

TOWN OF BRATTLEBORO, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2015

AND

INDEPENDENT AUDITOR'S REPORT

TOWN OF BRATTLEBORO, VERMONT

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Brattleboro Selectboard
Town of Brattleboro, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Brattleboro, Vermont (the Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Brattleboro, Vermont as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the

General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the funding progress for the OPEB Plan in schedule 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The accompanying schedules 1 through 6 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules 1 through 6 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015, on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont
December 9, 2015

*Mudgett, Jenrott &
Krogh-Wilner, P.C.*

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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

Financial Highlights

- The net position of the Town's governmental activities increased by \$1,069,885, or approximately 6.5%. The net position of our business-type activities decreased by \$292,561, or approximately 0.9%.
- The cost of all of the Town's programs was \$22,596,304, with no new programs added this year. Program costs were down \$231,117 this year over the previous year due, in large part, to a reduction in costs associated with a fiscal year 2014 \$800,000 VCDP grant for the Brooks House project, offset, in part, by a \$334,742 increase in utilities expense and an increase of \$250,824 in expenses related to Tropical Storm Irene.
- The General Fund reported a decrease in fund balance this year of \$176,168, which was \$23,832 better than was budgeted. This budget variance was mostly due to unbudgeted transfers of \$554,413 to the Capital Projects Fund and Other Governmental Funds offset, in part, by under budget variances in the Town Manager's office, the fire department, the police department, benefits and insurance expenses.
- The unassigned fund balance of the General Fund was \$2,136,744 as of June 30, 2015. This represents the amount of funds available for future budgets. The committed fund balance of \$141,540 was the remaining balance of the original commitment for the Town's portion of the Tropical Storm Irene expenditures and to offset fiscal year 2016 operating expenditures. The nonspendable fund balance was \$708,572, including \$688,598 in fiscal year 2016 prepaid expenditures and inventories of \$19,974.
- The Development Fund reported an increase in fund balance this year of \$117,061, compared to an increase of \$51,323 in the prior year. This increase was largely due to a decrease in non-grant funded expenditures.
- The Capital Projects Fund reported an increase in fund balance this year of \$226,188, compared to an increase of \$3,826,694 in the prior year. The larger increase in the prior year was due to the issuance of a \$5,000,000 bond in the prior year to finance renovations to the police and fire facilities.

Financial Statements

The accompanying financial statements for the year ended June 30, 2015 include two separate presentations of financial statements. Government-wide financial statements (the Statement of Net Position and the Statement of Activities) present the financial picture of the Town from the "economic resources" measurement focus using the accrual basis of accounting. The Statement of Net Position includes all assets and deferred outflows of resources of the Town, and all liabilities and deferred inflows of resources with the balance reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities focuses on the programs of the Town and presents information showing how the Town's net position changed during the year.

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

The fund financial statements include statements that present activities by fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Government-wide Financial Analysis

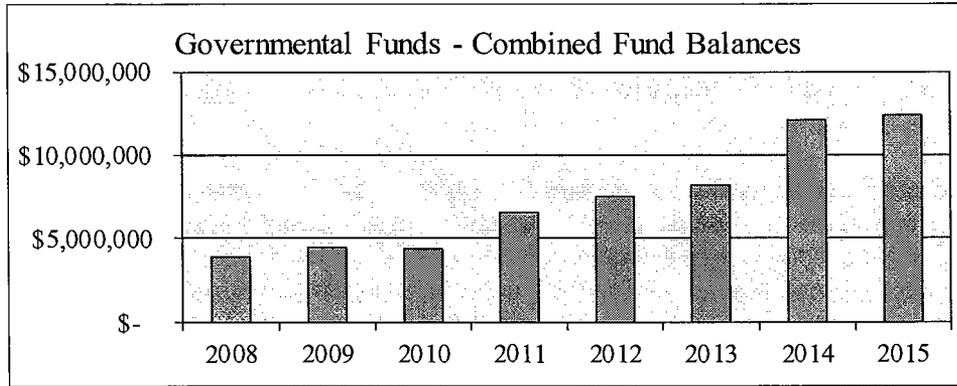
The Statement of Net Position as of June 30, 2015 shows total recorded assets of the Town are \$97,987,672. This includes the net value of capital assets of \$72,941,740. Total assets reported in 2014 were \$100,187,575. Of the 2015 assets, \$21,269,510 are current assets. The noncurrent assets are the outstanding development loans and net capital assets, including land, buildings and improvements, utilities systems, parking lots, machinery and equipment and infrastructure. Deferred outflows of resources at June 30, 2015 totaled \$325,446. The liabilities of the Town at June 30, 2015 totaled \$43,283,419 including \$4,060,069 in current liabilities, and \$39,223,350 in noncurrent liabilities. The liabilities of the Town at June 30, 2014 totaled \$45,652,977 including \$4,626,871 in current liabilities, and \$41,026,106 in noncurrent liabilities. Deferred inflows of the Town at June 30, 2015 totaled \$5,307,597.

The Statement of Activities reports total operating expenses for 2015 of \$22,596,304 which includes depreciation of capital assets of \$3,611,902. Total expenses for 2014 were \$22,827,421 (including depreciation of capital assets of \$3,716,984). 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.

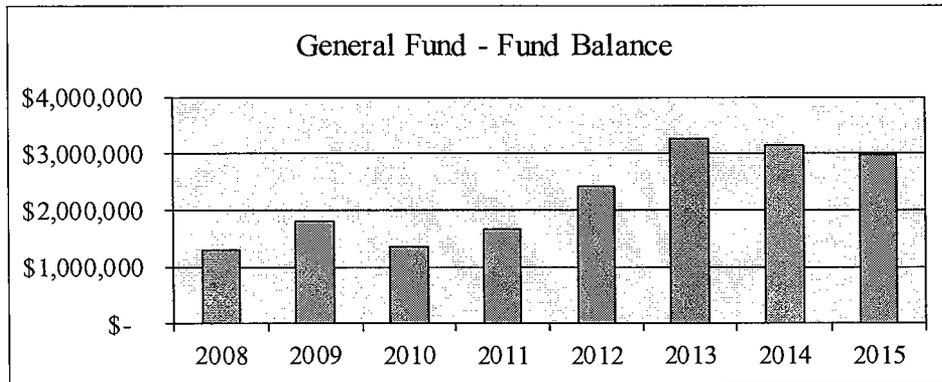
General revenues are mainly the Town property taxes of \$13,963,956 and \$13,535,195 for 2015 and 2014, respectively. Property taxes are reported net of the education taxes required to be collected by the Town for the benefit of others. For the year ended June 30, 2015, the Town's total revenues exceeded expenses by \$777,324 and increased net position at June 30, 2015 to \$49,702,122. For the year ended June 30, 2014, revenues exceeded expenses, increasing government-wide net position by \$2,258,965.

Governmental Funds

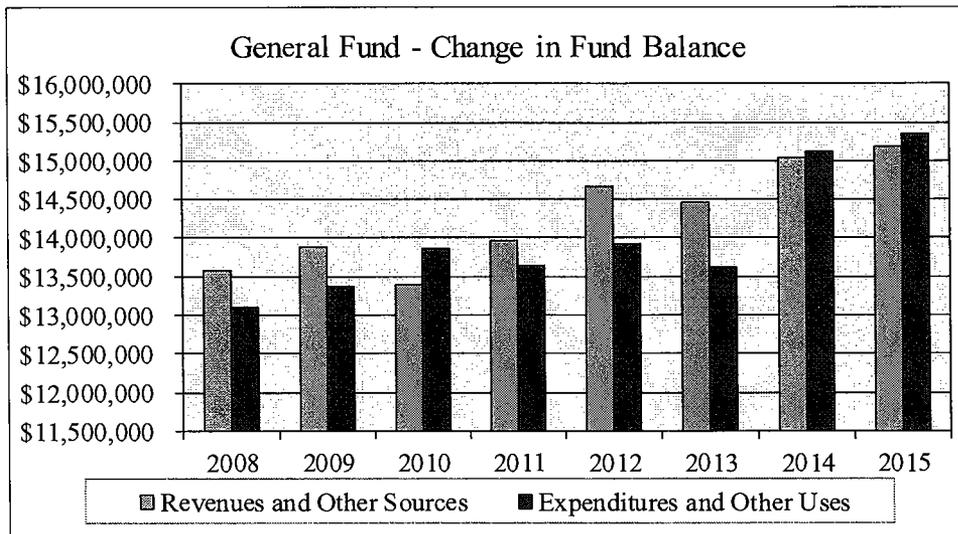
The Town's governmental funds reported combined ending fund balances of \$12,392,072 at June 30, 2015, an increase of \$275,545 for the year then ended.



In 2014 the General Fund experienced a decrease in fund balance of \$88,575. In 2015 the General Fund recorded a decrease in fund balance of \$176,168, resulting in a June 30, 2015 fund balance of \$2,986,856, of which \$708,572 was nonspendable, \$141,540 was committed and \$2,136,744 was unassigned.



