

TOWN OF BRATTLEBORO, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2012

AND

INDEPENDENT AUDITOR'S REPORT

TOWN OF BRATTLEBORO, VERMONT

JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

The Brattleboro Selectboard
Town of Brattleboro, Vermont

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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the respective changes in financial position, and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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* and should be considered in assessing the results of our audit.

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.

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Montpelier, Vermont
December 21, 2012

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

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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 assets of the Town's governmental activities increased by \$1,861,760, or approximately 13.6%. Net assets of our business-type activities increased by \$434,648, or approximately 1.5%.
- The cost of all of the Town's programs was \$20,369,112, with no new programs added this year. Program costs were up \$1,135,243 this year over previous years due, in large part, to costs associated with Tropical Storm Irene.
- The General Fund reported an increase in fund balance this year of \$739,947, which was \$1,169,947 better than was budgeted.
- The unassigned fund balance for the General Fund was \$1,627,966 as of June 30, 2012. This represents the amount of funds available for future budgets. The committed fund balance of \$170,000 was for the Town's portion of Tropical Storm Irene expenditures. The nonspendable fund balance was \$613,848, including \$573,715 in fiscal year 2013 prepaid expenditures and inventories of \$40,133.
- The Development Fund reported an increase in fund balance this year of \$421,902, compared to a decrease of \$32,787 in the prior year. This increase was largely due to unrealized gains on investments.
- The Capital Projects Fund reported a decrease in fund balance this year of \$24,936, compared to an increase of \$1,997,470 in the prior year. The large increase in the previous year was primarily due to proceeds from a bond issued to fund capital projects.

Financial Statements

The accompanying financial statements for the year ended June 30, 2012 include two separate presentations of financial statements. Government-wide financial statements (the Statement of Net Assets 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 Assets 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 assets. Over time, increases or decreases in net assets 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 assets 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

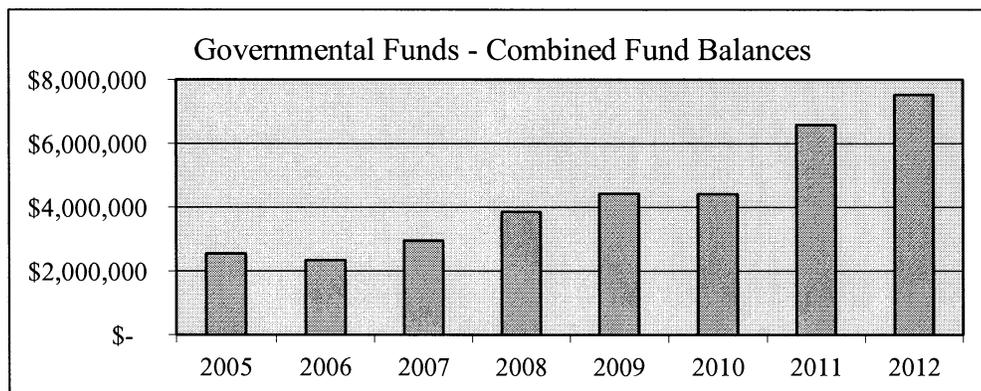
The Statement of Net Assets as of June 30, 2012 shows total recorded assets of the Town are \$94,764,354. This includes the net value of capital assets of \$70,129,618. Total assets reported in 2011 were \$80,338,920. Of the 2012 assets, \$24,634,736 are current assets. The noncurrent assets are the 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, 2012 totaled \$49,344,097 including \$6,261,692 in current liabilities, and \$43,082,405 in noncurrent liabilities. The liabilities of the Town at June 30, 2011 totaled \$37,215,071 including \$2,461,306 in current liabilities, and \$34,753,765 in noncurrent liabilities.

The Statement of Activities reports total operating expenses for 2012 of \$20,369,112 which includes depreciation of capital assets of \$2,131,298. Total expenses for 2011 were \$19,235,184 (including depreciation of governmental capital assets of \$1,867,714). 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.

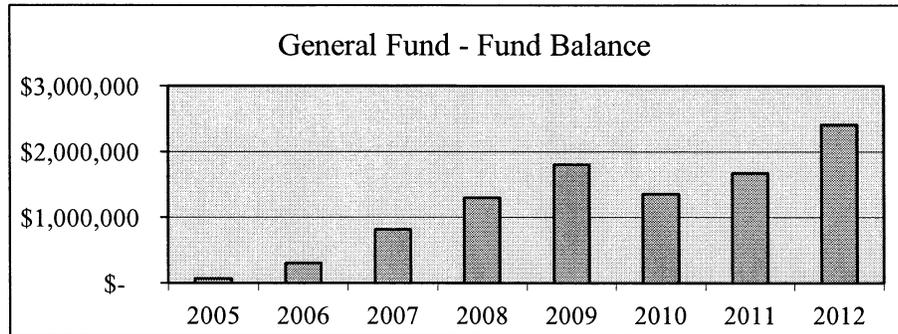
General revenues are mainly the Town property taxes of \$13,116,313 and \$12,745,669 for 2012 and 2011, respectively. Property taxes are reported net of the education taxes required to be collected by the Town for the benefit of others. For the year ending June 30, 2012, the Town's total revenues exceeded expenses by \$2,296,408 and increased net assets at June 30, 2012 to \$45,420,257. For the year ending June 30, 2011, revenues exceeded expenses, increasing government-wide net assets by \$1,704,476.

Governmental Funds

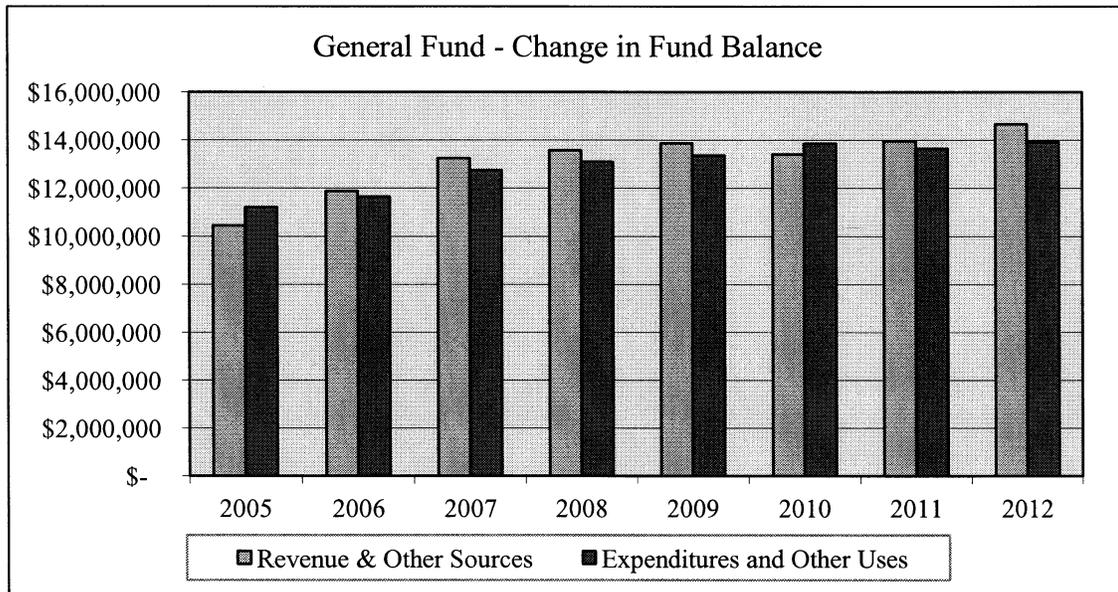
The Town's governmental funds reported combined ending fund balances of \$7,524,674 at June 30, 2012, an increase of \$939,975 for the year then ended.



In 2011 the General Fund experienced an increase in fund balance of \$317,538. In 2012 the General Fund recorded an increase in fund balance of \$739,947, resulting in a June 30, 2012 fund balance of \$2,411,814, of which \$613,848 was nonspendable, \$170,000 was committed and \$1,627,966 was unassigned.



The 2012 increase in fund balance was a result of 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. The 2011 increase in fund balance resulted from revenue increases in property taxes, employee vacancies in the public works and police departments and close monitoring of General Fund expenditures throughout the year.

