

TOWN OF BRATTLEBORO, VERMONT

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2019**

**AND
INDEPENDENT AUDITOR'S REPORT**



**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

TABLE OF CONTENTS

		<u>Page(s)</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-9
Basic Financial Statements:		
Statement of Net Position	Exhibit A	10
Statement of Activities	Exhibit B	11
Governmental Funds:		
Balance Sheet	Exhibit C	12-13
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D	14
Reconciliation of the Statement of Revenues		
Expenditures and Changes in Fund Balance of Governmental		
Funds to the Statement of Activities	Exhibit E	15
Statement of Revenues, Expenditures and Changes in Fund Balances		
Budget and Actual General Fund	Exhibit F	16-17
Proprietary Fund:		
Statement of Fund Position	Exhibit G	18
Statement of Revenues, Expenses and Changes in Fund Net Position	Exhibit H	19
Statement of Cash Flows	Exhibit I	20
Fiduciary Funds:		
Statement of Fiduciary Fund Position	Exhibit J	21
Statement of Revenue, Expenses and Changes in Fund Net Position	Exhibit K	22
Notes to Financial Statements		23-46
Required Supplementary Information:		
Schedule of Proportional Share of the Net Pension Liability		
VMERS Defined Benefits Plans	Schedule 1	47
Schedule of Contributions VMERS Defined Benefit Plan	Schedule 2	48
Change in the Net OPEB Liability	Schedule 3	49
Actuarially determined OPEB Contributions Excess/(Deficit)	Schedule 4	50
Other Information		
Combining Balance Sheet – Development Fund	Schedule 5	51
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances – Development Fund	Schedule 6	52
Combining Balance Sheet – Other Governmental Funds	Schedule 7	53-54
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances – Other Governmental Funds	Schedule 8	55-56
Combining Balance Sheet – Capital Projects Fund	Schedule 9	57
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances – Capital Projects Funds	Schedule 10	58
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"		59-60



Batchelder Associates, PC

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, 2019, 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, 2019, 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 Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1, the Schedule of Contributions on Schedule 2, the Change in Net OPEB Liability on Schedule 3 and the Actuarially determined OPEB Contributions Excess/(Deficit) on Schedule 4 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 5 through 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements 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 September 6, 2019, 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

Town of Brattleboro, Vermont
Page 3

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.

Batchelder Associates, P.C.

Batchelder Associates, P.C.
Barre, Vermont
License #945
September 6, 2019

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

This discussion and analysis is intended to serve as an introduction to 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.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibit A and B) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements. Fiduciary fund statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Town as a Whole

The government-wide financial statements are on Exhibit A and B. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. You can think of the Town's net position – the difference between assets, liabilities, and deferred inflows/outflows – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the police, public safety, highway and streets, sanitation, health and welfare, culture and recreation, equipment and building maintenance, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business-type activities- The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's utility and parking activities are reported here.

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Reporting the Town's Most Significant Funds

The fund financial statements begin on page 12 and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and F that are included in the financial statements.

- Proprietary funds – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Financial Highlights

- The net position of the Town's governmental activities increased by \$754,185, or approximately 3.6%. The net position of our business-type activities increased by \$787,548, or approximately 2.3%.
- The cost of all of the Town's programs was \$26,073,017, with no new programs added this year. Program costs were up \$1,903,916 this year over the previous year due, in large part, to costs associated with general government.
- The General Fund reported a decrease in fund balance this year of \$376,583, which was \$393,417 better than budgeted. This favorable budget variance was due to higher interest income, lower expenditures in employee benefits, the police department and the town manager's department offset, in part, by higher expenditures for public works and insurance premiums.
- The unassigned fund balance of the General Fund was \$2,047,513 as of June 30, 2019. This represents the amount of funds available for future budgets. The committed fund balance of \$337,119 is \$42,119 to fund the joint promotion of Brattleboro by the Brattleboro Area Chamber of Commerce and the Downtown Brattleboro Alliance and \$295,000 to fund various 2020 capital projects. The non-spendable fund balance was \$746,978, including \$738,772 in prepaid expenditures and inventories of \$8,206.
- The Development Fund reported an increase in fund balance this year of \$90,068 compared to a decrease of \$114,821 in the prior year. This increase was largely due to positive investment returns on a zero coupon bond.
- The Capital Projects Fund reported an increase in fund balance this year of \$89,424, compared to a decrease of \$3,982,406 in the prior year. The decrease from the previous year was primarily due to the capital costs for the police and fire upgrade project incurred during the year.