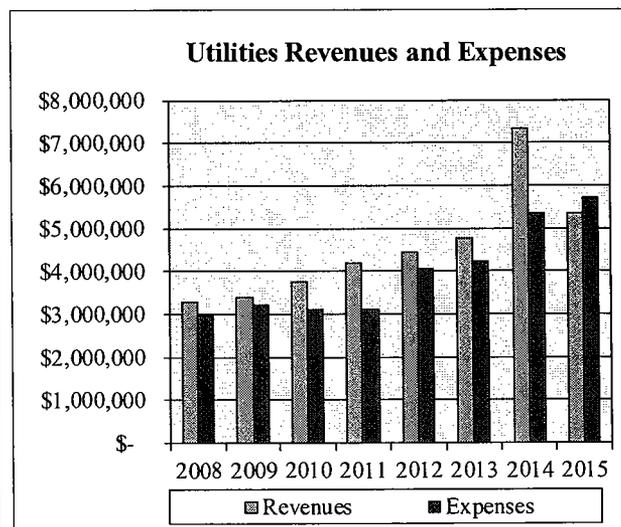
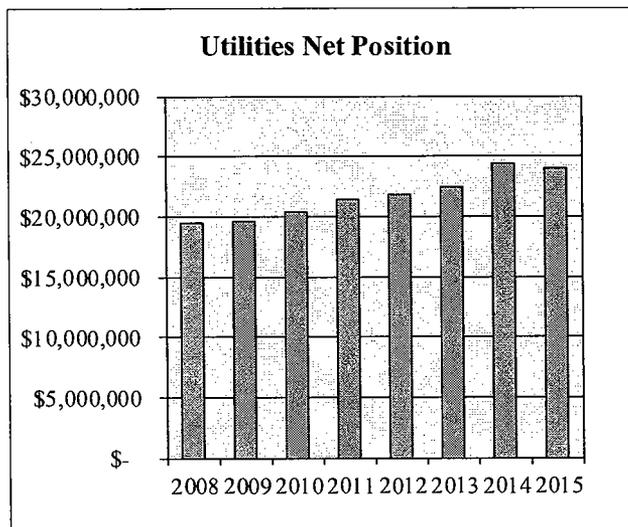
The 2015 decrease in fund balance was a result of unbudgeted transfers of \$554,413 to the Capital Projects Fund and Other Governmental Funds offset, in part, by lower benefits, risk management and town manager, police and fire department expenditures than were budgeted. The 2014 decrease in fund balance resulted from an unbudgeted transfer of \$914,871 to the Capital Projects Fund offset, in part, by lower debt service costs, benefits expense and risk management expense than was budgeted and a decrease in delinquent property taxes.



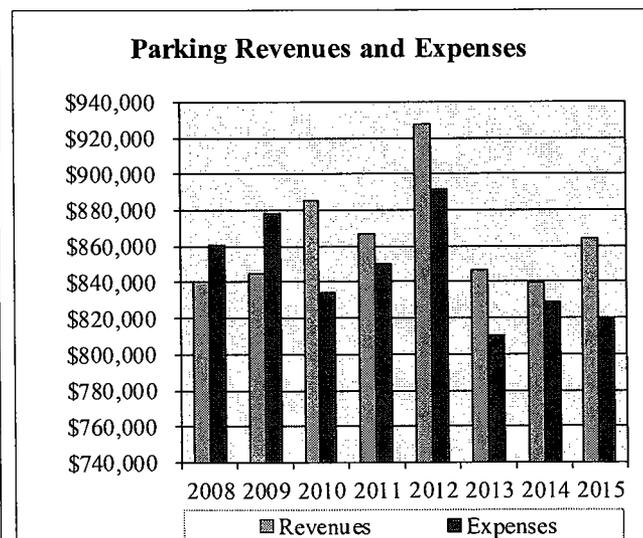
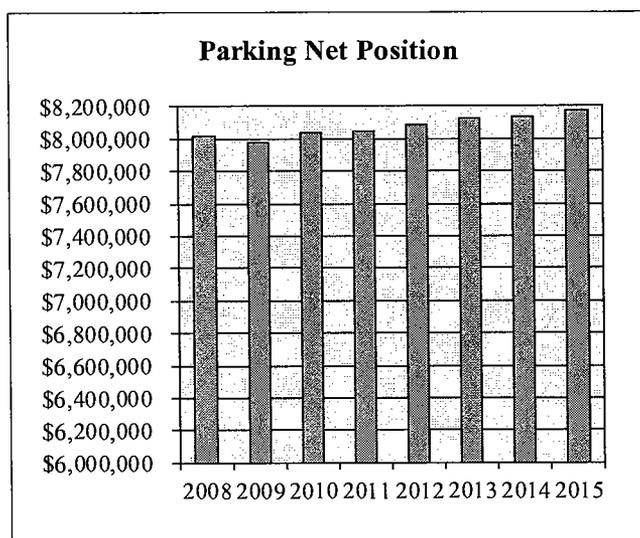
As shown on the Statement of Revenues and Expenditures - Budget and Actual - General Fund, revenues exceeded the budget by \$29,817. Actual expenditures (excluding fund transfers) were less than the budgeted expenditures by \$548,426. Fund transfers were more than the budget by \$554,411 due to unbudgeted transfers to the Capital Projects Fund, the Grants Fund, the Skatepark-Dogpark Fund and the Tropical Storm Irene Fund. Monitoring of expenditures and revenues is conducted on an on-going basis with financial reports being reviewed on a monthly basis by the Selectboard.

Proprietary Funds:

The Utilities Fund net position decreased by \$337,370 in 2015. Operating revenues exceeded operating expenses by \$536,835 and nonoperating revenue was \$16,273 in 2015 compared to \$60,022 in 2014. Nonoperating expense for interest for the years ended June 30, 2015 and 2014 was \$713,678 and \$648,254, respectively. Transfers out remained unchanged from the prior year at \$176,800. This fund remains on target as it continues to build a fund balance in preparation for current and future debt repayment.



The Parking Fund showed an increase in net position of \$44,809. Operating revenues increased by \$25,150 from the previous year and operating expenses increased by \$840, primarily due to additional maintenance expense related to the parking facilities. Nonoperating expenses decreased by \$10,465 and transfers out were unchanged from the prior year.



Capital Assets and Debt Administration

Capital Assets

At June 30, 2015, the Town had \$72,941,740 compared to \$74,130,738 at June 30, 2014 invested in a broad range of capital assets including land, highway equipment, buildings, park facilities, roads, bridges, water facilities and wastewater facilities. This amount represents a net decrease (including additions and deductions) of \$1,188,998 from last year.

Debt Administration

As of June 30, 2015, the Governmental Activities had \$7,476,536 in debt and capital leases outstanding compared to \$8,321,435 at June 30, 2014, a net decrease of \$844,899 (10.2%). This decrease is the result of \$222,000 in new debt to finance capital equipment and principal payments on governmental debt (\$898,703) and leases (\$168,196). As of June 30, 2015, the Utilities Fund had \$30,216,684 in debt and capital leases outstanding compared to \$31,631,119 at June 30, 2014, a decrease of \$1,414,435 (4.5%). This decrease is due to principal payments of \$1,393,810 offset by an increase in new debt for the wastewater upgrade project of \$4,480. As of June 30, 2015, the Parking Fund had \$1,200,000 in outstanding debt compared to \$1,400,000 at June 30, 2014, representing a decrease of \$200,000 (14.3%). 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 2016, 56% of the property taxes billed by the Town of Brattleboro will be used to fund public education. The high cost of education results in pressure being placed on the municipal budget in order to keep property taxes at an affordable level. The impact of the recession, high fuel prices and 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 2016.

Total fiscal year 2016 General Fund budgeted expenditures approved by the Town Meeting Members was \$15,532,899 which represents a decrease of \$348,967 from the fiscal year 2015 budgeted expenditures. This decrease is primarily the result of removing \$451,145 in solid waste disposal expenses which will be paid for through the sale of pay-as-you-throw bags. The municipal portion of the Town's property taxes approved by Town Meeting Members as part of the overall fiscal year 2016 budget was \$13,473,675 which represents no increase from the property taxes approved in fiscal year 2015. The fiscal year 2015 municipal property tax rate (including the local agreement rate) was \$1.1607 per \$100.00 of valuation. This represents a decrease of \$0.0048 per \$100.00 of valuation (0.4%).

Total fiscal year 2016 Utility Fund budgeted expenditures approved by the Selectboard was \$5,850,010, which represents an increase of \$90,685 from the fiscal year 2015 budgeted expenditures. Total fiscal year 2016 Utility Fund budgeted revenues are \$5,376,305, which is up 7.3% over fiscal year 2015 budgeted revenues.

Requests for Information

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

TOWN OF BRATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 15,612,103	\$ 439,715	\$ 16,051,818
Investments	1,912,682	-	1,912,682
Receivables:			
Property taxes	489,330	-	489,330
Accounts	465,127	1,373,320	1,838,447
Due from (to) other activities	(6,097,954)	6,097,954	-
Prepaid expenses	694,098	113,231	807,329
Inventory	19,974	149,930	169,904
Total current assets	<u>13,095,360</u>	<u>8,174,150</u>	<u>21,269,510</u>
Noncurrent assets -			
Loans receivable, net of allowance of \$256,247 in the SBAP loan fund	3,776,422	-	3,776,422
Capital assets	43,251,104	84,324,393	127,575,497
less - accumulated depreciation	<u>(27,687,738)</u>	<u>(26,946,019)</u>	<u>(54,633,757)</u>
Total noncurrent assets	<u>19,339,788</u>	<u>57,378,374</u>	<u>76,718,162</u>
Total assets	<u>32,435,148</u>	<u>65,552,524</u>	<u>97,987,672</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense	<u>305,466</u>	<u>-</u>	<u>305,466</u>
LIABILITIES:			
Current liabilities -			
Warrants and accounts payable	412,890	247,122	660,012
Accrued liabilities:			
Payroll	211,023	51,547	262,570
Compensated absences	90,370	111,560	201,930
Other	27,773	220,501	248,274
Due to fiduciary funds	30,000	-	30,000
Current portion of capital lease liability	172,071	25,645	197,716
Current portion of long-term debt	840,666	1,618,901	2,459,567
Total current liabilities	<u>1,784,793</u>	<u>2,275,276</u>	<u>4,060,069</u>
Noncurrent liabilities -			
Accrued compensated absences	438,711	-	438,711
Other postemployment benefits	2,360,188	-	2,360,188
Net pension liability	188,514	-	188,514
Capital lease liability	767,465	26,195	793,660
Long-term debt	5,696,334	29,745,943	35,442,277
Total noncurrent liabilities	<u>9,451,212</u>	<u>29,772,138</u>	<u>39,223,350</u>
Total liabilities	<u>11,236,005</u>	<u>32,047,414</u>	<u>43,283,419</u>