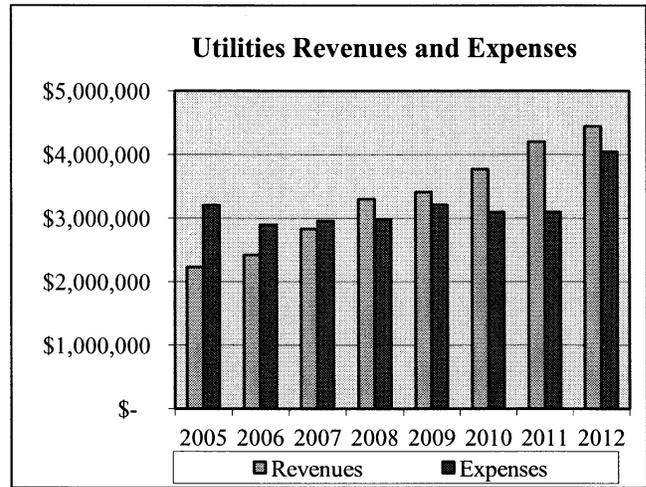
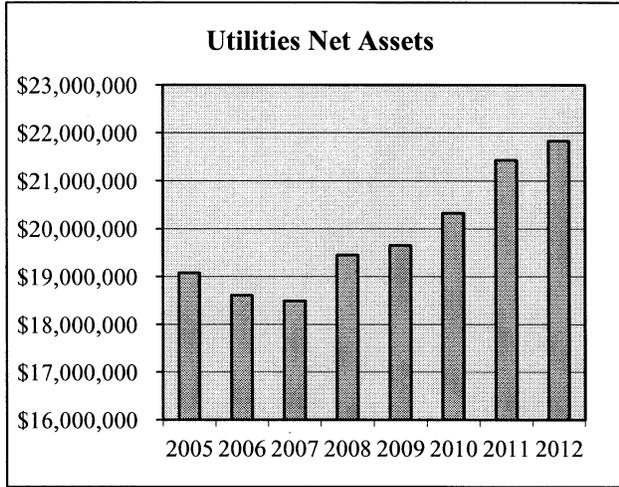


As shown on the Statement of Revenue and Expenditures - Budget and Actual - General Fund, revenues exceeded the budget by \$525,953. Actual expenditures (excluding fund transfers) were less than the budgeted expenditures by \$705,931. Fund transfers exceeded the budget by \$61,937 due primarily to transfers for the Town's portion of Tropical Storm Irene expenditures. Monitoring of expenditures and revenue is conducted on an on-going basis with financial reports being reviewed on a monthly basis by the Selectboard.

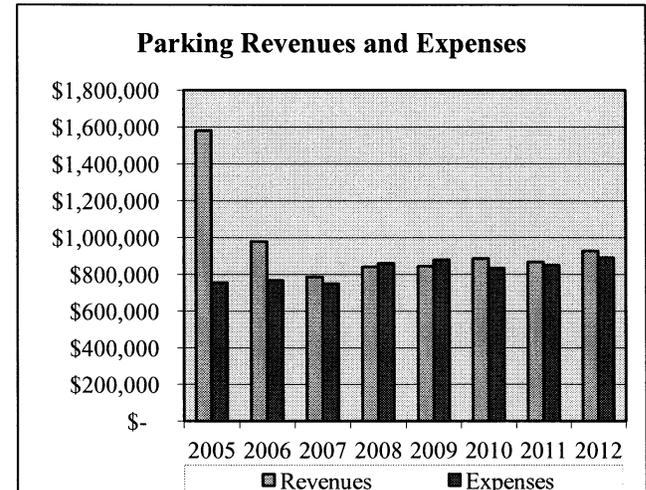
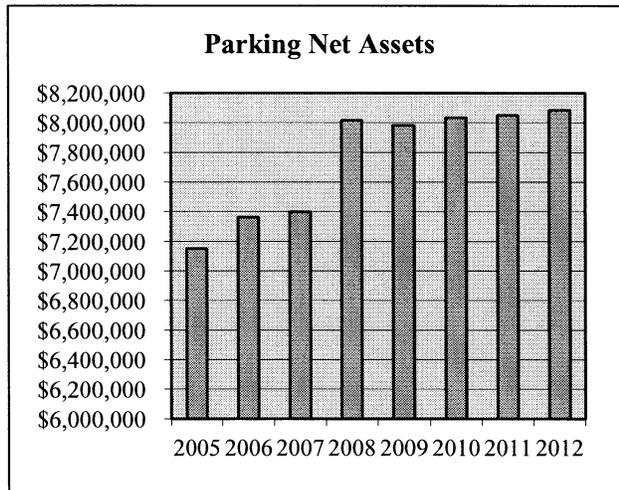
Proprietary Funds:

The Utilities Fund net assets increased by \$398,562 in 2012. Operating revenues exceeded operating expenses by \$925,261 and nonoperating revenue was \$67,949 in 2012 compared to \$69,883 in 2011. Nonoperating

expense for interest for the years ending June 30, 2012 and 2011 was \$417,848 and \$0, 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 assets of \$36,086. Operating revenues increased by \$67,443 from the previous year and operating expenses increased by \$54,990, primarily due to insurance claims and expenses related to Tropical Storm Irene. Nonoperating expenses decreased by \$13,987, capital contributions decreased by \$7,100 and transfers out were unchanged from the prior year.



Capital Assets and Debt Administration

Capital Assets

At June 30, 2012, the Town had \$70,129,618 compared to \$51,863,834 at June 30, 2011 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 \$18,265,784 over the last year.

Debt Administration

As of June 30, 2012, the Governmental Activities had \$4,347,571 in debt and capital leases outstanding compared to \$4,315,206 at June 30, 2011, a net increase of \$32,364 (0.75%). This increase is the result of \$405,000 in new debt to refinance two capital leases; principal payments on governmental debt (\$142,575) and leases (\$137,714); and a new capital lease for equipment of \$312,653. As of June 30, 2012, the Utilities Fund had \$31,268,182 in debt and capital leases outstanding compared to \$23,496,736 at June 30, 2011, an increase of \$7,771,446 (33%). This increase is due to \$8,207,197 in new bonds issued for the wastewater upgrade project, \$124,249 in new capital leases less principal payments of \$560,000. 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, 2012 and 2011 was \$2,000,000 and \$1,600,000. As of June 30, 2012 the Parking Fund had \$1,800,000 in outstanding debt compared to \$2,000,000 at June 30, 2011, representing a decrease of \$200,000 (10%). 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 2013, 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 2013. This pressure resulted in reductions in the amount budgeted for infrastructure projects and equipment purchases.

Total fiscal year 2013 General Fund budgeted expenditures approved by the Town Meeting representatives was \$14,645,124 which represents a decrease of \$132,170 from the fiscal year 2012 budgeted expenditures. The municipal portion of the Town's property taxes approved by Town Meeting representatives as part of the overall fiscal year 2013 budget was \$12,780,424 which represents an increase of \$322,010 from the property taxes approved in fiscal year 2012. The fiscal year 2013 municipal property tax rate (including the local agreement rate) was \$1.1259 per \$100.00 of valuation. This represents an increase of \$0.006 per \$100.00 of valuation (0.54%).

