into lease agreements for financing the acquisition of energy efficiency improvements in several buildings and the acquisition of equipment. 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 proprietary funds statement of net position as the net present value of the minimum lease payments remaining under the leases.

Future minimum lease payments and the net present value as of June 30, 2013 are as follows:

	<u>Governmental Funds</u>	<u>Utilities Fund</u>	<u>Totals</u>
Year ending June 30,			
2014	\$ 193,898	\$ 26,617	\$ 220,515
2015	193,898	26,617	220,515
2016	193,898	26,617	220,515
2017	193,898	26,617	220,515
2018	126,920	-	126,920
Thereafter	<u>507,680</u>	<u>-</u>	<u>507,680</u>
Total minimum lease payments	1,410,192	106,468	1,516,660
Less: amount representing interest	<u>117,839</u>	<u>4,948</u>	<u>122,787</u>
Present value of minimum lease payments	\$ <u>1,292,353</u>	\$ <u>101,520</u>	\$ <u>1,393,873</u>

**7. Interfund receivable and payable balances:**

Interfund receivable and payable balances resulting from pooled cash as of June 30, 2013 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 7,540,509
Development Fund	515,317	-
Capital Projects Fund	1,583,782	-
Other Governmental Funds	<u>546,350</u>	<u>120,023</u>
	<u>2,645,449</u>	<u>7,660,532</u>
Proprietary funds -		
Utilities Fund	4,631,663	-
Parking Fund	<u>353,420</u>	<u>-</u>
	<u>4,985,083</u>	<u>-</u>
Fiduciary funds	<u>30,000</u>	<u>-</u>
	\$ <u>7,660,532</u>	\$ <u>7,660,532</u>

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**8. Operating transfers:**

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Operating transfers during the year were as follows:

	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
General Fund	\$ 987,372	\$ 884,361
Development Fund	-	5,000
Capital Projects Fund	872,685	780,000
Other Governmental Funds	36,876	12,500
Utilities Fund	-	182,000
Parking Fund	-	33,072
Fiduciary funds	<u>53,120</u>	<u>53,120</u>
	<u>\$ 1,950,053</u>	<u>\$ 1,950,053</u>

The General Fund received transfers of \$209,872 from the proprietary funds, \$12,500 from Other Governmental Funds and \$765,000 from the Capital Projects Fund as reimbursement of expenditures for administration and other operating costs and for future capital projects. The General Fund transferred \$11,676 to Other Governmental Funds and \$872,685 to the Capital Projects Fund. Other Governmental Funds also received transfers of \$15,000, \$5,000 and \$5,200 from the Capital Projects Fund, the Development Fund and the proprietary funds, respectively.

**9. 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 - In November 2010, the Town ratified agreements with the Vermont Department of Transportation and Connecticut River Transit to transfer bus operations to Connecticut River Transit. The Town transferred all assets and liabilities of the Public Transportation Fund as well as the balance of all federal and state grants for current bus operations to the new operator. The Town owed the operator \$64,429 as a result of the transfer. The Town paid a \$50,000 bus service subsidy to the operator in fiscal year 2013, reducing the amount owed to \$14,429 as of June 30, 2013. The Town is committed to continue payment of the Town's \$50,000 bus service subsidy for fiscal 2014.

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, 2013**

**10. 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 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; 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. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

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 fall 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.

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

Retirement Health Plan for Brattleboro Firefighters and Police -

Plan description: In addition to the pension benefits described in note 4, 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 2013, the Town's plan included 64 members, with 9 retirees or spouses receiving benefits and 55 active employees who could be eligible to receive future benefits. Thirty-one spouses are also included in the plan census because the plan provides for two-person health coverage. The plan does not issue a separate financial report.

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.