Government-wide Financial Analysis

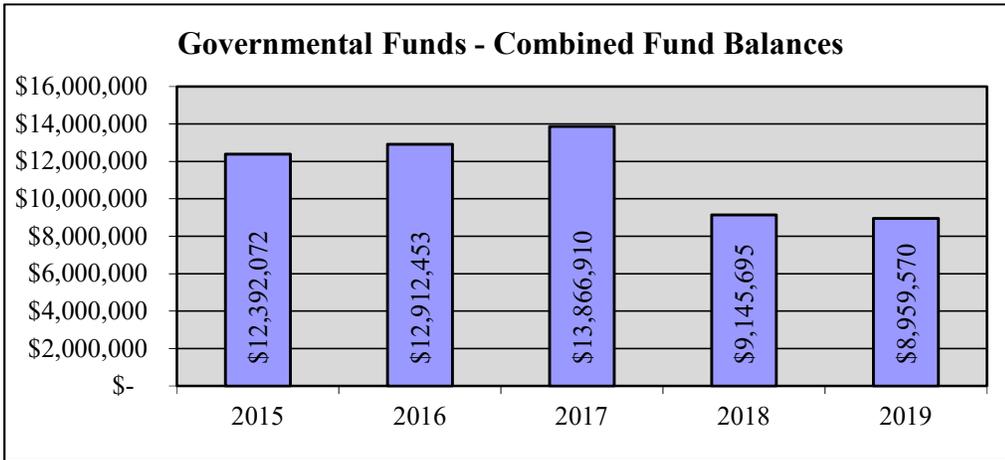
The Statement of Net Position as of June 30, 2019 shows total recorded assets of the Town are \$104,592,634. This includes the net value of capital assets of \$82,911,295. Total assets reported in 2018 were \$103,829,499. Of the 2019 assets, \$17,813,816 are current assets. The noncurrent assets are 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 the Town at June 30, 2019 totaled \$2,423,440. The liabilities of the Town at June 30, 2019 totaled \$44,445,076 including \$1,712,164 in current liabilities, and \$42,732,912 in noncurrent liabilities. The liabilities of the Town at June 30, 2018 totaled \$46,027,464 including \$1,118,520 in current liabilities, and \$44,908,944 in noncurrent liabilities. Deferred inflows of the Town at June 30, 2019 totaled \$5,493,710.

The Statement of Activities reports total operating expenses for 2019 of \$26,073,017 which includes depreciation of capital assets of \$4,574,533. Total expenses for 2018 were \$24,169,101 (including depreciation of capital assets of \$4,040,464). 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 \$15,472,744 and \$14,815,623 for 2019 and 2018, respectively. Property taxes are reported net of the education taxes required to be collected by the Town for the benefit of others. For the year ending June 30, 2019, the Town's total revenues exceeded expenses by \$1,541,733 and increased net position at June 30, 2019 to \$57,077,288. For the year ending June 30, 2018, revenues exceeded expenses, increasing government-wide net position by \$3,099,840.