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

TOWN OF BRATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015
(Page 2 of 2)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue	3,417,275	1,309,021	4,726,296
Deferred pension credits	<u>581,301</u>	<u>-</u>	<u>581,301</u>
Total deferred inflows of resources	<u>3,998,576</u>	<u>1,309,021</u>	<u>5,307,597</u>
NET POSITION:			
Net investment in capital assets	8,086,830	25,961,690	34,048,520
Restricted	7,891,285	-	7,891,285
Unrestricted	<u>1,527,918</u>	<u>6,234,399</u>	<u>7,762,317</u>
Total net position	\$ <u>17,506,033</u>	\$ <u>32,196,089</u>	\$ <u>49,702,122</u>

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

**TOWN OF BRAATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
FUNCTIONS/PROGRAMS:							
Governmental activities -							
General government	\$ 5,484,231	\$ 664,732	\$ 426,055	\$ -	\$ (4,393,444)	\$ -	\$ (4,393,444)
Public safety	5,126,964	298,747	169,964	7,300	(4,650,953)	-	(4,650,953)
Public works	2,667,377	858,304	18,215	-	(1,790,858)	-	(1,790,858)
Culture and recreation	1,756,991	71,678	434,236	-	(1,251,077)	-	(1,251,077)
Recycling and solid waste	1,015,019	-	70,528	-	(944,491)	-	(944,491)
Other	238,331	305	-	7,277	(230,749)	-	(230,749)
Total governmental activities	<u>16,288,913</u>	<u>1,893,766</u>	<u>1,118,998</u>	<u>14,577</u>	<u>(13,261,572)</u>	<u>-</u>	<u>(13,261,572)</u>
Business-type activities -							
Utilities	5,521,140	91,192	5,215,812	41,693	-	(172,443)	(172,443)
Parking	786,251	-	857,410	5,933	-	77,092	77,092
Total business-type activities	<u>6,307,391</u>	<u>91,192</u>	<u>6,073,222</u>	<u>47,626</u>	<u>-</u>	<u>(95,351)</u>	<u>(95,351)</u>
	<u>\$ 22,596,304</u>	<u>\$ 1,984,958</u>	<u>\$ 7,192,220</u>	<u>\$ 62,203</u>	<u>(13,261,572)</u>	<u>(95,351)</u>	<u>(13,356,923)</u>
GENERAL REVENUES - PROPERTY TAXES					13,963,956	-	13,963,956
- INVESTMENT INCOME (LOSS)					157,628	12,663	170,291
- TRANSFERS IN (OUT), NET					209,873	(209,873)	-
					<u>14,331,457</u>	<u>(197,210)</u>	<u>14,134,247</u>
CHANGE IN NET POSITION					1,069,885	(292,561)	777,324
NET POSITION, July 1, 2014, as restated					<u>16,436,148</u>	<u>32,488,650</u>	<u>48,924,798</u>
NET POSITION, June 30, 2015					<u>\$ 17,506,033</u>	<u>\$ 32,196,089</u>	<u>\$ 49,702,122</u>

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
 (Page 1 of 3)

	<u>General Fund</u>	<u>Development Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,530,047	\$ -	\$ 4,078,715	\$ 3,341	\$ 15,612,103
Investments	-	1,912,682	-	-	1,912,682
Receivables:					
Property taxes	489,330	-	-	-	489,330
Loans net of allowance of \$256,247 in the SBAP loan fund	-	3,776,422	-	-	3,776,422
Accounts	109,518	-	159,573	196,036	465,127
Due from other funds	-	558,630	1,534,165	757,175	2,849,970
Prepaid expenditures	688,598	-	-	5,500	694,098
Inventory	<u>19,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,974</u>
Total assets	<u>\$ 12,837,467</u>	<u>\$ 6,247,734</u>	<u>\$ 5,772,453</u>	<u>\$ 962,052</u>	<u>\$ 25,819,706</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY					
LIABILITIES:					
Warrants and accounts payable	\$ 370,618	\$ 7,237	\$ 19,267	\$ 15,768	\$ 412,890
Accrued liabilities -					
Payroll	202,298	-	-	8,725	211,023
Compensated absences	90,370	-	-	-	90,370
Other	27,773	-	-	-	27,773
Due to other funds	<u>8,855,276</u>	<u>-</u>	<u>33,510</u>	<u>89,138</u>	<u>8,977,924</u>
Total liabilities	<u>9,546,335</u>	<u>7,237</u>	<u>52,777</u>	<u>113,631</u>	<u>9,719,980</u>

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
(Page 2 of 3)

	<u>General Fund</u>	<u>Development Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred property taxes	290,379	-	-	-	290,379
Deferred revenue and grants	<u>13,897</u>	<u>3,265,229</u>	<u>19,000</u>	<u>119,149</u>	<u>3,417,275</u>
Total deferred inflows of resources	<u>304,276</u>	<u>3,265,229</u>	<u>19,000</u>	<u>119,149</u>	<u>3,707,654</u>
FUND EQUITY:					
Fund balances -					
Nonspendable	708,572	511,193	-	-	1,219,765
Restricted	-	2,289,551	4,045,205	241,564	6,576,320
Committed	141,540	174,524	-	487,708	803,772
Assigned	-	-	1,655,471	-	1,655,471
Unassigned	<u>2,136,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,136,744</u>
Total fund balances	<u>2,986,856</u>	<u>2,975,268</u>	<u>5,700,676</u>	<u>729,272</u>	<u>12,392,072</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 12,837,467</u>	<u>\$ 6,247,734</u>	<u>\$ 5,772,453</u>	<u>\$ 962,052</u>	<u>\$ 25,819,706</u>

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
(Page 3 of 3)

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

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 12,392,072
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	43,251,104
Accumulated depreciation	(27,687,738)
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.	(438,711)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Other postemployment benefits	(2,360,188)
Capital lease liability - current	(172,071)
Capital lease liability - noncurrent	(767,465)
Long-term debt - current	(840,666)
Long-term debt - noncurrent	(5,696,334)
Balances related to net position asset or liability and related to deferred outflows/inflows of resources are not reported in the funds.	
Deferred pension expense	305,466
Deferred pension credits	(581,301)
Net pension liability	(188,514)
Deferred property taxes are reported in the governmental funds to offset uncollected property taxes which are not available financial resources.	290,379
Net position of governmental activities - Government-wide Statement of Net Position	\$ 17,506,033

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

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

(Page 1 of 4)

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:					
Property taxes	\$ 13,896,277	\$ -	\$ -	\$ -	\$ 13,896,277
Licenses and permits	190,110	-	-	-	190,110
Investment income (loss)	12,482	144,293	246	607	157,628
Intergovernmental	384,882	-	374,712	1,050,310	1,809,904
Donations	-	-	68,683	14,874	83,557
Other departmental revenue	695,020	305	3,280	245,165	943,770
Total revenues	<u>15,178,771</u>	<u>144,598</u>	<u>446,921</u>	<u>1,310,956</u>	<u>17,081,246</u>
EXPENDITURES:					
Current -					
General government	2,239,082	19,237	-	55,187	2,313,506
Human services	130,765	-	-	172,408	303,173
Public safety	4,341,256	-	-	156,814	4,498,070
Public works	1,670,900	-	-	447,704	2,118,604
Culture and recreation	1,360,113	-	-	133,922	1,494,035
Recycling and solid waste	1,015,019	-	-	-	1,015,019
Pension and benefits	2,810,387	-	-	-	2,810,387
Capital outlay	-	-	1,097,882	281,669	1,379,551
Debt service - Principal	898,702	-	-	-	898,702
- Capital lease principal	168,196	-	-	-	168,196
- Interest	238,331	-	-	-	238,331
Total expenditures	<u>14,872,751</u>	<u>19,237</u>	<u>1,097,882</u>	<u>1,247,704</u>	<u>17,237,574</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>306,020</u>	<u>125,361</u>	<u>(650,961)</u>	<u>63,252</u>	<u>(156,328)</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, 2015

(Page 2 of 4)

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	-	-	222,000	-	222,000
Interfund transfers in (out), net	<u>(482,188)</u>	<u>(8,300)</u>	655,149	45,212	209,873
Total other financing sources (uses)	<u>(482,188)</u>	<u>(8,300)</u>	<u>877,149</u>	<u>45,212</u>	<u>431,873</u>
NET CHANGE IN FUND BALANCES	(176,168)	117,061	226,188	108,464	275,545
FUND BALANCES, July 1, 2014	<u>3,163,024</u>	<u>2,858,207</u>	<u>5,474,488</u>	<u>620,808</u>	<u>12,116,527</u>
FUND BALANCES, June 30, 2015	<u>\$ 2,986,856</u>	<u>\$ 2,975,268</u>	<u>\$ 5,700,676</u>	<u>\$ 729,272</u>	<u>\$ 12,392,072</u>

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

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

(Page 3 of 4)

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

Net change in fund balances - total governmental funds \$ 275,545

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.
Additions to capital assets, net 1,416,950
Depreciation (1,080,255)

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 (222,700)
Current year 290,379

Accrued compensated absences are fully accrued for the governmental activities, exceeding the limited accrual for fund accounting by these amounts.
Prior year 436,146
Current year (438,711)

Increase in long-term obligation for other postemployment benefits is a cost accrued in the government-wide statements but only reported as an expenditure when paid on the fund statements.
Prior year 1,923,218
Current year (2,360,188)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.
Proceeds from borrowing (222,000)
Debt service - principal 898,702
Capital lease - principal 168,196

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

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

(Page 4 of 4)

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

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

Net (increase) decrease in net pension obligation

(15,397)

Change in net position of governmental activities - Government-wide Statement of Activities