Total fiscal year 2013 Utility Fund budgeted expenditures approved by the Selectboard was \$4,760,700, which represents an increase of \$909,674 from the fiscal year 2012 budgeted expenditures. This increase is due, almost entirely, to an increase in depreciation expense as the wastewater upgrade project is expected to be completed and placed in service. Total fiscal year 2013 Utility Fund budgeted revenues are \$2,481,500, which is up 1.3% over fiscal year 2012 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 ASSETS
JUNE 30, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 9,482,838	\$ 5,855,084	\$ 15,337,922
Investments	1,854,297	-	1,854,297
Receivables:			
Property taxes	527,129	-	527,129
Loans net of allowance of \$260,567 in the SBAP loan fund	3,782,953	-	3,782,953
Accounts	915,834	1,331,033	2,246,867
Due from (to) other activities	(4,365,693)	4,365,693	-
Due to fiduciary funds	(30,000)	-	(30,000)
Prepaid expenses	578,804	158,395	737,199
Inventory	40,133	138,236	178,369
Total current assets	<u>12,786,295</u>	<u>11,848,441</u>	<u>24,634,736</u>
Noncurrent assets -			
Capital assets	38,645,134	78,524,841	117,169,975
less - accumulated depreciation	<u>(25,063,975)</u>	<u>(21,976,382)</u>	<u>(47,040,357)</u>
Total noncurrent assets	<u>13,581,159</u>	<u>56,548,459</u>	<u>70,129,618</u>
Total assets	<u>26,367,454</u>	<u>68,396,900</u>	<u>94,764,354</u>
LIABILITIES:			
Current liabilities -			
Warrants and accounts payable	507,708	3,750,714	4,258,422
Accrued liabilities:			
Payroll	221,627	-	221,627
Compensated absences	97,231	103,647	200,878
Other	177,968	65,330	243,298
Current portion of long-term debt	465,000	872,467	1,337,467
Total current liabilities	<u>1,469,534</u>	<u>4,792,158</u>	<u>6,261,692</u>
Noncurrent liabilities -			
Compensated absences	466,542	-	466,542
Other postemployment benefits	1,133,623	-	1,133,623
Deferred revenue	3,908,288	1,495,666	5,403,954
Capital lease liability	1,407,571	124,249	1,531,820
Long-term debt	2,475,000	32,071,466	34,546,466
Total noncurrent liabilities	<u>9,391,024</u>	<u>33,691,381</u>	<u>43,082,405</u>
Total liabilities	<u>10,860,558</u>	<u>38,483,539</u>	<u>49,344,097</u>
NET ASSETS:			
Invested in capital assets, net of related debt	9,233,588	23,604,526	32,838,114
Restricted	3,136,604	5,855,034	8,991,638
Unrestricted	3,136,704	453,801	3,590,505
Total net assets	<u>\$ 15,506,896</u>	<u>\$ 29,913,361</u>	<u>\$ 45,420,257</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, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
FUNCTIONS/PROGRAMS:							
Governmental activities -							
General government	\$ 5,087,610	\$ 202,196	\$ 223,202	\$ 235,550	\$ (4,426,662)	\$ -	\$ (4,426,662)
Public safety	4,952,798	286,402	114,286	80,494	(4,471,616)	-	(4,471,616)
Public works	2,834,599	1,832,341	6,045	47,492	(948,721)	-	(948,721)
Culture and recreation	1,657,559	288,854	391,239	-	(977,466)	-	(977,466)
Recycling and solid waste	950,583	-	-	207	(950,376)	-	(950,376)
Other	158,200	-	-	-	(158,200)	-	(158,200)
Total governmental activities	<u>15,641,349</u>	<u>2,609,793</u>	<u>734,772</u>	<u>363,743</u>	<u>(11,933,041)</u>	<u>-</u>	<u>(11,933,041)</u>
Business-type activities -							
Utilities	3,869,603	-	4,175,612	201,404	-	507,413	507,413
Parking	858,160	-	818,155	107,135	-	67,130	67,130
Total business-type activities	<u>4,727,763</u>	<u>-</u>	<u>4,993,767</u>	<u>308,539</u>	<u>-</u>	<u>574,543</u>	<u>574,543</u>
	<u>\$ 20,369,112</u>	<u>\$ 2,609,793</u>	<u>\$ 5,728,539</u>	<u>\$ 672,282</u>	<u>(11,933,041)</u>	<u>574,543</u>	<u>(11,358,498)</u>
GENERAL REVENUES - PROPERTY TAXES					13,116,313	-	13,116,313
- INVESTMENT INCOME					498,438	69,977	568,415
- TRANSFERS, NET					180,050	(209,872)	(29,822)
					<u>13,794,801</u>	<u>(139,895)</u>	<u>13,654,906</u>
CHANGE IN NET ASSETS					1,861,760	434,648	2,296,408
NET ASSETS, July 1, 2011					<u>13,645,136</u>	<u>29,478,713</u>	<u>43,123,849</u>
NET ASSETS, June 30, 2012					<u>\$ 15,506,896</u>	<u>\$ 29,913,361</u>	<u>\$ 45,420,257</u>

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012
 (Page 1 of 3)

	<u>General Fund</u>	<u>Development Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 9,479,197	\$ -	\$ -	\$ 3,641	\$ 9,482,838
Investments	-	1,854,297	-	-	1,854,297
Receivables:					
Property taxes	527,129	-	-	-	527,129
Loans net of allowance of \$260,567 in the SBAP loan fund	-	3,782,953	-	-	3,782,953
Accounts	182,049	-	87,555	646,230	915,834
Due from other funds	-	643,928	1,917,257	611,152	3,172,337
Prepaid expenditures	573,715	-	-	5,089	578,804
Inventory	40,133	-	-	-	40,133
Total assets	\$ 10,802,223	\$ 6,281,178	\$ 2,004,812	\$ 1,266,112	\$ 20,354,325
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES:</u>					
Warrants and accounts payable	\$ 170,099	\$ -	\$ 28,361	\$ 309,248	\$ 507,708
Accrued liabilities -					
Payroll	221,627	-	-	-	221,627
Compensated absences	95,657	-	-	1,574	97,231
Other	177,968	-	-	-	177,968
Due to other funds	7,373,476	-	-	194,554	7,568,030
Deferred revenue	351,582	3,367,576	19,000	518,929	4,257,087
Total liabilities	8,390,409	3,367,576	47,361	1,024,305	12,829,651

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

(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>
FUND EQUITY:					
Fund balances -					
Nonspendable	613,848	415,377	-	-	1,029,225
Restricted	-	2,347,975	-	179,546	2,527,521
Committed	170,000	150,250	-	288,833	609,083
Assigned	-	-	1,957,451	-	1,957,451
Unassigned	<u>1,627,966</u>	<u>-</u>	<u>-</u>	<u>(226,572)</u>	<u>1,401,394</u>
Total fund balances	<u>2,411,814</u>	<u>2,913,602</u>	<u>1,957,451</u>	<u>241,807</u>	<u>7,524,674</u>
Total liabilities and fund equity	<u>\$ 10,802,223</u>	<u>\$ 6,281,178</u>	<u>\$ 2,004,812</u>	<u>\$ 1,266,112</u>	<u>\$ 20,354,325</u>

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012
(Page 3 of 3)

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

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 7,524,674
Amounts reported for governmental activities in the Government-wide Statement of Net Assets are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	38,645,134
Accumulated depreciation	(25,063,975)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	348,799
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.	(466,542)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Other postemployment benefits	(1,133,623)
Capital lease liability	(1,407,571)
Long-term debt - current	(465,000)
Long-term debt - noncurrent	<u>(2,475,000)</u>
Net Assets of Governmental Activities - Government-wide Statement of Net Assets	\$ <u>15,506,896</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, 2012

(Page 1 of 3)

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:					
Property taxes	\$ 13,334,456	-	-	-	\$ 13,334,456
Licenses and permits	161,831	-	-	-	161,831
Investment income	54,368	442,781	346	943	498,438
Intergovernmental	366,065	-	226,394	1,599,046	2,191,505
Donations	6,920	-	200,240	188,103	395,263
Other departmental revenue	739,735	-	22,437	197,537	959,709
Total revenues	<u>14,663,375</u>	<u>442,781</u>	<u>449,417</u>	<u>1,985,629</u>	<u>17,541,202</u>
EXPENDITURES:					
Current -					
General government	2,180,751	20,879	-	83,083	2,284,713
Human services	152,925	-	-	160,860	313,785
Public safety	4,251,647	-	-	206,142	4,457,789
Public works	1,223,696	-	-	1,194,791	2,418,487
Culture and recreation	1,331,163	-	-	115,266	1,446,429
Recycling and solid waste	950,583	-	-	-	950,583
Pension and benefits	2,423,110	-	-	-	2,423,110
Capital outlay	-	-	1,894,847	465,699	2,360,546
Debt service - Principal	142,574	-	-	-	142,574
- Capital lease principal	137,714	-	-	-	137,714
- Interest	158,200	-	-	-	158,200
Total expenditures	<u>12,952,363</u>	<u>20,879</u>	<u>1,894,847</u>	<u>2,225,841</u>	<u>17,093,930</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>1,711,012</u>	<u>421,902</u>	<u>(1,445,430)</u>	<u>(240,212)</u>	<u>447,272</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, 2012

(Page 2 of 3)

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing-capital lease	-	-	312,653	-	312,653
Operating transfers in (out), net	<u>(971,065)</u>	<u>-</u>	<u>1,107,841</u>	<u>43,274</u>	<u>180,050</u>
Total other financing sources (uses)	<u>(971,065)</u>	<u>-</u>	<u>1,420,494</u>	<u>43,274</u>	<u>492,703</u>
NET CHANGE IN FUND BALANCES	739,947	421,902	(24,936)	(196,938)	939,975
FUND BALANCES, July 1, 2011	<u>1,671,867</u>	<u>2,491,700</u>	<u>1,982,387</u>	<u>438,745</u>	<u>6,584,699</u>
FUND BALANCES, June 30, 2012	<u>\$ 2,411,814</u>	<u>\$ 2,913,602</u>	<u>\$ 1,957,451</u>	<u>\$ 241,807</u>	<u>\$ 7,524,674</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, 2012