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.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

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	\$	468,393
Interest on net OPEB obligation		17,004
Adjustment to annual required contribution		(83,703)
Amortization of actuarial (gains)/losses		<u>41,683</u>
Annual OPEB Cost		443,377
Contributions made (20.8%)		<u>(92,242)</u>
Increase in OPEB obligation		351,135
Net OPEB obligation, July 1, 2012		<u>1,133,623</u>
Net OPEB obligation, June 30, 2013	\$	<u>1,484,758</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2013 and the two preceding fiscal years were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Expected Contributions <u>Made</u>	Percentage of Annual OPEB Cost Contributed	Net OPEB <u>Obligation</u>
June 30, 2011	\$ 421,498	\$ 64,349	15.3%	\$ 775,378
June 30, 2012	\$ 432,069	\$ 73,824	17.1%	\$ 1,133,623
June 30, 2013	\$ 443,377	\$ 92,242	20.8%	\$ 1,484,758

Funded status and funding progress: An independent actuary valued the Town's OPEB liabilities as of June 30, 2011. The actuarial accrued liability for the postemployment healthcare benefits promised to eligible retired firefighter and police employees was \$4,427,483 as of June 30, 2013, all of which was unfunded. The covered 2013 payroll (annual payroll of active employees covered by the plan) was \$2,993,932, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 148%. 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.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

Funded status and funding progress (continued):

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 2011 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 6% which decreases to a 5% rate by 2015. The annual inflation assumption was 3.5% and the annual compensation increase assumption was 4.5%. 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.

**12. Fund balances:**

The classification of governmental fund balances at year end is as follows:

The General Fund reported a nonspendable balance (\$665,861) for inventory and prepaid expenditures. The General Fund also reported committed fund balance to defray the Town's portion of costs associated with repairs due to Tropical Storm Irene (\$107,886) and to fund capital projects in fiscal year 2014 (\$765,000).

The Development Fund reported a nonspendable balance (\$532,439) for those loan balances not offset by deferred revenue; the remaining balance of these programs are restricted (\$2,106,510) by program regulations or committed (\$167,935) by Town voters.

The Capital Projects Fund reported an assigned balance (\$1,647,794) for capital projects which has not been used and may be released to the General Fund.

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

**13. 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.

**TOWN OF BRATTLEBORO, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**13. Joint venture (continued):**

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, 2013 is as follows:

Assets	\$ <u>2,937,649</u>
Liabilities	\$ 679,969
Net position	<u>2,257,680</u>
	\$ <u>2,937,649</u>
Operating revenues	\$ 1,314,254
Operating expenses	<u>1,591,132</u>
Operating loss	(276,878)
Nonoperating revenue, net	<u>33,104</u>
Change in net position	\$ <u>(243,774)</u>

**14. 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 to assist with recovery efforts. As of June 30, 2013, the Town had received approval of \$1,873,777 in federal and state disaster recovery assistance. The Town's portion of the Tropical Storm Irene recovery effort was \$75,958 as of June 30, 2013.

**TOWN OF BRATTLEBORO, VERMONT**  
**COMBINING BALANCE SHEET - DEVELOPMENT FUND**  
**JUNE 30, 2013**

<u>ASSETS</u>	Disaster Relief	Rental Housing	SBAP	UDAG Holstein	VCDP 1st Generation Active	VCDP 1st Generation Deferred	Total
Due from other funds	\$ 39,998	\$ 127,937	\$ 275,265	\$ -	\$ 72,117	\$ -	\$ 515,317
Investments	-	-	-	1,768,298	-	-	1,768,298
Loans receivable, net	<u>6,896</u>	<u>60,564</u>	<u>650,079</u>	-	<u>826,327</u>	<u>2,351,500</u>	<u>3,895,366</u>
Total assets	<u>\$ 46,894</u>	<u>\$ 188,501</u>	<u>\$ 925,344</u>	<u>\$ 1,768,298</u>	<u>\$ 898,444</u>	<u>\$ 2,351,500</u>	<u>\$ 6,178,981</u>

LIABILITIES AND FUND EQUITY

<b>LIABILITIES:</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 9,170	\$ -	\$ 9,170
Deferred revenue	-	-	<u>185,100</u>	-	<u>826,327</u>	<u>2,351,500</u>	<u>3,362,927</u>
Total liabilities	-	-	<u>185,100</u>	-	<u>835,497</u>	<u>2,351,500</u>	<u>3,372,097</u>