\$ 1,069,885

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, 2015

(Page 1 of 2)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
REVENUES:			
Taxes	\$ 13,938,675	\$ 13,896,277	\$ (42,398)
Interest income	13,000	12,482	(518)
Departmental revenue -			
Town Manager	146,500	147,772	1,272
Finance	45,000	53,529	8,529
Town Clerk	135,800	126,370	(9,430)
Listers	300	2,428	2,128
Risk management	-	30	30
Planning	35,100	63,740	28,640
Library	57,800	49,579	(8,221)
Fire	13,700	23,337	9,637
Refuse/recycle	-	6,764	6,764
Municipal Center	19,000	18,094	(906)
Police	155,629	146,627	(9,002)
Public works	4,000	18,215	14,215
Parks and recreation	212,200	228,645	16,445
Intergovernmental - regional	<u>372,250</u>	<u>384,882</u>	<u>12,632</u>
Budgeted revenues	<u>15,148,954</u>	<u>15,178,771</u>	<u>29,817</u>
EXPENDITURES:			
Administration -			
Town Manager	205,227	168,581	(36,646)
Finance	319,250	316,402	(2,848)
Town Attorney	106,500	103,241	(3,259)
Town Clerk	178,705	166,426	(12,279)
Listers	155,850	153,579	(2,271)
General services	216,281	233,400	17,119
Risk management	646,400	572,628	(73,772)
Planning	221,450	204,379	(17,071)
Employee benefits	3,062,300	2,810,387	(251,913)
Debt service - bonds, notes, lease	1,331,977	1,305,229	(26,748)
Human services	130,765	130,765	-
Auxiliary services	413,685	390,543	(23,142)
Library	609,951	591,052	(18,899)
Fire Department	1,812,834	1,740,766	(72,068)

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, 2015**

(Page 2 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over <u>(Under)</u>
EXPENDITURES (CONTINUED):			
Recycling and solid waste	1,006,645	1,015,019	8,374
Municipal center	187,265	155,152	(32,113)
Police Department	1,911,470	1,777,762	(133,708)
Police dispatch	411,243	432,185	20,942
Public works	1,550,262	1,670,900	120,638
Regional	84,150	87,294	3,144
Recreation and parks	780,967	769,061	(11,906)
Assessment - BABB	78,000	78,000	-
Total expenditures	<u>15,421,177</u>	<u>14,872,751</u>	<u>(548,426)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(272,223)</u>	<u>306,020</u>	<u>578,243</u>
OTHER FINANCING SOURCES (USES):			
Interfund transfers in	532,912	532,913	1
Interfund transfers out	<u>(460,689)</u>	<u>(1,015,101)</u>	<u>(554,412)</u>
Total other financing sources (uses)	<u>72,223</u>	<u>(482,188)</u>	<u>(554,411)</u>
NET CHANGE IN FUND BALANCE	\$ <u>(200,000)</u>	\$ <u>(176,168)</u>	\$ <u>23,832</u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Utilities Fund</u>	<u>Parking Fund</u>	<u>Totals Proprietary Funds</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 439,665	\$ 50	\$ 439,715
Accounts receivable:			
Accounts net of allowance for uncollectibles of \$9,653 in the Utilities Fund	1,373,320	-	1,373,320
Other	-	-	-
Due from other funds	5,631,707	466,247	6,097,954
Inventory	149,930	-	149,930
Prepaid expenses	95,760	17,471	113,231
Total current assets	<u>7,690,382</u>	<u>483,768</u>	<u>8,174,150</u>
Noncurrent assets -			
Capital assets	72,671,640	11,652,753	84,324,393
less - accumulated depreciation	<u>(24,218,710)</u>	<u>(2,727,309)</u>	<u>(26,946,019)</u>
Total noncurrent assets	<u>48,452,930</u>	<u>8,925,444</u>	<u>57,378,374</u>
Total assets	<u>56,143,312</u>	<u>9,409,212</u>	<u>65,552,524</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	237,951	9,171	247,122
Accrued liabilities:			
Payroll	45,727	5,820	51,547
Compensated absences	98,008	13,552	111,560
Other	215,329	5,172	220,501
Current portion of capital lease liability	25,645	-	25,645
Current portion of long-term debt	1,418,901	200,000	1,618,901
Total current liabilities	<u>2,041,561</u>	<u>233,715</u>	<u>2,275,276</u>
Noncurrent liabilities -			
Capital lease liability	26,195	-	26,195
Long-term debt	28,745,943	1,000,000	29,745,943
Total noncurrent liabilities	<u>28,772,138</u>	<u>1,000,000</u>	<u>29,772,138</u>
Total liabilities	<u>30,813,699</u>	<u>1,233,715</u>	<u>32,047,414</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue	1,309,021	-	1,309,021
NET POSITION:			
Net investment in capital assets	18,236,246	7,725,444	25,961,690
Unrestricted	5,784,346	450,053	6,234,399
Total net position	<u>\$ 24,020,592</u>	<u>\$ 8,175,497</u>	<u>\$ 32,196,089</u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Utilities</u> <u>Fund</u>	<u>Parking</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
OPERATING REVENUES:			
Charges for services	\$ 5,215,812	\$ 857,410	\$ 6,073,222
Interest and penalties	36,691	-	36,691
Intergovernmental	91,192	-	91,192
Miscellaneous	<u>602</u>	<u>5,933</u>	<u>6,535</u>
Total operating revenues	<u>5,344,297</u>	<u>863,343</u>	<u>6,207,640</u>
OPERATING EXPENSES:			
Personnel services	1,190,342	239,188	1,429,530
Contractual services	411,965	34,003	445,968
Supplies and materials	199,344	20,526	219,870
Maintenance	354,889	139,120	494,009
Heat, light and power	355,875	37,305	393,180
Depreciation	2,286,609	245,039	2,531,648
Miscellaneous	<u>8,438</u>	<u>-</u>	<u>8,438</u>
Total operating expenses	<u>4,807,462</u>	<u>715,181</u>	<u>5,522,643</u>
Operating income	<u>536,835</u>	<u>148,162</u>	<u>684,997</u>
NONOPERATING REVENUES (EXPENSES):			
Gain on sale of assets	4,400	-	4,400
Investment income	11,873	790	12,663
Interest expense	<u>(713,678)</u>	<u>(71,070)</u>	<u>(784,748)</u>
Total nonoperating revenues (expenses)	<u>(697,405)</u>	<u>(70,280)</u>	<u>(767,685)</u>
INCOME (LOSS) BEFORE TRANSFERS	(160,570)	77,882	(82,688)
Interfund transfers out	<u>(176,800)</u>	<u>(33,073)</u>	<u>(209,873)</u>
CHANGE IN NET POSITION	(337,370)	44,809	(292,561)
NET POSITION, July 1, 2014	<u>24,357,962</u>	<u>8,130,688</u>	<u>32,488,650</u>
NET POSITION, June 30, 2015	\$ <u>24,020,592</u>	\$ <u>8,175,497</u>	\$ <u>32,196,089</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, 2015

(Page 1 of 2)

	<u>Utilities</u> <u>Fund</u>	<u>Parking</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 5,252,804	\$ 863,343	\$ 6,116,147
Cash paid to suppliers for goods and services	(1,690,199)	(238,263)	(1,928,462)
Cash payments to employees for services	<u>(1,158,595)</u>	<u>(232,767)</u>	<u>(1,391,362)</u>
Net cash provided (used) by operating activities	<u>2,404,010</u>	<u>392,313</u>	<u>2,796,323</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	<u>11,873</u>	<u>790</u>	<u>12,663</u>
Net cash provided (used) by investing activities	<u>11,873</u>	<u>790</u>	<u>12,663</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
(Increase)Decrease in pooled cash due from other funds	150,128	(38,362)	111,766
Interfund transfer from (to) other funds	<u>(176,800)</u>	<u>(33,073)</u>	<u>(209,873)</u>
Net cash provided (used) by noncapital financing activities	<u>(26,672)</u>	<u>(71,435)</u>	<u>(98,107)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets, net	(950,958)	(50,598)	(1,001,556)
Proceeds from borrowing	4,480	-	4,480
Payments on bonds and bond anticipation note	(1,418,915)	(200,000)	(1,618,915)
Interest expense on bonds and notes	<u>(713,678)</u>	<u>(71,070)</u>	<u>(784,748)</u>
Net cash provided (used) by capital and related financing activities	<u>(3,079,071)</u>	<u>(321,668)</u>	<u>(3,400,739)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(689,860)	-	(689,860)
CASH AND CASH EQUIVALENTS, July 1, 2014	<u>1,129,525</u>	<u>50</u>	<u>1,129,575</u>
CASH AND CASH EQUIVALENTS, June 30, 2015	\$ <u>439,665</u>	\$ <u>50</u>	\$ <u>439,715</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, 2015

(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	\$ 536,835	\$ 148,162	\$ 684,997
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation expense	2,286,609	245,039	2,531,648
(Increase) decrease in accounts receivable	(458)	-	(458)
(Increase) decrease in inventory	5,892	-	5,892
(Increase) decrease in prepaid expenses	(89,748)	(14,870)	(104,618)
Increase (decrease) in accounts payable	(275,832)	7,561	(268,271)
Increase (decrease) in deferred revenue	(91,035)	-	(91,035)
Increase (decrease) in accrued liabilities	<u>31,747</u>	<u>6,421</u>	<u>38,168</u>
Net cash provided (used) by operating activities	\$ <u>2,404,010</u>	\$ <u>392,313</u>	\$ <u>2,796,323</u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Public Trust Funds Held By <u>Trustees</u>	Lundberg and Auditorium <u>Fund</u>	Library Trust <u>Fund</u>
ASSETS:			
Cash and cash equivalents	\$ 15,166	\$ 18,818	\$ 812,005
Investments, at fair value	192,338	-	1,154,173
Due from other funds	<u>30,000</u>	<u>-</u>	<u>-</u>
Total assets	<u>237,504</u>	<u>18,818</u>	<u>1,966,178</u>
LIABILITIES:			
Accounts payable	<u>-</u>	<u>9,068</u>	<u>5,380</u>
NET POSITION:			
Held in trust for specific purpose	237,504	5,000	1,960,798
Held in trust for restricted purpose	<u>-</u>	<u>4,750</u>	<u>-</u>
Total net position	\$ <u>237,504</u>	\$ <u>9,750</u>	\$ <u>1,960,798</u>