(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	\$ 939,975
Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets, net	2,411,737
Depreciation	(881,160)
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	(566,942)
Current year	348,799
Accrued compensated absences are fully accrued for the governmental activities, exceeding the limited accrual for fund accounting by these amounts.	
Prior year	466,503
Current year	(466,542)
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	775,378
Current year	(1,133,623)
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 assets.	
Proceeds from borrowing - capital lease	(312,653)
Debt service - principal	142,574
Capital lease - principal payments	<u>137,714</u>
Change in Net Assets of Governmental Activities - Government-wide Statement of Activities	\$ <u>1,861,760</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, 2012

(Page 1 of 2)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES:			
Taxes	\$ 12,929,414	\$ 13,334,456	\$ 405,042
Interest income	12,000	54,368	42,368
Departmental revenue -			
Town Manager	159,000	163,074	4,074
Finance	-	46,149	46,149
Town Clerk	133,100	131,514	(1,586)
Listers	500	423	(77)
Risk Management	-	703	703
Planning	48,200	30,317	(17,883)
Library	53,225	49,919	(3,306)
Fire	23,400	31,335	7,935
Refuse/recycle	-	207	207
Municipal Center	19,210	18,126	(1,084)
Police	155,808	166,417	10,609
Public works	4,300	53,537	49,237
Parks and recreation	196,100	216,765	20,665
Intergovernmental - regional	353,165	358,751	5,586
Intergovernmental - school	50,000	7,314	(42,686)
Budgeted revenues	<u>14,137,422</u>	<u>14,663,375</u>	<u>525,953</u>
EXPENDITURES:			
Administration -			
Town Manager	193,200	185,088	8,112
Finance	340,830	315,065	25,765
Town Attorney	101,000	99,202	1,798
Town Clerk	171,265	168,873	2,392
Listers	156,810	154,258	2,552
General services	204,600	262,042	(57,442)
Risk management	455,900	468,428	(12,528)
Planning	194,835	183,712	11,123
Capital expenditures	-	-	-
Employee benefits	2,596,599	2,423,110	173,489
Debt service - bonds, notes, lease	642,375	438,488	203,887
Human services	142,625	152,925	(10,300)
Auxiliary services	416,840	458,107	(41,267)

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, 2012

(Page 2 of 2)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Library	593,740	584,744	8,996
Fire Department	1,657,358	1,655,930	1,428
Recycling and solid waste	988,100	950,583	37,517
Municipal center	155,450	182,118	(26,668)
Police Department	1,876,825	1,737,626	139,199
Police dispatch	446,580	399,984	46,596
Public Works	1,404,622	1,223,696	180,926
Regional	103,500	85,965	17,535
Recreation and parks	739,240	746,419	(7,179)
Assessment - BABB	<u>76,000</u>	<u>76,000</u>	<u>-</u>
Total expenditures	<u>13,658,294</u>	<u>12,952,363</u>	<u>705,931</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>479,128</u>	<u>1,711,012</u>	<u>1,231,884</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	209,872	210,050	178
Operating transfers out	<u>(1,119,000)</u>	<u>(1,181,115)</u>	<u>(62,115)</u>
Total other financing sources (uses)	<u>(909,128)</u>	<u>(971,065)</u>	<u>(61,937)</u>
NET CHANGE IN FUND BALANCES	\$ <u>(430,000)</u>	\$ <u>739,947</u>	\$ <u>1,169,947</u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Utilities Fund</u>	<u>Parking Fund</u>	<u>Totals Proprietary Funds</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 5,855,034	\$ 50	\$ 5,855,084
Accounts receivable:			
Accounts net of allowance for uncollectibles of \$8,929 in the utilities fund	1,215,795	550	1,216,345
Other	114,688	-	114,688
Due from other funds	4,124,940	240,753	4,365,693
Inventory	138,236	-	138,236
Prepaid expenses	123,673	34,722	158,395
Total current assets	<u>11,572,366</u>	<u>276,075</u>	<u>11,848,441</u>
Noncurrent assets -			
Capital assets	66,713,135	11,811,706	78,524,841
less - accumulated depreciation	<u>(19,788,443)</u>	<u>(2,187,939)</u>	<u>(21,976,382)</u>
Total noncurrent assets	<u>46,924,692</u>	<u>9,623,767</u>	<u>56,548,459</u>
Total assets	<u>58,497,058</u>	<u>9,899,842</u>	<u>68,396,900</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	3,749,237	1,477	3,750,714
Accrued liabilities:			
Compensated absences	97,739	5,908	103,647
Other	57,726	7,604	65,330
Current portion of long-term debt	672,467	200,000	872,467
Total current liabilities	<u>4,577,169</u>	<u>214,989</u>	<u>4,792,158</u>
Noncurrent liabilities -			
Deferred revenue	1,495,666	-	1,495,666
Capital lease liability	124,249	-	124,249
Long-term debt	30,471,466	1,600,000	32,071,466
Total noncurrent liabilities	<u>32,091,381</u>	<u>1,600,000</u>	<u>33,691,381</u>
Total liabilities	<u>36,668,550</u>	<u>1,814,989</u>	<u>38,483,539</u>
NET ASSETS:			
Invested in capital assets, net of related debt	15,780,759	7,823,767	23,604,526
Restricted	5,855,034	-	5,855,034
Unrestricted	192,715	261,086	453,801
Total net assets	<u>\$ 21,828,508</u>	<u>\$ 8,084,853</u>	<u>\$ 29,913,361</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 ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
OPERATING REVENUES:			
Charges for services	\$ 4,175,612	\$ 818,155	\$ 4,993,767
Interest and penalties	41,282	-	41,282
Intergovernmental	146,952	10,453	157,405
Miscellaneous	<u>13,170</u>	<u>96,682</u>	<u>109,852</u>
Total operating revenues	<u>4,377,016</u>	<u>925,290</u>	<u>5,302,306</u>
OPERATING EXPENSES:			
Personnel services	1,288,634	216,022	1,504,656
Contractual services	187,735	39,165	226,900
Supplies and materials	151,461	18,962	170,423
Distribution and storage	15,578	-	15,578
Maintenance	416,101	175,974	592,075
Heat, light and power	381,513	42,631	424,144
Depreciation	987,099	263,039	1,250,138
Miscellaneous	<u>23,634</u>	<u>2,829</u>	<u>26,463</u>
Total operating expenses	<u>3,451,755</u>	<u>758,622</u>	<u>4,210,377</u>
Operating income	<u>925,261</u>	<u>166,668</u>	<u>1,091,929</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	67,949	2,028	69,977
Interest expense	<u>(417,848)</u>	<u>(99,538)</u>	<u>(517,386)</u>
Total nonoperating revenues (expenses)	<u>(349,899)</u>	<u>(97,510)</u>	<u>(447,409)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS			
	575,362	69,158	644,520
Operating transfers out	<u>(176,800)</u>	<u>(33,072)</u>	<u>(209,872)</u>
CHANGE IN NET ASSETS	398,562	36,086	434,648
NET ASSETS, July 1, 2011	<u>21,429,946</u>	<u>8,048,767</u>	<u>29,478,713</u>
NET ASSETS, June 30, 2012	\$ <u>21,828,508</u>	\$ <u>8,084,853</u>	\$ <u>29,913,361</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, 2012

(Page 1 of 2)