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

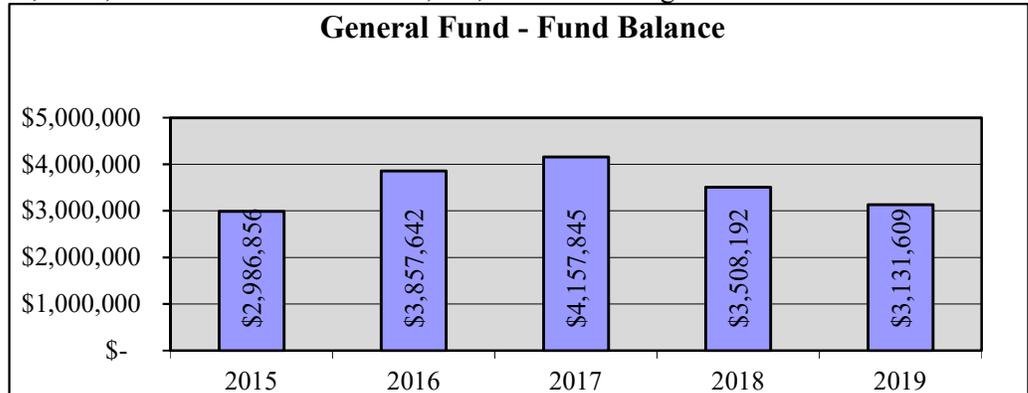
Governmental Funds



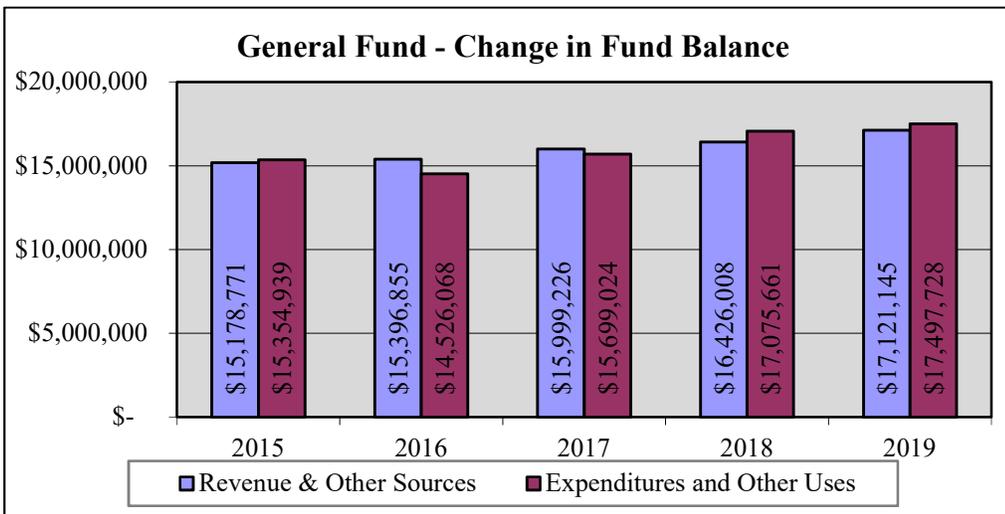
The Town's governmental funds reported combined ending fund balances of \$8,959,570 a decrease of \$186,125 for the year then ended.

In 2018 the General Fund experienced a decrease in fund balance of \$649,653. In 2019 the General Fund recorded a decrease in fund balance of \$376,583, resulting in a June 30, 2019 fund balance of \$3,131,609, of which \$746,978 was non-spendable, \$337,119 was committed and \$2,047,513 was unassigned.

Both the 2019 and 2018 decrease in fund balance resulted from the planned use of fund balance to fund capital projects.



As shown on the Statement of Revenues and Expenditures - Budget and Actual - General Fund, revenues exceeded the budget by \$132,729.

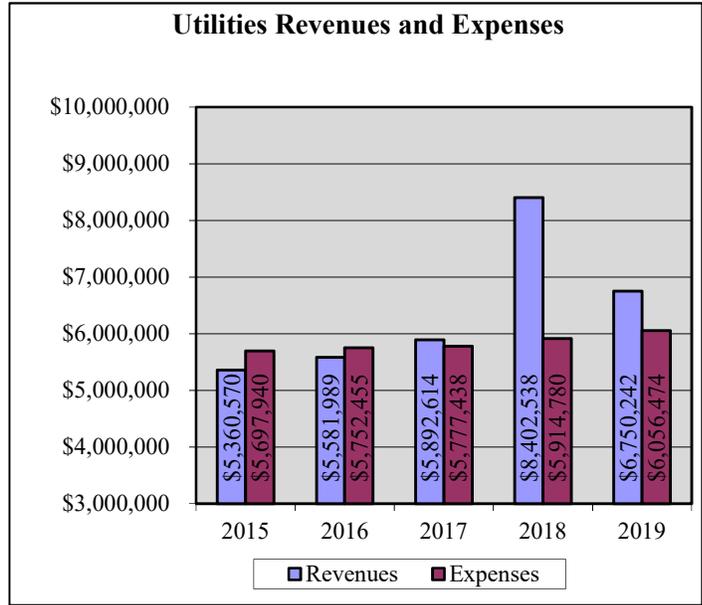
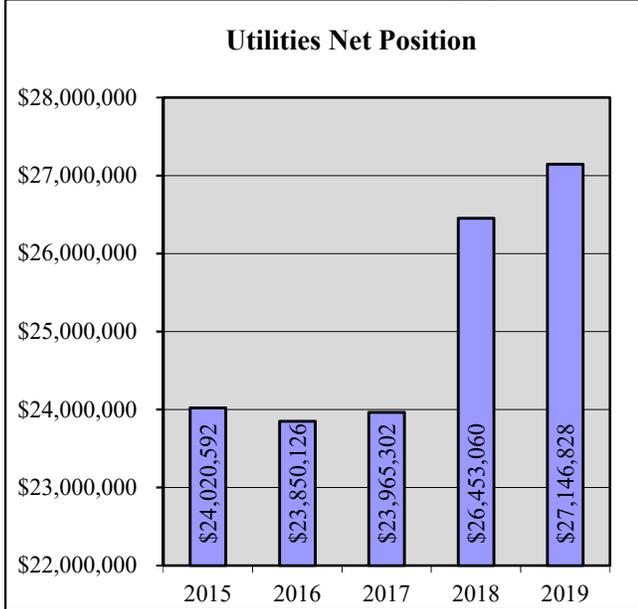