**FUND EQUITY:**

Fund balances -							
Nonspendable	6,896	60,564	464,979	-	-	-	532,439
Restricted	-	-	275,265	1,768,298	62,947	-	2,106,510
Committed	<u>39,998</u>	<u>127,937</u>	-	-	-	-	<u>167,935</u>
Total fund balances	<u>46,894</u>	<u>188,501</u>	<u>740,244</u>	<u>1,768,298</u>	<u>62,947</u>	-	<u>2,806,884</u>
Total liabilities and fund equity	<u>\$ 46,894</u>	<u>\$ 188,501</u>	<u>\$ 925,344</u>	<u>\$ 1,768,298</u>	<u>\$ 898,444</u>	<u>\$ 2,351,500</u>	<u>\$ 6,178,981</u>

**TOWN OF BRATTLEBORO, VERMONT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - DEVELOPMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

		Disaster <u>Relief</u>	Rental <u>Housing</u>	<u>SBAP</u>	<u>UDAG</u> <u>Holstein</u>	VCDP 1st Generation <u>Active</u>	VCDP 1st Generation <u>Deferred</u>	<u>Total</u>
<b>REVENUES:</b>								
Investment income/change in value	\$	365	\$ 1,778	\$ 7,084	\$ (85,999)	\$ 22,877	\$ -	\$ (53,895)
<b>EXPENDITURES:</b>								
General government		<u>-</u>	<u>-</u>	<u>28,061</u>	<u>-</u>	<u>19,762</u>	<u>-</u>	<u>47,823</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>		365	1,778	(20,977)	(85,999)	3,115	-	(101,718)
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating transfers in (out)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>		365	1,778	(20,977)	(85,999)	(1,885)	-	(106,718)
FUND BALANCES, July 1, 2012		<u>46,529</u>	<u>186,723</u>	<u>761,221</u>	<u>1,854,297</u>	<u>64,832</u>	<u>-</u>	<u>2,913,602</u>
FUND BALANCES, June 30, 2013	\$	<u>46,894</u>	<u>188,501</u>	<u>740,244</u>	<u>1,768,298</u>	<u>62,947</u>	<u>-</u>	<u>\$ 2,806,884</u>

**TOWN OF BRATTLEBORO, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

<u>ASSETS</u>	Grants Fund	Community Restorative Justice	Public Transportation Program	Tropical Storm Irene	Union Station Project	Agricultural Land Trust Preservation Fund
Cash and cash equivalents	\$ 100	\$ 200	\$ -	\$ -	\$ -	\$ -
Accounts receivable	174,720	-	-	440,597	-	-
Prepaid expenditures	3,300	1,125	-	-	-	-
Due from other funds	-	<u>5,008</u>	<u>14,429</u>	-	<u>5,446</u>	<u>95,078</u>
Total assets	<u>\$ 178,120</u>	<u>\$ 6,333</u>	<u>\$ 14,429</u>	<u>\$ 440,597</u>	<u>\$ 5,446</u>	<u>\$ 95,078</u>

LIABILITIES AND FUND EQUITY

<u>LIABILITIES:</u>						
Accounts payable	\$ 4,338	\$ 4,226	\$ 14,429	\$ -	\$ -	\$ -
Accrued liabilities	-	1,574	-	-	-	-
Due to other funds	36,528	-	-	83,495	-	-
Deferred revenue	<u>137,254</u>	<u>533</u>	<u>-</u>	<u>339,247</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>178,120</u>	<u>6,333</u>	<u>14,429</u>	<u>422,742</u>	<u>-</u>	<u>-</u>

<u>FUND EQUITY:</u>						
Fund balances -						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	17,855	5,446	95,078
Committed	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,855</u>	<u>5,446</u>	<u>95,078</u>
Total liabilities and fund equity	<u>\$ 178,120</u>	<u>\$ 6,333</u>	<u>\$ 14,429</u>	<u>\$ 440,597</u>	<u>\$ 5,446</u>	<u>\$ 95,078</u>