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 4,326,177	\$ 924,740	\$ 5,250,917
Cash paid to suppliers for goods and services	(1,280,847)	(315,738)	(1,596,585)
Cash payments to employees for services	<u>(1,274,232)</u>	<u>(223,031)</u>	<u>(1,497,263)</u>
Net cash provided (used) by operating activities	<u>1,771,098</u>	<u>385,971</u>	<u>2,157,069</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	<u>67,949</u>	<u>2,028</u>	<u>69,977</u>
Net cash provided (used) by investing activities	<u>67,949</u>	<u>2,028</u>	<u>69,977</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
(Increase)Decrease in pooled cash due from other funds	(2,431,706)	(27,718)	(2,459,424)
Operating transfer from (to) other funds	<u>(176,800)</u>	<u>(33,072)</u>	<u>(209,872)</u>
Net cash provided (used) by noncapital financing activities	<u>(2,608,506)</u>	<u>(60,790)</u>	<u>(2,669,296)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets, net	(14,472,798)	(27,671)	(14,500,469)
Contributed capital - intergovernmental grants	111,981	-	111,981
Proceeds from borrowing	8,331,446	-	8,331,446
Payments on bonds and bond anticipation note	(560,000)	(200,000)	(760,000)
Interest expense on bonds and notes	<u>(417,848)</u>	<u>(99,538)</u>	<u>(517,386)</u>
Net cash provided (used) by capital and related financing activities	<u>(7,007,219)</u>	<u>(327,209)</u>	<u>(7,334,428)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,776,678)	-	(7,776,678)
CASH AND CASH EQUIVALENTS, July 1, 2011	<u>13,631,712</u>	<u>50</u>	<u>13,631,762</u>
CASH AND CASH EQUIVALENTS, June 30, 2012	\$ <u>5,855,034</u>	\$ <u>50</u>	\$ <u>5,855,084</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, 2012

(Page 2 of 2)

	<u>Utilities</u> <u>Fund</u>	<u>Parking</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income	\$ 925,261	\$ 166,668	\$ 1,091,929
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation expense	987,099	263,039	1,250,138
(Increase) decrease in accounts receivable	(50,839)	(550)	(51,389)
(Increase) decrease in inventory	(23,542)	-	(23,542)
(Increase) decrease in prepaid expenses	(109,943)	(30,829)	(140,772)
Increase (decrease) in accounts payable	28,660	(5,348)	23,312
Increase (decrease) in accrued liabilities	<u>14,402</u>	<u>(7,009)</u>	<u>7,393</u>
Net cash provided (used) by operating activities	\$ <u>1,771,098</u>	\$ <u>385,971</u>	\$ <u>2,157,069</u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	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>
ASSETS:				
Cash and cash equivalents	\$ 35,090	\$ 18,790	\$ 220,810	\$ 53,099
Investments, at fair value	98,390	-	396,370	-
Due from other funds	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>163,480</u>	<u>18,790</u>	<u>617,180</u>	<u>53,099</u>
 LIABILITIES:				
Accounts payable	-	248	4,963	-
Intergovernmental	<u>-</u>	<u>8,792</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>9,040</u>	<u>4,963</u>	<u>-</u>
 NET ASSETS:				
Held in trust for specific purpose	163,480	5,000	612,217	-
Held in trust for restricted purpose	<u>-</u>	<u>4,750</u>	<u>-</u>	<u>53,099</u>
Total net assets	<u>\$ 163,480</u>	<u>\$ 9,750</u>	<u>\$ 612,217</u>	<u>\$ 53,099</u>

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

**TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Public Trust Funds Held by Trustees <u> </u>	Lundberg and Auditorium Fund <u> </u>	Library Trust Fund <u> </u>	Morningside Perpetual Care Fund <u> </u>
ADDITIONS:				
Investment earnings -				
Investment income	\$ 2,923	\$ 24	\$ 12,966	\$ 113
Net increase (decrease) in fair value of investments	<u>2,819</u>	<u>-</u>	<u>10,614</u>	<u>-</u>
Total investment earnings	5,742	24	23,580	113
Operating transfers in	30,000	-	-	-
Contributions	<u>-</u>	<u>-</u>	<u>5,284</u>	<u>-</u>
Total additions	<u>35,742</u>	<u>24</u>	<u>28,864</u>	<u>113</u>
DEDUCTIONS:				
Miscellaneous	-	98	45,027	175
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>178</u>
Total deductions	<u>-</u>	<u>98</u>	<u>45,027</u>	<u>353</u>
 CHANGE IN NET ASSETS	 35,742	 (74)	 (16,163)	 (240)
 NET ASSETS, July 1, 2011	 <u>127,738</u>	 <u>9,824</u>	 <u>628,380</u>	 <u>53,339</u>
 NET ASSETS, June 30, 2012	 \$ <u>163,480</u>	 \$ <u>9,750</u>	 \$ <u>612,217</u>	 \$ <u>53,099</u>

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 generally accepted accounting principles (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 assets 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 assets, 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, 2012

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, 2012

1. Summary of significant accounting policies (continued):

D. Measurement focus and basis of accounting (continued) -

Private-sector standards of accounting and financial reporting issued prior to December 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with guidance of the GASB. The Town has not elected the option of following private-sector guidance issued subsequent to 1989.

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.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. Summary of significant accounting policies (continued):

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.

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 assets. The total compensated absence liability of governmental activities of \$566,701 at June 30, 2011 decreased by \$2,928 to \$563,773 at June 30, 2012. The proprietary funds compensated absence liability decreased by \$9,783 from \$113,430 at June 30, 2011 to \$103,647 at June 30, 2012.

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.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. Summary of significant accounting policies (continued):

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.

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 assets. 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.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. Summary of significant accounting policies (continued):

- 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.
- 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.

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, 2012 consisted of the following:

Governmental	\$	9,482,838
Business-type		<u>5,855,084</u>
		15,337,922
Fiduciary		<u>327,789</u>
	\$	<u><u>15,665,711</u></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, 2012, 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, 2012 are as follows:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
U.S. Government obligations	\$ 1,854,297	\$ 77,354	\$ 1,931,651
Municipal obligations	-	36,370	36,370
Corporate obligations	-	71,260	71,260
Common and preferred stock	-	225,532	225,532
Mutual funds - various	<u>-</u>	<u>84,244</u>	<u>84,244</u>
	\$ <u>1,854,297</u>	\$ <u>494,760</u>	\$ <u>2,349,057</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012 are as follows:

	Fair Value	Investment Maturity			
		Less than One Year	1 to 5 Years	6 to 10 Years	Over 10 Years
U.S. Government obligations	\$ 1,931,651	\$ 51,992	\$ 24,767	\$ -	\$ 1,854,892
Municipal obligations	36,370	15,206	-	-	21,164
Corporate obligations	<u>71,260</u>	<u>-</u>	<u>10,621</u>	<u>-</u>	<u>60,639</u>
	<u>\$ 2,039,281</u>	<u>\$ 67,198</u>	<u>\$ 35,388</u>	<u>\$ -</u>	<u>\$ 1,936,695</u>

3. Capital assets:

A summary of changes in capital assets follows:

	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ <u>1,123,682</u>	\$ -	\$ -	\$ <u>1,123,682</u>
Capital assets, depreciated:				
Buildings and improvements	5,636,739	609,487	-	6,246,226
Improvements, other	4,267,184	23,997	-	4,291,181
Machinery and equipment	6,364,776	833,396	271,080	6,927,092
Infrastructure	19,106,763	950,190	-	20,056,953
Total capital assets, depreciated	<u>35,375,462</u>	<u>2,417,070</u>	<u>271,080</u>	<u>37,521,452</u>
Less accumulated depreciation for:				
Buildings and improvements	2,580,552	180,226	-	2,760,778
Improvements, other	2,224,745	146,476	-	2,371,221
Machinery and equipment	4,616,496	339,123	265,747	4,689,872
Infrastructure	15,026,769	215,335	-	15,242,104
Total accumulated depreciation	<u>24,448,562</u>	<u>881,160</u>	<u>265,747</u>	<u>25,063,975</u>
Total capital assets, depreciated, net	<u>10,926,900</u>	<u>1,535,910</u>	<u>5,333</u>	<u>12,457,477</u>
Capital assets, net, governmental	<u>12,050,582</u>	<u>1,535,910</u>	<u>5,333</u>	<u>13,581,159</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

3. Capital assets (continued):

	Balance <u>July 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2012</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	1,364,025	-	-	1,364,025
Construction in process	<u>7,483,128</u>	<u>17,790,736</u>	<u>-</u>	<u>25,273,864</u>
Total capital assets, not depreciated	<u>8,847,153</u>	<u>17,790,736</u>	<u>-</u>	<u>26,637,889</u>
Capital assets, depreciated:				
Utilities - water	22,952,936	77,793	143,843	22,886,886
Utilities - sewer	17,735,552	89,145	26,363	17,798,334
Parking	<u>11,198,393</u>	<u>27,671</u>	<u>24,332</u>	<u>11,201,732</u>
Total capital assets, depreciated	<u>51,886,881</u>	<u>194,609</u>	<u>194,538</u>	<u>51,886,952</u>
Less accumulated depreciation for:				
Utilities - water	9,689,597	543,211	143,843	10,088,965
Utilities - sewer	9,281,953	443,888	26,363	9,699,478
Parking	<u>1,949,232</u>	<u>263,039</u>	<u>24,332</u>	<u>2,187,939</u>
Total accumulated depreciation	<u>20,920,782</u>	<u>1,250,138</u>	<u>194,538</u>	<u>21,976,382</u>
Total capital assets, depreciated, net	<u>30,966,099</u>	<u>(1,055,529)</u>	<u>-</u>	<u>29,910,570</u>
Capital assets, net, business-type	<u>39,813,252</u>	<u>16,735,207</u>	<u>-</u>	<u>56,548,459</u>
Capital assets, net	\$ <u>51,863,834</u>	\$ <u>18,271,117</u>	\$ <u>5,333</u>	\$ <u>70,129,618</u>

Governmental depreciation of \$881,160 was allocated to the following functions: general government \$65,963; public safety \$136,764; public works \$467,303; and culture and recreation \$211,130.