Actual expenditures were less than the budgeted expenditures by \$298,188. Monitoring of expenditures and revenues is conducted on an on-going basis with financial reports being reviewed on a monthly basis by the Selectboard.

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

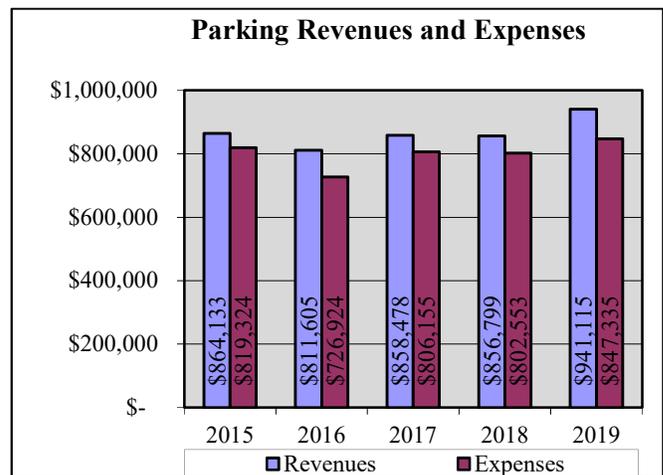
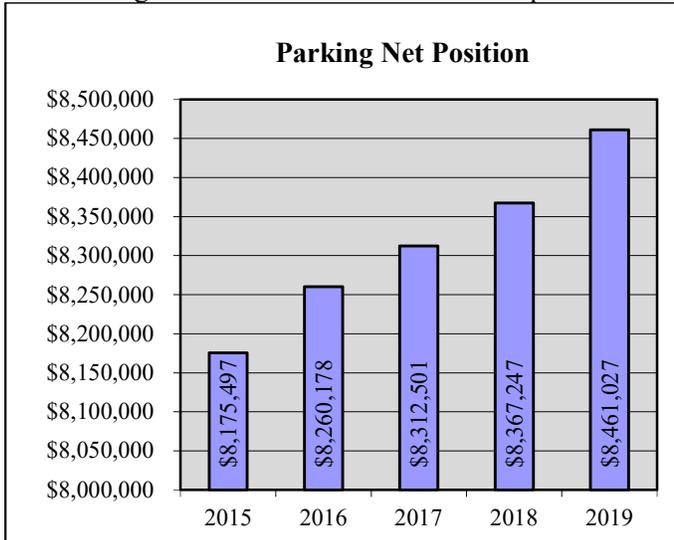
Proprietary Funds:

The Utilities Fund net position increased by \$693,768 in 2019. This fund remains on target as it continues to maintain a substantial cash balance in preparation for upgrades to the water plant.



Operating revenues exceeded operating expenses by \$1,435,505 and non-operating revenue was \$91,063 in 2019 compared to \$40,070 in 2018. Non-operating expense for interest for the years ending June 30, 2019 and 2018 were \$567,600 and \$619,119, respectively. Transfers out were \$265,200 and \$260,000 in 2019 and 2018.

The Parking Fund showed an increase in net position of \$93,780.



Operating revenue increased by \$82,182 from the previous year due to increased parking ticket revenue. Operating expenses increased by \$61,237, primarily due to an increase in depreciation expense. Non-operating revenues increased by \$89. Operating revenues exceeded operating expenses by \$112,358 and non-operating revenue was \$18,922 in 2019 compared to \$18,833 in 2018. Non-operating expense for interest for the years ending June 30, 2019 and 2018 were \$1,545 and \$0, respectively. Transfers out were \$37,500 and \$55,500 in 2019 and 2018, respectively.