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

**TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Public Trust Funds Held by <u>Trustees</u>	Lundberg and Auditorium <u>Fund</u>	Library Trust <u>Fund</u>
ADDITIONS:			
Investment earnings -			
Investment income	\$ 10,902	\$ 9	\$ 19,408
Net increase (decrease) in fair value of investments	<u>(4,482)</u>	<u>-</u>	<u>23,480</u>
Total investment earnings	6,420	9	42,888
Interfund transfers in	<u>-</u>	<u>-</u>	<u>1,202,312</u>
Total additions	<u>6,420</u>	<u>9</u>	<u>1,245,200</u>
DEDUCTIONS:			
Broker fees	-	-	1,181
Miscellaneous	<u>4,040</u>	<u>18</u>	<u>40,584</u>
Total deductions	<u>4,040</u>	<u>18</u>	<u>41,765</u>
CHANGE IN NET POSITION	2,380	(9)	1,203,435
NET POSITION, July 1, 2014	<u>235,124</u>	<u>9,759</u>	<u>757,363</u>
NET POSITION, June 30, 2015	\$ <u>237,504</u>	\$ <u>9,750</u>	\$ <u>1,960,798</u>

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies:

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

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

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

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

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

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

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued):

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

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

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

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

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

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

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

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

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

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

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

F. Property taxes attach as an enforceable lien on property owned as of April 1st. Listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town Meeting Members at the Annual Representative Town and Town School District Meeting and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2015 were payable in four installments due August 15, 2014, November 17, 2014, February 17, 2015 and May 15, 2015.

**TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. Summary of significant accounting policies (continued):

- G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.
- H. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; environmental liability; and natural disasters. The Town manages these risks through a combination of commercial insurance packages purchased in the name of the Town, and participation in risk pools administered by the Vermont League of Cities and Towns. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.
- I. Cash, cash equivalents and investments - The Town pools cash from several funds for investment purposes; note 5 describes the effect on interfund balances at year end. The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair market value.
- J. Inventory - Inventory in the governmental funds is valued at cost and is recorded as an expenditure at the time individual inventory items are consumed (consumption method). Inventory in the Utilities Fund is valued at cost using the first in/first out method. Inventory is recorded as an expense when consumed rather than when purchased.
- K. Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.
- L. Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 (more than \$50,000 for infrastructure and utilities systems) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of significant accounting policies (continued):

M. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources (previously reported as assets) and deferred inflows of resources (previously reported as liabilities), if applicable, are reported as separate sections in the Government-wide Statement of Net Position and the Balance Sheet - Governmental Funds. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.

The Town reports deferred pension expense as deferred outflows of resources and deferred pension credits as deferred inflows of resources. The Town also reports property taxes which have not been collected within 60 days following year end as deferred property taxes, certain state and federal grants which are restricted for specified purposes as deferred grant revenue upon receipt until they are expended, and grant funds loaned for community development projects which are recorded as deferred loans receivable as deferred inflows of resources.

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

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

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

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

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

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

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

**TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. Summary of significant accounting policies (continued):

P. Fund equity (continued) -

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

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

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

2. Deposits and investments:

Custodial credit risk - deposits - Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy addresses this risk by requiring the use of qualified public depositories and requiring insurance or collateralization on certificates of deposit and repurchase agreements. As of June 30, 2015, all deposits were insured by the FDIC or collateralized.

Custodial credit risk - investments - Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Town's policy addresses this risk by requiring the use of qualified financial institutions and broker/dealers. The classification and fair value of investments as of June 30, 2015 are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 200,000	\$ 200,000
U.S. Government obligations	1,912,682	29,905	1,942,587
International obligations	-	-	-
Municipal obligations	-	30,391	30,391
Corporate obligations	-	63,006	63,006
Common and preferred stock	-	775,085	775,085
Mutual funds - various	-	248,124	248,124
	<u>\$ 1,912,682</u>	<u>\$ 1,346,511</u>	<u>\$ 3,259,193</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

2. Deposits and investments (continued):

Interest rate risk - Interest rate risk is the risk that changes in interest rates will affect the fair value of certain investments. The Town's policy states risk will be minimized by investing primarily in shorter term investments and limiting the average maturity of the Town's investment portfolio. Investments subject to interest rate risk and their maturities as of June 30, 2015 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	\$ 1,942,587	\$ -	\$ -	\$ 1,942,262	\$ 325
Municipal obligations	30,391	-	-	-	30,391
Corporate obligations	<u>63,006</u>	<u>-</u>	<u>36,912</u>	<u>-</u>	<u>26,094</u>
	<u>\$ 2,035,984</u>	<u>\$ -</u>	<u>\$ 36,912</u>	<u>\$ 1,942,262</u>	<u>\$ 56,810</u>

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy states this risk will be addressed by diversifying so that the impact of losses from any one type of investment will be minimized. As of June 30, 2015, the Town holds \$1,912,682 of its investments in a US Treasury Strip which matures in February 2023 held at Morgan Stanley which represents 63% of the Town's total investments. No other investments exceed 5% in any one issuer.

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

3. Loans receivable:

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

4. Capital assets:

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 1,416,716	\$ -	\$ -	\$ 1,416,716
Construction in process	<u>100,192</u>	<u>75,704</u>	<u>-</u>	<u>175,896</u>
Total capital assets, not depreciated	<u>1,516,908</u>	<u>75,704</u>	<u>-</u>	<u>1,592,612</u>
Capital assets, depreciated:				
Buildings and improvements	7,271,280	112,322	-	7,383,602
Improvements, other	4,906,819	2,381	-	4,909,200
Machinery and equipment	7,494,520	435,039	54,583	7,874,976
Infrastructure	<u>20,826,496</u>	<u>979,812</u>	<u>315,594</u>	<u>21,490,714</u>
Total capital assets, depreciated	<u>40,499,115</u>	<u>1,529,554</u>	<u>370,177</u>	<u>41,658,492</u>
Less accumulated depreciation for:				
Buildings and improvements	3,194,572	230,189	-	3,424,761
Improvements, other	2,693,154	176,094	-	2,869,248
Machinery and equipment	5,096,581	417,496	54,583	5,459,494
Infrastructure	<u>15,805,044</u>	<u>256,476</u>	<u>127,285</u>	<u>15,934,235</u>
Total accumulated depreciation	<u>26,789,351</u>	<u>1,080,255</u>	<u>181,868</u>	<u>27,687,738</u>
Total capital assets, depreciated, net	<u>13,709,764</u>	<u>449,299</u>	<u>188,309</u>	<u>13,970,754</u>
Capital assets, net, governmental	<u>15,226,672</u>	<u>525,003</u>	<u>188,309</u>	<u>15,563,366</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	1,364,025	-	-	1,364,025
Construction in process	<u>147,516</u>	<u>501,416</u>	<u>-</u>	<u>648,932</u>
Total capital assets, not depreciated	<u>1,511,541</u>	<u>501,416</u>	<u>-</u>	<u>2,012,957</u>
Capital assets, depreciated:				
Utilities - water	22,141,423	134,036	23,386	22,252,073
Utilities - sewer	48,734,189	319,906	37,511	49,016,584
Parking	<u>10,986,423</u>	<u>73,943</u>	<u>17,587</u>	<u>11,042,779</u>
Total capital assets, depreciated	<u>81,862,035</u>	<u>527,885</u>	<u>78,484</u>	<u>82,311,436</u>
Less accumulated depreciation for:				
Utilities - water	10,033,341	596,203	23,386	10,606,158
Utilities - sewer	11,959,657	1,690,406	37,511	13,612,552
Parking	<u>2,476,512</u>	<u>268,384</u>	<u>17,587</u>	<u>2,727,309</u>
Total accumulated depreciation	<u>24,469,510</u>	<u>2,554,993</u>	<u>78,484</u>	<u>26,946,019</u>
Total capital assets, depreciated, net	<u>57,392,525</u>	<u>(2,027,108)</u>	<u>-</u>	<u>55,365,417</u>
Capital assets, net, business-type	<u>58,904,066</u>	<u>(1,525,692)</u>	<u>-</u>	<u>57,378,374</u>
Capital assets, net	<u>\$ 74,130,738</u>	<u>\$ (1,000,689)</u>	<u>\$ 188,309</u>	<u>\$ 72,941,740</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

4. Capital assets (continued):

Depreciation expense of \$1,080,255 in the governmental activities was allocated to expenses of the general government (\$76,602), public safety (\$191,924), public works (\$548,773) and culture and recreation (\$262,956) programs based on capital assets assigned to those functions.

Depreciation expense of \$2,531,648 in the business-type activities was recorded in the Utilities Fund (\$2,286,609) and the Parking Fund (\$245,039) in the proprietary fund statements. Parking also added a fully depreciated asset transferred from Utilities valued at \$23,345.

5. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as of June 30, 2015 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 8,855,276
Development Fund	558,630	-
Capital Projects Fund	1,534,165	33,510
Other Governmental Funds	<u>757,175</u>	<u>89,138</u>
	<u>2,849,970</u>	<u>8,977,924</u>
Proprietary funds -		
Utilities Fund	5,631,707	-
Parking Fund	<u>466,247</u>	<u>-</u>
	<u>6,097,954</u>	<u>-</u>
Fiduciary funds	<u>30,000</u>	<u>-</u>
	<u>\$ 8,977,924</u>	<u>\$ 8,977,924</u>

6. Interfund transfers:

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Interfund transfers for the year ended June 30, 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 532,913	\$ 1,015,101
Development Fund	-	8,300
Capital Projects Fund	965,689	310,540
Other Governmental Funds	57,712	12,500
Utilities Fund	-	176,800
Parking Fund	<u>-</u>	<u>33,073</u>
	<u>\$ 1,556,314</u>	<u>\$ 1,556,314</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

6. Interfund transfers (continued):

The General Fund received transfers of \$209,873 from the proprietary funds and \$12,500 from Other Governmental Funds as reimbursement of expenditures for administration and other operating costs. The General Fund also received a transfer of \$310,540 from the Capital Projects Fund for a capital project that was cancelled. The General Fund transferred \$49,412 to Other Governmental Funds, and \$965,689 to the Capital Projects Fund. The Development Fund also recorded a transfer of \$8,300 to Other Governmental Funds.

7. Long-term debt:

Outstanding long-term debt for the year ended June 30, 2015 consisted of:

	Balance June 30, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2015</u>	Due Within <u>One Year</u>
Governmental activities -					
Notes payable (1.44 - 2.12%):					
Fire Equipment Note					
payments through April 2018	\$ -	\$ 222,000	\$ -	\$ 222,000	\$ 74,000
Highway Equipment Note					
payments through September 2015	206,667	-	103,334	103,333	103,333
Highway Equipment Note					
payments through December 2014	132,036	-	132,036	-	-
General obligation bonds (0.44% - 5.24%):					
General purpose, maturities through -					
December 2017	215,000	-	60,000	155,000	60,000
General purpose, maturities -					
November 2022	265,000	-	35,000	230,000	35,000
November 2028	5,000,000	-	333,333	4,666,667	333,333
December 2031	<u>1,395,000</u>	<u>-</u>	<u>235,000</u>	<u>1,160,000</u>	<u>235,000</u>
Total governmental activities	\$ <u>7,213,703</u>	\$ <u>222,000</u>	\$ <u>898,703</u>	\$ <u>6,537,000</u>	\$ <u>840,666</u>
Business-type activities -					
General obligation bonds (2.0% - 5.64%):					
Parking, through December 2020	\$ 1,400,000	\$ -	\$ 200,000	\$ 1,200,000	\$ 200,000
Wastewater, Revolving Loan Fund -					
RF1-127, through December 2033	12,964,704	-	533,585	12,431,119	544,256
RF1-024, through September 2031	2,394,076	-	111,808	2,282,268	114,045
RF1-171, through June 2036	33,600	4,480	-	38,080	-
Wastewater, Recovery Zone Economic					
Development, through December 2030	11,805,000	-	575,000	11,230,000	585,000
Special obligation bonds (-3.0% - 2.0%):					
Tri-Park Water, through June 2043	1,863,801	-	64,269	1,799,532	64,269
Tri-Park Sewer, through June 2033	<u>2,492,993</u>	<u>-</u>	<u>109,148</u>	<u>2,383,845</u>	<u>111,331</u>
Total business-type activities	\$ <u>32,954,174</u>	\$ <u>4,480</u>	\$ <u>1,593,810</u>	\$ <u>31,364,844</u>	\$ <u>1,618,901</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. Long-term debt (continued):

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

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

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

The Town constructed water and sewer improvements in the Mountain Home Park Special Benefit Assessment District. The \$2,600,000 sewer replacement project loan (plus 2% administration fee) and the \$1,928,070 water main replacement project loan (less negative 3.0% interest) were the original values of the Town's liabilities, but repayment is to be provided from assessments against the District. The Utility Fund reports deferred revenue of \$1,084,738 related to the water main replacement project loan which will be recognized in future years as installments of the negative 3% interest water loan become due. The sewer replacement annual debt service is \$159,007 from June 2014 through June 2033. The water main annual debt service is \$64,269 from June 2014 to June 2043.

The Town has received a loan of \$985,000 from the Clean Water State Revolving Loan Fund (CWSRLF) for planning, design engineering and construction of the Black Mountain Gravity Line which is part of the overall Wastewater Treatment Plant (WWTP) Upgrade. Only \$38,080 was borrowed at June 30, 2015. The loan is payable in twenty annual installments of \$2,329 from June 2017 to June 2036.

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

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

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

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. Long-term debt (continued):

A highway equipment note of \$405,000 was obtained in December 2011 to refinance two capital leases for highway equipment acquired in a prior year. The terms of repayment were changed but no additional obligation was incurred. The note was fully repaid in fiscal year 2015.

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

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

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

Debt service requirements to maturity are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 840,667	\$ 203,291	\$ 1,618,900	\$ 757,821
2017	722,333	184,749	1,645,860	646,003
2018	532,333	170,080	1,671,592	605,245
2019	413,333	158,043	1,702,639	574,621
2020	413,333	146,641	1,729,006	529,736
2021-2025	1,971,668	532,648	8,357,231	2,243,040
2026-2030	1,558,333	162,218	9,143,400	1,186,038
2031-2035	85,000	4,280	4,979,781	196,376
2036-2040	-	-	323,628	46
2041-2045	-	-	192,807	-
	<u>\$ 6,537,000</u>	<u>\$ 1,561,950</u>	<u>\$ 31,364,844</u>	<u>\$ 6,738,926</u>

8. Capital leases:

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

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

8. Capital leases (continued):

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 are as follows:

	<u>Governmental Funds</u>	<u>Utilities Fund</u>	<u>Totals</u>
Year ending June 30,			
2016	\$ 193,899	\$ 26,617	\$ 220,516
2017	193,899	26,617	220,516
2018	126,920	-	126,920
2019	126,920	-	126,920
2020	126,920	-	126,920
Thereafter	<u>253,840</u>	<u>-</u>	<u>253,840</u>
Total minimum lease payments	1,022,398	53,234	1,075,632
Less: amount representing interest	<u>82,862</u>	<u>1,394</u>	<u>84,256</u>
Present value of minimum lease payments	\$ <u>939,536</u>	\$ <u>51,840</u>	\$ <u>991,376</u>

9. Fund balances:

The General Fund reported a nonspendable fund balance (\$708,572) for inventory and prepaid expenditures. The General Fund also reported a committed fund balance (\$45,275) to defray the Town's portion of costs associated with repairs due to Tropical Storm Irene and (\$96,265) to fund General Fund expenditures in fiscal year 2016.

The Development Fund reported a nonspendable fund balance (\$511,193) for those loan balances not offset by deferred revenue; the remaining balance of these programs are restricted (\$2,289,551) by program regulations or committed (\$174,524) by Town Meeting Members.

The Capital Projects Fund reported a restricted fund balance (\$4,045,205), and an assigned fund balance (\$1,655,471) for capital projects which has not been used and may be released to the General Fund.

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

10. Restatements:

The Town has restated beginning net position of the governmental activities on the government-wide financial statements from \$16,885,100 to \$16,436,148, to record the change in accounting for the Town's proportionate share of the Vermont Municipal Employees' Retirement System pension plan.

11. Pension plans:

Defined Contribution Plan -

The Town maintains a single-employer defined contribution pension plan. The plan was established on January 1, 1988. It is a "qualified" plan under Section 401(a) of the Internal Revenue Code. It covers

**TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

11. Pension plans (continued):

Defined Contribution Plan (continued) -

substantially all full-time regular employees with one or more years of service, except for certain police and fire department employees that have coverage under the Vermont Municipal Employees' Retirement System. The Town contributes 6% of the gross earnings for each eligible employee each pay period. In addition, the Town makes a matching contribution equal to each employee's contribution to the plan for that pay period up to a maximum of 3% of the employee's gross earnings. Participants become 60% vested after three years, 80% vested after four years and 100% vested after five years in the plan. They are always 100% vested in their own contributions.

The following is a summary of pension plan information for the year ended June 30, 2015:

Number of active plan participants	91
Current year covered payroll	\$ 4,104,266
Current year total payroll	\$ 7,502,154
Contributions by Town (8.6% of covered payroll)	\$ 355,309
Contributions by employees (3.3% of covered payroll)	\$ 202,842

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

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

Contributions: Defined Benefit Plan members are required to contribute 2.5% (Group A), 4.75% (Group B), 9.625% (Group C) or 11.25% (Group D) of their annual covered salary, and the Town is required to contribute 4% (Group A), 5.375% (Group B), 7.0% (Group C) or 9.75% (Group D) of the employees' compensation. Defined Contribution Plan members are required to contribute 5% of their annual covered salary and the Town is required to contribute an equal dollar amount. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town employees that participate in VMERS are members of Group D. The Town's contributions to VMERS for the years ended June 30, 2015, 2014, and 2013 were \$276,153, \$266,442 and \$235,132, respectively. The amounts contributed were equal to the required contributions for each year.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

11. Pension plans (continued):

Vermont Municipal Employees' Retirement System (continued) -

Pension liabilities, deferred outflows of resources, deferred inflows of resources: In 2015, the Town implemented a change in governmental accounting and reporting which was mandated by the Governmental Accounting Standards Board in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The impact on these financial statements is to include the Town's proportionate share of the VMERS' net pension liability, deferred outflows of resources for pension expense, deferred inflows of resources from investment earnings and contributions, and the related effects on government-wide net position and activities. Financial statements of the individual funds have not been affected by the change in 2015, but may be affected by certain estimates or accruals in future years. The State of Vermont has provided the following information to all employers participating in VMERS, which is based on their calculation of the Town's 2.0655% proportionate share of VMERS.