**TOWN OF BRATTLEBORO, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<u>Recreation Programs</u>	<u>Reappraisal Reserve</u>	<u>Records Restoration</u>	<u>Skating Rink Improvements</u>	<u>Trees Program</u>	<u>Other Funds</u>	<u>Total</u>
<u>ASSETS</u>							
Cash and cash equivalents	\$ 3,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,641
Accounts receivable	-	-	-	-	-	-	615,317
Prepaid expenditures	-	-	-	-	-	-	4,425
Due from other funds	<u>210,483</u>	<u>86,462</u>	<u>36,882</u>	<u>76,047</u>	<u>13,617</u>	<u>2,898</u>	<u>546,350</u>
Total assets	<u>\$ 213,824</u>	<u>\$ 86,462</u>	<u>\$ 36,882</u>	<u>\$ 76,047</u>	<u>\$ 13,617</u>	<u>\$ 2,898</u>	<u>\$ 1,169,733</u>
<u>LIABILITIES AND FUND EQUITY</u>							
<u>LIABILITIES:</u>							
Accounts payable	\$ 3,090	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 26,583
Accrued liabilities	-	-	-	-	-	-	1,574
Due to other funds	-	-	-	-	-	-	120,023
Deferred revenue	-	912	-	-	12,617	-	490,563
Total liabilities	<u>3,090</u>	<u>912</u>	<u>-</u>	<u>-</u>	<u>12,617</u>	<u>500</u>	<u>638,743</u>
<u>FUND EQUITY:</u>							
Fund balances -							
Nonspendable	-	-	-	-	-	-	4,425
Restricted	-	85,550	36,882	-	1,000	2,398	244,209
Committed	<u>210,734</u>	<u>-</u>	<u>-</u>	<u>76,047</u>	<u>-</u>	<u>-</u>	<u>282,356</u>
Total fund balances	<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>
Total liabilities and fund equity	<u>\$ 213,824</u>	<u>\$ 86,462</u>	<u>\$ 36,882</u>	<u>\$ 76,047</u>	<u>\$ 13,617</u>	<u>\$ 2,898</u>	<u>\$ 1,169,733</u>

**TOWN OF BRATTLEBORO, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Grants Fund	Community Restorative Justice	Public Transportation Program	Tropical Storm Irene	Union Station Project	Agricultural Land Trust Preservation Fund
<b>REVENUES:</b>						
Investment income/change in value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285
Intergovernmental	398,982	159,963	-	14,901	248,554	-
Donations and grants	-	-	-	-	-	-
Departmental and other revenue	5,921	6,778	-	-	-	-
Total revenues	<u>404,903</u>	<u>166,741</u>	<u>-</u>	<u>14,901</u>	<u>248,554</u>	<u>285</u>
<b>EXPENDITURES:</b>						
General government	23,977	-	-	-	-	-
Human services	-	166,741	-	-	-	-
Public safety	111,169	-	-	-	-	-
Public works	162,910	-	-	15,685	31,536	-
Culture and recreation	18,934	-	-	-	-	-
Capital outlay	109,790	-	-	-	-	-
Total expenditures	<u>426,780</u>	<u>166,741</u>	<u>-</u>	<u>15,685</u>	<u>31,536</u>	<u>-</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	(21,877)	-	-	(784)	217,018	285
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (out)	<u>21,877</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>15,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	(785)	232,018	285
<b>FUND BALANCES (DEFICIT), June 30, 2012</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,640</u>	<u>(226,572)</u>	<u>94,793</u>
<b>FUND BALANCES, June 30, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,855</u>	<u>\$ 5,446</u>	<u>\$ 95,078</u>

**TOWN OF BRATTLEBORO, VERMONT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Recreation Programs	Reappraisal Reserve	Records Restoration	Skating Rink Improvements	Trees Program	Other Funds	Total
<b>REVENUES:</b>							
Investment income/change in value	\$ 620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 905
Intergovernmental	-	43,114	-	-	-	-	865,514
Donations and grants	-	-	-	-	1,000	500	1,500
Departmental and other revenue	113,408	-	17,420	33,557	-	-	177,084
Total revenues	<u>114,028</u>	<u>43,114</u>	<u>17,420</u>	<u>33,557</u>	<u>1,000</u>	<u>500</u>	<u>1,045,003</u>
<b>EXPENDITURES:</b>							
General government	-	1,817	-	-	-	-	25,794
Human services	-	-	-	-	-	-	166,741
Public safety	-	-	-	-	-	-	111,169
Public works	-	-	-	-	-	-	210,131
Culture and recreation	118,601	-	-	18,526	-	510	156,571
Capital outlay	-	-	-	-	-	-	109,790
Total expenditures	<u>118,601</u>	<u>1,817</u>	<u>-</u>	<u>18,526</u>	<u>-</u>	<u>510</u>	<u>780,196</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	(4,573)	41,297	17,420	15,031	1,000	(10)	264,807
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating transfers in (out)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>-</u>	<u>-</u>	<u>24,376</u>
<b>NET CHANGE IN FUND BALANCES</b>	(9,573)	41,297	17,420	7,531	1,000	(10)	289,183
<b>FUND BALANCES (DEFICIT), June 30, 2012</b>	<u>220,307</u>	<u>44,253</u>	<u>19,462</u>	<u>68,516</u>	<u>-</u>	<u>2,408</u>	<u>241,807</u>
<b>FUND BALANCES, June 30, 2013</b>	<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>