**TOWN OF BRATTLEBORO, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the Town had \$82,911,295 compared to \$83,483,702 at June 30, 2018 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 \$572,407 from last year.

Debt Administration

As of June 30, 2019, the Governmental Activities had \$12,069,556 in debt and capital leases outstanding compared to \$12,646,344 at June 30, 2018, a net decrease of \$576,788 (4.6%). This decrease is the result of a new loan of \$500,000 and principal payments on governmental debt (\$961,333) and leases (\$115,455). As of June 30, 2019, the Utilities Fund had \$22,870,156 in debt outstanding compared to \$24,284,218 at June 30, 2018, a decrease of \$1,414,062 (5.8%). This decrease is due to principal payments on debt of \$1,414,062. As of June 30, 2019, the Parking Fund had \$400,000 in outstanding debt compared to \$600,000 at June 30, 2018, representing a decrease of \$200,000 (33.3%). 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 2020, 54% 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 large increase in debt service costs related to the police and fire facilities improvements 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 2020.

Total fiscal year 2020 General Fund budgeted expenditures approved by the Town Meeting Members was \$18,068,192 which represents an increase of \$312,277 from the fiscal year 2019 budgeted expenditures. This increase is primarily the result of increases in workers' compensation and liability insurance and staff salaries. The municipal portion of the Town's property taxes approved by Town Meeting Members as part of the overall fiscal year 2020 budget was \$14,721,497 which represents a decrease of \$155,146 from the property taxes approved in fiscal year 2019. This decrease results from the adoption of a 1% local option sales tax in fiscal year 2020. The fiscal year 2020 municipal property tax rate (including the local agreement rate) was \$1.2594 per \$100.00 of valuation. This represents a decrease of \$0.0168 per \$100.00 of valuation (1.4%).

Total fiscal year 2020 Utility Fund budgeted expenditures approved by the Selectboard was \$6,207,675, which represents an increase of \$108,918 from the fiscal year 2019 budgeted expenditures. Total fiscal year 2020 Utility Fund budgeted revenues are \$6,186,677, which is up 0.2% over fiscal year 2019 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
STATEMENT OF NET POSITION
June 30, 2019

Exhibit A

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS:			
Cash and cash equivalents	\$ 12,111,605	\$ 224,777	\$ 12,336,382
Investments	2,118,948	-	2,118,948
Receivables: net of allowance for uncollectibles			
Property taxes	655,472	-	655,472
Accounts	222,821	1,493,480	1,716,301
Internal balances	(5,702,268)	5,702,268	-
Prepaid expenses	744,734	83,600	828,334
Inventory	8,206	150,173	158,379
Loans receivable, net of allowance for uncollectibles	3,867,523	-	3,867,523
Capital assets (net of accumulated depreciation)			
Land and land improvements	4,919,969	2,688,561	7,608,530
Construction in Progress	194,934	348,381	543,315
Buildings and building improvements	13,837,483	36,517,305	50,354,788
Vehicles and equipment	4,754,019	1,272,131	6,026,150
Roads, Bridges and sidewalks	6,466,444	-	6,466,444
Distribution and Collection Systems	-	11,912,068	11,912,068
Total Assets	<u>44,199,890</u>	<u>60,392,744</u>	<u>104,592,634</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Town's Participation in VMERS	2,016,349	262,537	2,278,886
Deferred OPEB expense	144,554	-	144,554
Total deferred outflows	<u>2,160,903</u>	<u>262,537</u>	<u>2,423,440</u>
LIABILITIES:			
Accounts payable	875,402	137,100	1,012,502
Accrued Payroll	161,209	24,041	185,250
Accrued Compensated absences	136,714	127,604	264,318
Accrued Interest	70,306	149,788	220,094
Due to fiduciary funds	30,000	-	30,000
Noncurrent Liabilities			
Due within One year	1,129,553	1,638,657	2,768,210
Due in more than One Year	17,992,895	21,971,807	39,964,702
Total Liabilities	<u>20,396,079</u>	<u>24,048,997</u>	<u>44,445,076</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue and grants	3,582,280	989,957	4,572,237
Deferred OPEB Inflows	847,933	-	847,933
Related to Town's Participation in VMERS	65,068	8,472	73,540
Total deferred inflows of resources	<u>4,495,281</u>	<u>998,429</u>	<u>5,493,710</u>
NET POSITION:			
Net investment in capital assets	18,103,293	29,468,290	47,571,583
Restricted for:			
Community Development	3,386,366	-	3,386,366
Capital Projects	1,888,804	-	1,888,804
Recreation and Parks	119,301	-	119,301
Reappraisal	342,145	-	342,145
Other	428,463	-	428,463
Unrestricted	(2,798,939)	6,139,565	3,340,626
Total net position	<u>\$ 21,469,433</u>	<u>\$ 35,607,855</u>	<u>\$ 57,077,288</u>