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 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, 2012

4. Pension plans (continued):

Defined Contribution Plan (continued) -

The following is a summary of pension plan information for the year ended June 30, 2012:

Number of active plan participants	<u>92</u>
Current year covered payroll	\$ <u>4,105,617</u>
Current year total payroll	\$ <u>7,237,583</u>
Contributions by Town (8.8% of covered payroll)	\$ <u>361,978</u>
Contributions by employees (3.2% of covered payroll)	\$ <u>130,049</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 Section 5062 of 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%. 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, 2012, 2011, and 2010 were \$230,606, \$237,801 and \$219,500, respectively, which were equal to the required contributions for each year.

The July 1, 2011 actuarial valuation of VMERS reports asset market value of \$402,550,150 and actuarial accrued liability of \$436,229,310, leaving an actuarial shortfall of \$33,679,160.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

5. Long-term debt:

Outstanding long-term debt for the year ended June 30, 2012 consisted of:

	<u>Balance</u> July 1, 2011	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> June 30, 2012	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities -					
Notes payable (2.12 - 3.99%):					
Public Works Loader/Blower payments through January 2012	\$ 42,575	\$ -	\$ 42,575	\$ -	\$ -
Highway Equipment Note payments through December 2014	-	405,000	-	405,000	135,000
General obligation bonds (1.69 - 5.24%):					
General purpose, maturities through -					
December 2017	400,000	-	65,000	335,000	60,000
December 2022	370,000	-	35,000	335,000	35,000
December 2031	<u>1,865,000</u>	<u>-</u>	<u>-</u>	<u>1,865,000</u>	<u>235,000</u>
Total governmental activities	\$ <u>2,677,575</u>	\$ <u>405,000</u>	\$ <u>142,575</u>	\$ <u>2,940,000</u>	\$ <u>465,000</u>
Business-type activities -					
General obligation bonds (2.0% - 5.64%):					
Parking, through December 2020	\$ 2,000,000	\$ -	\$ 200,000	\$ 1,800,000	\$ 200,000
Wastewater, Revolving Loan Fund, RF1-127; through December 2033	1,940,428	8,124,276	-	10,064,704	-
RF1-024; through June 2033	3,528,237	82,921	-	3,611,159	107,467
Wastewater, Recovery Zone Economic Development, through December 2030	13,500,000	-	560,000	12,940,000	565,000
Special obligation bonds (-3.0% - 2.0%):					
Tri-Park Water, through March 2043	1,928,070	-	-	1,928,070	-
Tri-Park Sewer, through March 2033	<u>2,600,000</u>	<u>-</u>	<u>-</u>	<u>2,600,000</u>	<u>-</u>
	25,496,735	8,207,197	760,000	32,943,933	872,467
Less: loan subsidy - RF1-127&024	<u>(1,600,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>
Total business-type activities	\$ <u>23,896,735</u>	\$ <u>7,807,197</u>	\$ <u>760,000</u>	\$ <u>30,943,933</u>	\$ <u>872,467</u>

The Town has received a loan of \$10,064,704 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 \$1,000,000. The loan is payable in annual installments of \$554,368 from December 2014 through December 2033. An additional loan of \$4,000,000 from the CWSRLF was approved subsequent to year end.

The Town is approved for 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 is payable in annual installments of \$170,071 from December 2014 through December 2033. The loan is capitalized with 26% ARRA funds in the amount of \$1,000,000. When the project is complete, the net amount due on the loan will be \$2,780,900. At June 30, 2012, the amount advanced on this loan is \$3,611,159.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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% and require annual debt service from \$890,000 to \$926,000 from December 2011 through December 2030.

The Town has completed construction of water and sewer improvements in the Mountain Home Park Special Benefit Assessment District. The \$2,600,000 sewer replacement project loan (2% administration fee) and the \$1,928,070 water main replacement project loan (negative 3.0%) are Town liabilities, but repayment is to be provided from assessments against the District. The Utility Fund reports deferred revenue of \$1,495,666 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 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.

The estimated annual requirements to amortize all bonds and notes outstanding as of June 30, 2012, including interest payments, are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 465,000	\$ 91,031	\$ 872,467	\$ 503,730
2014	465,000	80,127	1,050,893	536,541
2015	465,000	68,299	1,433,298	694,907
2016	330,000	55,528	1,455,179	662,831
2017	315,000	44,909	1,477,297	628,996
2018-2022	430,000	150,744	7,561,914	2,569,837
2023-2027	250,000	81,707	7,543,358	1,634,700
2028-2032	220,000	27,392	7,610,340	604,119
2033-2037	-	-	1,553,573	35,515
2038-2042	-	-	321,345	-
2043-2047	-	-	64,269	-
	<u>\$ 2,940,000</u>	<u>\$ 599,737</u>	<u>\$ 30,943,933</u>	<u>\$ 7,871,176</u>

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.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

6. Capital leases (continued):

The capital lease liabilities are also reported on the government-wide statement of net assets and the proprietary funds statement of net assets 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, 2012 are as follows:

Year ending June 30,		
2013	\$	223,521
2014		223,521
2015		223,521
2016		223,522
2017		223,522
Thereafter		<u>703,768</u>
Total minimum lease payments		1,821,375
Less: amount representing interest		<u>289,555</u>
Present value of minimum lease payments	\$	<u><u>1,531,820</u></u>

7. Interfund receivable and payable balances:

Interfund receivable and payable balances resulting from pooled cash as of June 30, 2012 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities -		
General Fund	\$ -	\$ 7,373,476
Development Fund	643,928	-
Capital Projects Fund	1,917,257	-
Other Governmental Funds	<u>611,152</u>	<u>194,554</u>
	<u>3,172,337</u>	<u>7,568,030</u>
Business-type activities -		
Utilities Fund	4,124,940	-
Parking Fund	<u>240,753</u>	<u>-</u>
	<u>4,365,693</u>	<u>-</u>
Fiduciary Funds	<u>30,000</u>	<u>-</u>
	\$ <u><u>7,568,030</u></u>	\$ <u><u>7,568,030</u></u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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:

	Transfers <u>In</u>	Transfers <u>Out</u>	
General Fund	\$ 210,050	\$ 1,181,115	
Capital Projects Fund	1,107,841	-	
Other Governmental Funds	62,115	18,841	
Fiduciary Funds	30,000	178	
Utilities Fund	-	176,800	
Parking Fund	-	33,072	
	<u>\$ 1,410,006</u>	<u>\$ 1,410,006</u>	

The General Fund received transfers of \$209,872 from the proprietary funds and \$178 from the Morningside Perpetual Care fiduciary fund as reimbursement of expenditures for administration and other operating costs. The General Fund transferred \$62,115 to the Tropical Storm Irene Fund, \$1,089,000 to the Capital Projects Fund and \$30,000, to the Public Trust Funds held by Trustees. The Capital Projects Fund also received transfers of \$18,841 from the Recreation Program Fund.

9. Commitments:

Wastewater Treatment Plant upgrade - The Town has approved a \$32,800,000 upgrade to the wastewater treatment facilities and, as of June 30, 2012, has expended \$25,235,600 for engineering, construction, and related costs of the treatment plant upgrade. Note 5 includes a description of long-term debt incurred to date for the project. The Clean Water State Revolving Loan Fund will provide an additional loan of \$4,000,000 for construction of the facilities. The Town has awarded contracts for construction and additional engineering services in the amounts of \$26,693,329 and \$2,355,023, respectively.