**TOWN OF BRATTLEBORO, VERMONT**  
**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND**  
**JUNE 30, 2013**

Schedule 5

	<u>Capital Projects Fund</u>	<u>West River Park Fund</u>	<u>Skateboard Park Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Accounts receivable	\$ 201,581	\$ -	\$ -	\$ 201,581
Due from other funds	<u>1,457,621</u>	<u>93,940</u>	<u>32,221</u>	<u>1,583,782</u>
Total assets	\$ <u>1,659,202</u>	\$ <u>93,940</u>	\$ <u>32,221</u>	\$ <u>1,785,363</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 109,571	\$ 8,998	\$ -	\$ 118,569
Deferred revenue	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>19,000</u>
Total liabilities	109,571	8,998	19,000	137,569
<b>FUND EQUITY:</b>				
Fund balances - Assigned	<u>1,549,631</u>	<u>84,942</u>	<u>13,221</u>	<u>1,647,794</u>
Total liabilities and fund equity	\$ <u>1,659,202</u>	\$ <u>93,940</u>	\$ <u>32,221</u>	\$ <u>1,785,363</u>

**TOWN OF BRATTLEBORO, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 6

	Capital Projects Fund	West River Park Fund	Skateboard Park Fund	Total
REVENUES:				
Intergovernmental	\$ 191,083	\$ -	\$ -	\$ 191,083
Donations and Grants	6	232,090	6,106	238,202
Departmental and other revenue	<u>3,922</u>	<u>-</u>	<u>-</u>	<u>3,922</u>
Total revenues	195,011	232,090	6,106	433,207
EXPENDITURES:				
Capital outlay	<u>979,443</u>	<u>152,895</u>	<u>13,211</u>	<u>1,145,549</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(784,432)</u>	<u>79,195</u>	<u>(7,105)</u>	<u>(712,342)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from borrowing-capital lease	310,000	-	-	310,000
Operating transfers in (out), net	<u>92,685</u>	<u>-</u>	<u>-</u>	<u>92,685</u>
Total other financing sources (uses)	<u>402,685</u>	<u>-</u>	<u>-</u>	<u>402,685</u>
NET CHANGE IN FUND BALANCES	(381,747)	79,195	(7,105)	(309,657)
FUND BALANCES, July 1, 2012	<u>1,931,378</u>	<u>5,747</u>	<u>20,326</u>	<u>1,957,451</u>
FUND BALANCES, June 30, 2013	\$ <u>1,549,631</u>	\$ <u>84,942</u>	\$ <u>13,221</u>	\$ <u>1,647,794</u>

**TOWN OF BRATTLEBORO, VERMONT**  
**REQUIRED SUPPLEMENTARY INFORMATION -**  
**FUNDING PROGRESS FOR OPEB PLAN**  
**JUNE 30, 2013**

Schedule 7

Retirement Health Plan for Brattleboro Firefighters and Police -

The Town has performed two actuarial valuations, the latest as of June 30, 2011. 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 2013 and the 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,						
2011	\$ -	\$ 3,752,421	\$ 3,752,421	0%	\$ 2,503,168	150%
2012	\$ -	\$ 4,092,161	\$ 4,092,161	0%	\$ 2,605,395	157%
2013	\$ -	\$ 4,427,483	\$ 4,427,483	0%	\$ 2,993,932	148%