Town's share of VMERS net pension liability	\$ <u>188,514</u>
Deferred outflow of resources - Deferred pension expense	\$ <u>305,466</u>
Deferred inflow of resources - Deferred pension credits	\$ <u>581,301</u>

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

Required supplementary information: Implementation of GASB Statement No. 68 requires reporting of ten years of historical pension information by employers. This information will be built up by year for the next ten years in schedules of the *Town's Proportionate Share of Net Pension Liability of VMERS* and *Town Contributions to VMERS*. The required information for the year ended June 30, 2015 is as follows:

Town's proportion of the net pension liability	<u>2.0655%</u>
Town's proportionate share of the net pension liability	\$ <u>188,514</u>
Town's covered-employee payroll	\$ <u>2,832,336</u>
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>6.66%</u>
VMERS net position as a percentage of the total pension liability	<u>98.32%</u>
Contractually required contribution (fully paid)	\$ <u>276,153</u>
Contributions as a percentage of covered-employee payroll	<u>9.75%</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

12. Other postemployment benefit (OPEB) plan:

Retirement Health Plan for Brattleboro Firefighters and Police -

Plan description: In addition to the pension benefits described in note 11, the Town administers a single employer defined benefit healthcare plan for retired firefighters and police (“the plan”). The plan provides healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active employees and retired members. As of June 30, 2015, the Town’s plan included 68 members, with 10 retirees or spouses receiving benefits and 58 active employees who could be eligible to receive future benefits. Thirty-one spouses are also included in the plan census because the plan provides for two-person health coverage. The plan does not issue a separate financial report.

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

Funding policy: The Town will pay 60% of two-person health insurance costs for members of The Brattleboro Professional Firefighters Association who have worked for the Town continuously for 20 years and who retire after attaining age 55, until the former employee is eligible for Medicare benefits. The Town will pay 40% of two-person health insurance costs for members of the International Brotherhood of Police Officers who have worked for the Town continuously for 20 years and who retire after attaining age 50. At age 55 the Town will pay 60% of the two-person health insurance costs, until the former police officer is eligible for Medicare benefits. The retiree and employee contributions and employer contributions are governed by the terms of the applicable union contracts.

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

Annual required contribution	\$ 522,192
Interest on net OPEB obligation	28,848
Adjustment to annual required contribution	(78,898)
Amortization of actuarial (gains)/losses	<u>27,135</u>
Annual OPEB Cost	499,277
Contributions made (12.5%)	<u>(62,307)</u>
Increase in OPEB obligation	436,970
Net OPEB obligation, July 1, 2014	<u>1,923,218</u>
Net OPEB obligation, June 30, 2015	\$ <u>2,360,188</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 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, 2013	\$ 443,377	\$ 92,242	20.8%	\$ 1,484,758
June 30, 2014	\$ 484,629	\$ 46,169	9.5%	\$ 1,923,218
June 30, 2015	\$ 499,277	\$ 62,307	12.5%	\$ 2,360,188

Funded status and funding progress: An independent actuary valued the Town's OPEB liabilities as of June 30, 2014. The actuarial accrued liability for the postemployment healthcare benefits promised to eligible retired firefighter and police employees was \$4,273,241 as of June 30, 2015, all of which was unfunded. The covered 2015 payroll (annual payroll of active employees covered by the plan) was \$3,379,839, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 126%. The schedule of funding progress is presented as required supplementary information in schedule 7. It presents multi-year trend information about whether the actuarial accrued liability for benefits is increasing or decreasing over time.

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

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

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

13. Commitments:

Residential refuse and recyclables collection - The Town has a ten-year waste and recycling contract through June 30, 2019. For the years ending June 30, 2016 through 2019 the contractual commitments are \$553,000, \$566,950, \$566,950 and \$566,950, respectively.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

13. Commitments (continued):

Transfer of bus operations - The Town previously transferred bus operations to Connecticut River Transit. The Town is committed to continue payment of a \$50,000 bus service subsidy for fiscal 2016.

Legal services - The Town has a one-year retainer contract for legal services through March 2016. The annual cost of the contract is \$101,000 from March 23, 2015 to March 22, 2016.

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

Black Mountain Sewer Line - The Town has a commitment of \$620,899 for construction of the sewer line as of June 30, 2015.

14. Contingencies:

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

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

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

15. Joint venture:

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

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

15. Joint venture (continued):

Summary financial information for the District as of and for the fiscal year ended June 30, 2014 is provided below because audited financial statements for the fiscal year ended June 30, 2015 were not available as of the date of this report.

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

16. Tropical Storm Irene:

On August 28, 2011 the Town of Brattleboro was struck by Tropical Storm Irene. The Town experienced flooding and severe infrastructure damage in a number of areas. As a result of the storm and widespread damage throughout the State of Vermont, Windham County, along with the most of the other counties in the state, were declared disaster areas by the President of the United States. This declaration allowed the Town to access federal emergency management funds from FEMA and the Federal Highway Administration to assist with recovery efforts. As of June 30, 2015, the Town had received approval of \$1,870,898 in federal and state disaster recovery assistance. The Town's portion of the Tropical Storm Irene recovery effort was \$138,569 as of June 30, 2015.

17. Subsequent events:

Subsequent to year end, the Town obtained a four-year capital equipment note in the amount of \$632,000 with interest of 1.51%, which matures June 23, 2019.

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - DEVELOPMENT FUND
JUNE 30, 2015

	Disaster Relief	Rental Housing	SBAP	UDAG Holstein	VCDP 1st Generation Active	VCDP 1st Generation Deferred	Total
ASSETS							
Due from other funds	\$ 43,420	\$ 131,104	\$ 232,985	\$ -	\$ 151,121	\$ -	\$ 558,630
Investments	-	-	-	1,912,682	-	-	1,912,682
Loans receivable, net	<u>3,964</u>	<u>60,563</u>	<u>631,766</u>	-	<u>728,629</u>	<u>2,351,500</u>	<u>3,776,422</u>
Total assets	<u>\$ 47,384</u>	<u>\$ 191,667</u>	<u>\$ 864,751</u>	<u>\$ 1,912,682</u>	<u>\$ 879,750</u>	<u>\$ 2,351,500</u>	<u>\$ 6,247,734</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,237	\$ -	\$ 7,237
DEFERRED INFLOWS OF RESOURCES:							
Deferred revenue	-	-	<u>185,100</u>	-	<u>728,629</u>	<u>2,351,500</u>	<u>3,265,229</u>
FUND EQUITY:							
Fund balances -							
Nonspendable	3,964	60,563	446,666	-	-	-	511,193
Restricted	-	-	232,985	1,912,682	143,884	-	2,289,551
Committed	<u>43,420</u>	<u>131,104</u>	-	-	-	-	174,524
Total fund balances	<u>47,384</u>	<u>191,667</u>	<u>679,651</u>	<u>1,912,682</u>	<u>143,884</u>	-	<u>2,975,268</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 47,384</u>	<u>\$ 191,667</u>	<u>\$ 864,751</u>	<u>\$ 1,912,682</u>	<u>\$ 879,750</u>	<u>\$ 2,351,500</u>	<u>\$ 6,247,734</u>

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

	<u>Disaster Relief</u>	<u>Rental Housing</u>	<u>SBAP</u>	<u>UDAG Holstein</u>	<u>VCDP 1st Generation Active</u>	<u>VCDP 1st Generation Deferred</u>	<u>Total</u>
REVENUES:							
Investment income/change in value	\$ 207	\$ 1,633	\$ 10,348	\$ 84,171	\$ 47,934	\$ -	\$ 144,293
Departmental and other revenues	-	<u>70</u>	<u>235</u>	-	-	-	<u>305</u>
Total revenues	207	1,703	10,583	84,171	47,934	-	144,598
EXPENDITURES:							
General government	-	-	<u>12,000</u>	-	<u>7,237</u>	-	<u>19,237</u>
EXCESS OF REVENUES OR (EXPENDITURES)	207	1,703	(1,417)	84,171	40,697	-	125,361
Interfund transfers in (out)	-	-	-	-	<u>(8,300)</u>	-	<u>(8,300)</u>
NET CHANGE IN FUND BALANCES	207	1,703	(1,417)	84,171	32,397	-	117,061
FUND BALANCES, July 1, 2014	<u>47,177</u>	<u>189,964</u>	<u>681,068</u>	<u>1,828,511</u>	<u>111,487</u>	-	<u>2,858,207</u>
FUND BALANCES, June 30, 2015	<u>\$ 47,384</u>	<u>\$ 191,667</u>	<u>\$ 679,651</u>	<u>\$ 1,912,682</u>	<u>\$ 143,884</u>	<u>\$ -</u>	<u>\$ 2,975,268</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2015

	Grants <u>Fund</u>	Community Restorative <u>Justice</u>	Solid Waste <u>Disposal</u>	Tropical Storm <u>Irene</u>	Energy Efficiency <u>Fund</u>	Union Station <u>Project</u>	Agricultural Land Trust Preservation <u>Fund</u>
ASSETS							
Cash and cash equivalents	\$ 100	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	43,586	14,891	55,767	81,792	-	-	-
Prepaid expenditures	-	750	-	-	-	-	-
Due from other funds	<u>75,612</u>	<u>-</u>	<u>963</u>	<u>-</u>	<u>37,588</u>	<u>5,446</u>	<u>50,379</u>
Total assets	\$ <u>119,298</u>	\$ <u>15,841</u>	\$ <u>56,730</u>	\$ <u>81,792</u>	\$ <u>37,588</u>	\$ <u>5,446</u>	\$ <u>50,379</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	\$ 481	\$ 1	\$ -	\$ -	\$ -	\$ 938	\$ -
Accrued liabilities	231	8,494	-	-	-	-	-
Due to other funds	-	7,346	-	81,792	-	-	-
Total liabilities	<u>712</u>	<u>15,841</u>	<u>-</u>	<u>81,792</u>	<u>-</u>	<u>938</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred revenue	<u>118,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY:							
Fund balances -							
Restricted	-	-	-	-	-	4,508	-
Committed	<u>-</u>	<u>-</u>	<u>56,730</u>	<u>-</u>	<u>37,588</u>	<u>-</u>	<u>50,379</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>56,730</u>	<u>-</u>	<u>37,588</u>	<u>4,508</u>	<u>50,379</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>119,298</u>	\$ <u>15,841</u>	\$ <u>56,730</u>	\$ <u>81,792</u>	\$ <u>37,588</u>	\$ <u>5,446</u>	\$ <u>50,379</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2015