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, 2013 through 2019 the contractual commitments are \$528,175, \$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 owes the operator \$64,429 as a result of the transfer. The Town also committed to continue payment of the Town's \$50,000 bus service subsidy for fiscal 2013.

Legal services - The Town has a \$97,500 retainer contract for legal services through March 2013.

Union Station project - The Town has continuing commitments of \$28,541 for construction in connection with this project.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 is 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 for an additional twenty years beyond the current expiration date in 2012. The Town is monitoring the matter because of the potential for significant economic impacts to the tax base of the Town if the certificate of public good is denied 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 2012, the Town's plan included 63 members, with 9 retirees or spouses receiving benefits and 54 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.

During the fiscal year ending June 30, 2010, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This standard requires the Town to calculate and report 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. In 2012 the Town has accrued a \$30,000 transfer to the Public Trust Funds for the retirement health plan.

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

Officers who have worked for the Town continuously for 20 years and who retire after attaining age 50. At age 55 the Town will pay 60% of the two-person health insurance costs, until the former police officer is eligible for Medicare benefits. The retiree and employee contributions and employer contributions are governed by the terms of the applicable union contracts.

Annual OPEB costs and net OPEB obligation: The Town's annual OPEB cost for retiree healthcare is required to be calculated based on the annual required contribution of the employer. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover both (1) the normal costs attributed to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability related to the prior years of service. The catch-up cost is calculated to amortize the unfunded actuarial accrued liability over a period not to exceed 30 years. Under GASB Statement No. 45, it is not required that the Town actually pays the annual required contribution each year, but it does need to be calculated and reported in the annual financial statements.

Annual required contribution	\$	432,069
Adjustment to annual required contribution		-
		432,069
Annual OPEB Cost		432,069
Contributions made (17.1%)		(73,824)
Increase in OPEB obligation		358,245
Net OPEB obligation, July 1, 2011		775,378
Net OPEB obligation, June 30, 2012	\$	1,133,623

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2012 and the two preceding fiscal years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Expected</u> <u>Contributions</u> <u>Made</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
June 30, 2010	\$ 472,680	\$ 54,453	11.5%	\$ 418,228
June 30, 2011	\$ 421,498	\$ 64,349	15.3%	\$ 775,378
June 30, 2012	\$ 432,069	\$ 73,824	17.1%	\$ 1,133,623

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 \$4,092,161 as of June 30, 2012, all of which was unfunded. The covered 2012 payroll (annual payroll of active employees covered by the plan) was \$2,605,395, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 157%. 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, 2012

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

Retirement Health Plan for Brattleboro Firefighters and Police (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 8% 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 (\$613,848) 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 (\$170,000).

The Development Fund reported a nonspendable balance (\$415,377) for those loan balances not offset by deferred revenue; the remaining balance of these programs are restricted (\$2,347,975) by program regulations or committed (\$150,250) by Town voters.

The Capital Projects Fund reported an assigned balance (\$1,957,451) 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. The Union Station project fund reported an unassigned deficit balance of \$226,572 which management plans to retire by drawing down grant funds for the project.

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, 2012

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, 2012 is as follows:

Assets	\$ <u>3,325,002</u>
Liabilities	\$ 823,548
Net assets	<u>2,501,454</u>
	\$ <u>3,325,002</u>
Operating revenues	\$ 1,570,470
Operating expenses	<u>1,879,893</u>
Operating loss	(309,423)
Nonoperating revenue, net	<u>132,265</u>
Change in net assets	\$ <u>(177,158)</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, 2012, the Town had received approval of \$1,561,483 in federal and state disaster recovery assistance. The Town's portion of the Tropical Storm Irene recovery effort was \$70,400 as of June 30, 2012.

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - DEVELOPMENT FUND
JUNE 30, 2012

	Disaster Relief	Rental Housing	SBAP	UDAG Holstein	VCDP 1st Generation Active	VCDP 1st Generation Deferred	Total
<u>ASSETS</u>							
Due from other funds	\$ 38,084	\$ 112,166	\$ 428,846	\$ -	\$ 64,832	\$ -	\$ 643,928
Investments	-	-	-	1,854,297	-	-	1,854,297
Loans receivable, net	8,445	74,557	517,475	-	830,976	2,351,500	3,782,953
Total assets	\$ 46,529	\$ 186,723	\$ 946,321	\$ 1,854,297	\$ 895,808	\$ 2,351,500	\$ 6,281,178
<u>LIABILITIES AND FUND EQUITY</u>							
<u>LIABILITIES:</u>							
Deferred revenue	\$ -	\$ -	\$ 185,100	\$ -	\$ 830,976	\$ 2,351,500	\$ 3,367,576
<u>FUND EQUITY:</u>							
Fund balances -							
Nonspendable	8,445	74,557	332,375	-	-	-	415,377
Restricted	-	-	428,846	1,854,297	64,832	-	2,347,975
Committed	38,084	112,166	-	-	-	-	150,250
Total fund balances	46,529	186,723	761,221	1,854,297	64,832	-	2,913,602
Total liabilities and fund equity	\$ 46,529	\$ 186,723	\$ 946,321	\$ 1,854,297	\$ 895,808	\$ 2,351,500	\$ 6,281,178

**TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Disaster Relief	Rental Housing	SBAP	UDAG Holstein	VCDP 1st Generation Active	VCDP 1st Generation Deferred	Total
REVENUES:							
Investment income/change in value	\$ 619	\$ 2,792	\$ 16,528	\$ 396,380	\$ 26,462	\$ -	\$ 442,781
EXPENDITURES:							
General government	-	-	<u>10,270</u>	-	<u>10,609</u>	-	<u>20,879</u>
EXCESS OF REVENUES OR (EXPENDITURES)	619	2,792	6,258	396,380	15,853	-	421,902
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	-	-	<u>40,000</u>	-	-	<u>(40,000)</u>	-
NET CHANGE IN FUND BALANCES	619	2,792	46,258	396,380	15,853	(40,000)	421,902
FUND BALANCES, July 1, 2011	<u>45,910</u>	<u>183,931</u>	<u>714,963</u>	<u>1,457,917</u>	<u>48,979</u>	<u>40,000</u>	<u>2,491,700</u>
FUND BALANCES, June 30, 2012	\$ <u>46,529</u>	\$ <u>186,723</u>	\$ <u>761,221</u>	\$ <u>1,854,297</u>	\$ <u>64,832</u>	\$ -	\$ <u>2,913,602</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Grants Fund</u>	<u>Community Restorative Justice</u>	<u>Public Transportation Program</u>	<u>Tropical Storm Irene</u>	<u>Union Station Project</u>	<u>Agricultural Land Trust Preservation Fund</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 100	\$ 200	\$ -	\$ -	\$ -	\$ -
Accounts receivable	78,870	-	-	567,360	-	-
Prepaid expenditures	3,170	1,919	-	-	-	-
Due from other funds	<u>48,865</u>	<u>22,938</u>	<u>64,429</u>	<u>-</u>	<u>5,420</u>	<u>94,793</u>
Total assets	<u>\$ 131,005</u>	<u>\$ 25,057</u>	<u>\$ 64,429</u>	<u>\$ 567,360</u>	<u>\$ 5,420</u>	<u>\$ 94,793</u>
<u>LIABILITIES AND FUND EQUITY</u>						
<u>LIABILITIES:</u>						
Accounts payable	\$ 1,838	\$ 1,238	\$ 64,429	\$ -	\$ 231,992	\$ -
Accrued liabilities	-	1,574	-	-	-	-
Due to other funds	-	-	-	194,554	-	-
Deferred revenue	<u>129,167</u>	<u>22,245</u>	<u>-</u>	<u>354,166</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>131,005</u>	<u>25,057</u>	<u>64,429</u>	<u>548,720</u>	<u>231,992</u>	<u>-</u>
<u>FUND EQUITY:</u>						
Fund balances -						
Restricted	-	-	-	18,640	-	94,793
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	(226,572)	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,640</u>	<u>(226,572)</u>	<u>94,793</u>
Total liabilities and fund equity	<u>\$ 131,005</u>	<u>\$ 25,057</u>	<u>\$ 64,429</u>	<u>\$ 567,360</u>	<u>\$ 5,420</u>	<u>\$ 94,793</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Recreation Programs</u>	<u>Reappraisal Reserve</u>	<u>Records Restoration</u>	<u>Skating Risk Improvements</u>	<u>Trees Program</u>	<u>Other Funds</u>	<u>Total</u>
<u>ASSETS</u>							
Cash and cash equivalents	\$ 3,341	\$ -	\$ -	\$ -	\$ -	-	\$ 3,641
Accounts receivable	-	-	-	-	-	-	646,230
Prepaid expenditures	-	-	-	-	-	-	5,089
Due from other funds	<u>226,717</u>	<u>44,987</u>	<u>19,462</u>	<u>68,516</u>	<u>12,617</u>	<u>2,408</u>	<u>611,152</u>
Total assets	<u>\$ 230,058</u>	<u>\$ 44,987</u>	<u>\$ 19,462</u>	<u>\$ 68,516</u>	<u>\$ 12,617</u>	<u>\$ 2,408</u>	<u>\$ 1,266,112</u>
<u>LIABILITIES AND FUND EQUITY</u>							
<u>LIABILITIES:</u>							
Accounts payable	\$ 9,751	\$ -	\$ -	\$ -	\$ -	-	\$ 309,248
Accrued liabilities	-	-	-	-	-	-	1,574
Due to other funds	-	-	-	-	-	-	194,554
Deferred revenue	-	<u>734</u>	-	-	<u>12,617</u>	-	<u>518,929</u>
Total liabilities	<u>9,751</u>	<u>734</u>	<u>-</u>	<u>-</u>	<u>12,617</u>	<u>-</u>	<u>1,024,305</u>
<u>FUND EQUITY:</u>							
Fund balances -							
Restricted	-	44,253	19,462	-	-	2,398	179,546
Committed	220,307	-	-	68,516	-	10	288,833
Unassigned	-	-	-	-	-	-	(226,572)
Total fund balances (deficit)	<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>
Total liabilities and fund equity	<u>\$ 230,058</u>	<u>\$ 44,987</u>	<u>\$ 19,462</u>	<u>\$ 68,516</u>	<u>\$ 12,617</u>	<u>\$ 2,408</u>	<u>\$ 1,266,112</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Grants Fund	Community Restorative Justice	Public Transportation Program	Tropical Storm Irene	Union Station Project	Agricultural Land Trust Preservation Fund
REVENUES:						
Investment income/change in value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 943
Intergovernmental	162,916	158,683	-	1,049,912	183,084	-
Departmental and other revenue	<u>30,473</u>	<u>2,177</u>	-	-	<u>188,103</u>	-
Total revenues	<u>193,389</u>	<u>160,860</u>	-	<u>1,049,912</u>	<u>371,187</u>	<u>943</u>
EXPENDITURES:						
General government	56,262	-	-	-	-	-
Human services	-	160,860	-	-	-	-
Public safety	121,371	-	-	84,771	-	-
Public works	2,179	-	-	542,917	649,695	-
Culture and recreation	13,577	-	-	-	-	-
Capital outlay	-	-	-	465,699	-	-
Total expenditures	<u>193,389</u>	<u>160,860</u>	-	<u>1,093,387</u>	<u>649,695</u>	-
EXCESS OF REVENUES OR (EXPENDITURES)	-	-	-	(43,475)	(278,508)	943
OTHER FINANCING SOURCES (USES):						
Operating transfers in (out)	-	-	-	62,115	-	-
NET CHANGE IN FUND BALANCES	-	-	-	18,640	(278,508)	943
FUND BALANCES, July 1, 2011	-	-	-	-	<u>51,936</u>	<u>93,850</u>
FUND BALANCES (DEFICIT), June 30, 2012	\$ -	\$ -	\$ -	<u>\$ 18,640</u>	<u>\$ (226,572)</u>	<u>\$ 94,793</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Recreation Programs	Reappraisal Reserve	Records Restoration	Skating Rink Improvements	Trees Program	Other Funds	Total
REVENUES:							
Investment income/change in value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 943
Intergovernmental	-	42,981	-	-	-	1,470	1,599,046
Departmental and other revenue	<u>124,555</u>	<u>-</u>	<u>15,837</u>	<u>24,495</u>	<u>-</u>	<u>-</u>	<u>385,640</u>
Total revenues	<u>124,555</u>	<u>42,981</u>	<u>15,837</u>	<u>24,495</u>	<u>-</u>	<u>1,470</u>	<u>1,985,629</u>
EXPENDITURES:							
General government	-	1,580	25,241	-	-	-	83,083
Human services	-	-	-	-	-	-	160,860
Public safety	-	-	-	-	-	-	206,142
Public works	-	-	-	-	-	-	1,194,791
Culture and recreation	100,739	-	-	-	-	950	115,266
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465,699</u>
Total expenditures	<u>100,739</u>	<u>1,580</u>	<u>25,241</u>	<u>-</u>	<u>-</u>	<u>950</u>	<u>2,225,841</u>
EXCESS OF REVENUES OR (EXPENDITURES)	23,816	41,401	(9,404)	24,495	-	520	(240,212)
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	<u>(18,841)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,274</u>
NET CHANGE IN FUND BALANCES	4,975	41,401	(9,404)	24,495	-	520	(196,938)
FUND BALANCES, July 1, 2011	<u>215,332</u>	<u>2,852</u>	<u>28,866</u>	<u>44,021</u>	<u>-</u>	<u>1,888</u>	<u>438,745</u>
FUND BALANCES (DEFICIT), June 30, 2012	<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>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 2012

Schedule 5

	<u>Capital Projects Fund</u>	<u>West River Park Fund</u>	<u>Skateboard Park Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Accounts receivable	\$ 87,555	\$ -	\$ -	\$ 87,555
Due from other funds	<u>1,850,809</u>	<u>27,122</u>	<u>39,326</u>	<u>1,917,257</u>
Total assets	\$ <u>1,938,364</u>	\$ <u>27,122</u>	\$ <u>39,326</u>	\$ <u>2,004,812</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 6,986	\$ 21,375	\$ -	\$ 28,361
Deferred revenue	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>19,000</u>
Total liabilities	6,986	21,375	19,000	47,361
<u>FUND EQUITY:</u>				
Fund balances - Assigned	<u>1,931,378</u>	<u>5,747</u>	<u>20,326</u>	<u>1,957,451</u>
Total liabilities and fund equity	\$ <u>1,938,364</u>	\$ <u>27,122</u>	\$ <u>39,326</u>	\$ <u>2,004,812</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 6

	Capital Projects <u>Fund</u>	West River Park <u>Fund</u>	Skateboard Park <u>Fund</u>	<u>Total</u>
REVENUES:				
Investment income/change in value	\$ 346	\$ -	\$ -	\$ 346
Intergovernmental	171,657	54,737	-	226,394
Donations	-	181,121	19,119	200,240
Departmental and other revenue	<u>22,437</u>	<u>-</u>	<u>-</u>	<u>22,437</u>
Total revenues	194,440	235,858	19,119	449,417
EXPENDITURES:				
Capital outlay	<u>1,396,461</u>	<u>481,667</u>	<u>16,719</u>	<u>1,894,847</u>
EXCESS OF REVENUES OR				
(EXPENDITURES)	<u>(1,202,021)</u>	<u>(245,809)</u>	<u>2,400</u>	<u>(1,445,430)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from borrowing-capital lease	312,653	-	-	312,653
Operating transfers in (out), net	<u>839,000</u>	<u>250,915</u>	<u>17,926</u>	<u>1,107,841</u>
Total other financing sources (uses)	<u>1,151,653</u>	<u>250,915</u>	<u>17,926</u>	<u>1,420,494</u>
NET CHANGE IN FUND BALANCES	(50,368)	5,106	20,326	(24,936)
FUND BALANCES, July 1, 2011	<u>1,981,746</u>	<u>641</u>	<u>-</u>	<u>1,982,387</u>
FUND BALANCES, June 30, 2012	\$ <u>1,931,378</u>	\$ <u>5,747</u>	\$ <u>20,326</u>	\$ <u>1,957,451</u>

TOWN OF BRATTLEBORO, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION -
FUNDING PROGRESS FOR OPEB PLAN
JUNE 30, 2012

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 2012 and the preceding valuations are as follows:

<u>Annual</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UUAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>
As of June 30,						
2010	\$ -	\$ 3,947,749	\$ 3,947,749	0%	\$ 2,211,640	178%
2011	\$ -	\$ 3,752,421	\$ 3,752,421	0%	\$ 2,503,168	150%
2012	\$ -	\$ 4,092,161	\$ 4,092,161	0%	\$ 2,605,395	157%