ASSETS	<u>Recreation Programs</u>	<u>Reappraisal Reserve</u>	<u>Records Restoration</u>	<u>Skating Rink Improvements</u>	<u>Trees Program</u>	<u>Other Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,341
Accounts receivable	-	-	-	-	-	-	196,036
Prepaid expenditures	4,750	-	-	-	-	-	5,500
Due from other funds	<u>229,268</u>	<u>171,413</u>	<u>58,775</u>	<u>104,497</u>	<u>15,803</u>	<u>7,431</u>	<u>757,175</u>
Total assets	<u>\$ 237,059</u>	<u>\$ 171,413</u>	<u>\$ 58,775</u>	<u>\$ 104,497</u>	<u>\$ 15,803</u>	<u>\$ 7,431</u>	<u>\$ 962,052</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY

LIABILITIES:							
Accounts payable	\$ 14,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,768
Accrued liabilities	-	-	-	-	-	-	8,725
Due to other funds	-	-	-	-	-	-	89,138
Total liabilities	<u>14,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,631</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred revenue	-	<u>563</u>	-	-	-	-	<u>119,149</u>

FUND EQUITY:

Fund balances -							
Restricted	-	170,850	58,775	-	-	7,431	241,564
Committed	<u>222,711</u>	<u>-</u>	<u>-</u>	<u>104,497</u>	<u>15,803</u>	<u>-</u>	<u>487,708</u>
Total fund balances	<u>222,711</u>	<u>170,850</u>	<u>58,775</u>	<u>104,497</u>	<u>15,803</u>	<u>7,431</u>	<u>729,272</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 237,059</u>	<u>\$ 171,413</u>	<u>\$ 58,775</u>	<u>\$ 104,497</u>	<u>\$ 15,803</u>	<u>\$ 7,431</u>	<u>\$ 962,052</u>

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

	Grants Fund	Community Restorative Justice	Solid Waste Disposal	Tropical Storm Irene	Energy Efficiency Fund	Union Station Project	Agricultural Land Trust Preservation Fund
REVENUES:							
Investment income/change in value	\$ -	\$ -	\$ -	\$ -	\$ 89	\$ -	\$ 101
Intergovernmental	456,859	174,891	-	375,344	-	-	-
Donations and grants	13,674	-	-	-	-	-	-
Departmental and other revenues	-	3,997	63,763	-	-	-	-
Total revenues	<u>470,533</u>	<u>178,888</u>	<u>63,763</u>	<u>375,344</u>	<u>89</u>	<u>-</u>	<u>101</u>
EXPENDITURES:							
General government	31,675	-	7,033	-	7,539	-	-
Human services	-	172,408	-	-	-	-	-
Public safety	156,814	-	-	-	-	-	-
Public works	9,595	-	-	437,171	-	938	-
Culture and recreation	3,506	-	-	-	-	-	-
Capital outlay	281,669	-	-	-	-	-	-
Total expenditures	<u>483,259</u>	<u>172,408</u>	<u>7,033</u>	<u>437,171</u>	<u>7,539</u>	<u>938</u>	<u>-</u>
EXCESS OF REVENUES OR (EXPENDITURES)	(12,726)	6,480	56,730	(61,827)	(7,450)	(938)	101
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	<u>12,726</u>	<u>-</u>	<u>-</u>	<u>44,986</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	6,480	56,730	(16,841)	(7,450)	(938)	101
FUND BALANCES (DEFICIT), June 30, 2014	<u>-</u>	<u>(6,480)</u>	<u>-</u>	<u>16,841</u>	<u>45,038</u>	<u>5,446</u>	<u>50,278</u>
FUND BALANCES, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,730</u>	<u>\$ -</u>	<u>\$ 37,588</u>	<u>\$ 4,508</u>	<u>\$ 50,379</u>

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

	Recreation Programs	Reappraisal Reserve	Records Restoration	Skating Rink Improvements	Trees Program	Other Funds	Total
REVENUES:							
Investment income/change in value	\$ 417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 607
Intergovernmental	-	43,216	-	-	-	-	1,050,310
Donations and grants	-	-	-	-	1,200	-	14,874
Departmental and other revenues	133,205	-	14,092	22,808	-	7,300	245,165
Total revenues	<u>133,622</u>	<u>43,216</u>	<u>14,092</u>	<u>22,808</u>	<u>1,200</u>	<u>7,300.00</u>	<u>1,310,956</u>
EXPENDITURES:							
General government	-	780	8,160	-	-	-	55,187
Human services	-	-	-	-	-	-	172,408
Public safety	-	-	-	-	-	-	156,814
Public works	-	-	-	-	-	-	447,704
Culture and recreation	128,736	-	-	1,680	-	-	133,922
Capital outlay	-	-	-	-	-	-	281,669
Total expenditures	<u>128,736</u>	<u>780</u>	<u>8,160</u>	<u>1,680</u>	<u>-</u>	<u>-</u>	<u>1,247,704</u>
EXCESS OF REVENUES OR (EXPENDITURES)	4,886	42,436	5,932	21,128	1,200	7,300	63,252
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>-</u>	<u>-</u>	<u>45,212</u>
NET CHANGE IN FUND BALANCES	(114)	42,436	5,932	13,628	1,200	7,300	108,464
FUND BALANCES (DEFICIT), June 30, 2014	<u>222,825</u>	<u>128,414</u>	<u>52,843</u>	<u>90,869</u>	<u>14,603</u>	<u>131</u>	<u>620,808</u>
FUND BALANCES, June 30, 2015	<u>\$ 222,711</u>	<u>\$ 170,850</u>	<u>\$ 58,775</u>	<u>\$ 104,497</u>	<u>\$ 15,803</u>	<u>\$ 7,431</u>	<u>\$ 729,272</u>

**TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 2015**

	<u>Capital Projects Fund</u>	<u>West River Park Fund</u>	<u>Skateboard Park Fund</u>	<u>Fire and Police Station</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 4,078,715	\$ 4,078,715
Accounts receivable	159,573	-	-	-	159,573
Due from other funds	<u>1,423,446</u>	<u>66,069</u>	<u>44,650</u>	-	<u>1,534,165</u>
Total assets	<u>\$ 1,583,019</u>	<u>\$ 66,069</u>	<u>\$ 44,650</u>	<u>\$ 4,078,715</u>	<u>\$ 5,772,453</u>

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

LIABILITIES:					
Accounts payable	\$ 9,953	\$ 9,036	\$ 278	\$ -	\$ 19,267
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,510</u>	<u>33,510</u>
Total liabilities	<u>9,953</u>	<u>9,036</u>	<u>278</u>	<u>33,510</u>	<u>52,777</u>

**DEFERRED INFLOWS
OF RESOURCES:**

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

Fund balances -					
Restricted	<u>1,573,066</u>	<u>57,033</u>	<u>-</u>	<u>4,045,205</u>	<u>4,045,205</u>
Assigned	<u>1,573,066</u>	<u>57,033</u>	<u>25,372</u>	<u>-</u>	<u>1,655,471</u>
Total fund balances	<u>1,573,066</u>	<u>57,033</u>	<u>25,372</u>	<u>4,045,205</u>	<u>5,700,676</u>

Total liabilities, deferred
inflows of resources
and fund equity

	<u>\$ 1,583,019</u>	<u>\$ 66,069</u>	<u>\$ 44,650</u>	<u>\$ 4,078,715</u>	<u>\$ 5,772,453</u>
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**TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Capital Projects Fund	West River Park Fund	Skateboard Park Fund	Fire and Police Station	<u>Total</u>
REVENUES:					
Investment income/change in value	\$ -	\$ -	\$ -	\$ 246	\$ 246
Intergovernmental	374,712	-	-	-	374,712
Donations and grants	-	67,882	801	-	68,683
Departmental and other revenues	<u>3,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,280</u>
Total revenues	377,992	67,882	801	246	446,921
EXPENDITURES:					
Capital outlay	<u>992,723</u>	<u>86,985</u>	<u>4,761</u>	<u>13,413</u>	<u>1,097,882</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>(614,731)</u>	<u>(19,103)</u>	<u>(3,960)</u>	<u>(13,167)</u>	<u>(650,961)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	222,000	-	-	-	222,000
Interfund transfers in (out), net	<u>635,149</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>655,149</u>
Total other financing sources (uses)	<u>857,149</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>877,149</u>
NET CHANGE IN FUND BALANCES	242,418	(19,103)	16,040	(13,167)	226,188
FUND BALANCES, July 1, 2014	<u>1,330,648</u>	<u>76,136</u>	<u>9,332</u>	<u>4,058,372</u>	<u>5,474,488</u>
FUND BALANCES, June 30, 2015	\$ <u>1,573,066</u>	\$ <u>57,033</u>	\$ <u>25,372</u>	\$ <u>4,045,205</u>	\$ <u>5,700,676</u>

TOWN OF BRATTLEBORO, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION -
FUNDING PROGRESS FOR OPEB PLAN
JUNE 30, 2015

Schedule 7

Retirement Health Plan for Brattleboro Firefighters and Police -

The Town has performed three actuarial valuations, the latest as of June 30, 2014. The actuarial accrued liability, the unfunded actuarial accrued liability (UAAL), the covered payroll and the UUAL as a percentage of covered payroll for fiscal year 2015 and the preceding years covered by the valuations are as follows:

<u>Annual Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UUAL as a Percentage of Covered Payroll</u>
As of June 30,						
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%
2013	\$ -	\$ 4,427,483	\$ 4,427,483	0%	\$ 2,993,932	148%
2014	\$ -	\$ 3,871,810	\$ 3,871,810	0%	\$ 3,403,715	114%
2015	\$ -	\$ 4,273,241	\$ 4,273,241	0%	\$ 3,379,839	126%