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

TOWN OF BRATTLEBORO, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit B

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Totals</u>
		<u>Grants and Contributions</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
FUNCTIONS/PROGRAMS:							
Governmental activities -							
General government	\$ 8,365,211	\$ 1,434,457	\$ 432,939	\$ -	\$ (6,497,815)	\$ -	\$ (6,497,815)
Public safety	5,349,565	235,008	157,406	-	(4,957,151)	-	(4,957,151)
Public works	2,553,655	486,456	34,087	-	(2,033,112)	-	(2,033,112)
Culture and recreation	1,996,013	523,374	486,797	-	(985,842)	-	(985,842)
Recycling and solid waste	855,810	-	302,989	-	(552,821)	-	(552,821)
Other	351,654	-	-	83,814	(267,840)	-	(267,840)
Total governmental activities	<u>19,471,908</u>	<u>2,679,295</u>	<u>1,414,218</u>	<u>83,814</u>	<u>(15,294,581)</u>	<u>-</u>	<u>(15,294,581)</u>
Business-type activities -							
Utilities	5,791,274	610,074	5,996,803	76,902	-	892,505	892,505
Parking	809,835	-	856,634	64,014	-	110,813	110,813
Total business-type activities	<u>6,601,109</u>	<u>610,074</u>	<u>6,853,437</u>	<u>140,916</u>	<u>-</u>	<u>1,003,318</u>	<u>1,003,318</u>
	<u>\$ 26,073,017</u>	<u>\$ 3,289,369</u>	<u>\$ 8,267,655</u>	<u>\$ 224,730</u>	<u>(15,294,581)</u>	<u>1,003,318</u>	<u>(14,291,263)</u>
GENERAL REVENUES:							
					15,472,744	-	15,472,744
					273,322	86,930	360,252
					302,700	(302,700)	-
					<u>16,048,766</u>	<u>(215,770)</u>	<u>15,832,996</u>
					754,185	787,548	1,541,733
					<u>20,715,248</u>	<u>34,820,307</u>	<u>55,535,555</u>
					\$ 21,469,433	\$ 35,607,855	\$ 57,077,288

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

TOWN OF BRATTLEBORO, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

Exhibit C

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,683,203	\$ -	\$ 423,934	\$ 4,468	\$ 12,111,605
Investments	-	2,118,948	-	-	2,118,948
Receivables:					
Property taxes	655,472	-	-	-	655,472
Loans receivable, net of allowance for uncollectibles	-	3,867,523	-	-	3,867,523
Accounts receivable - other	121,498	-	18,320	83,003	222,821
Due from other funds	-	775,495	1,524,751	1,006,796	3,307,042
Prepaid expenditures	738,772	-	-	5,962	744,734
Inventory	8,206	-	-	-	8,206
Total assets	<u>\$ 13,207,151</u>	<u>\$ 6,761,966</u>	<u>\$ 1,967,005</u>	<u>\$ 1,100,229</u>	<u>\$ 23,036,351</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY					
LIABILITIES:					
Warrants and accounts payable	\$ 571,440	\$ -	\$ 216,480	\$ 87,482	\$ 875,402
Accrued liabilities -					
Payroll	155,224	-	-	5,985	161,209
Compensated absences	136,714	-	-	-	136,714
Other	70,306	-	-	-	70,306
Due to other funds	8,930,297	-	109,013	-	9,039,310
Total liabilities	<u>9,863,981</u>	<u>-</u>	<u>325,493</u>	<u>93,467</u>	<u>10,282,941</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred property taxes	211,560	-	-	-	211,560
Deferred revenue and grants	-	3,375,600	89,827	116,853	3,582,280
Total deferred inflows of resources	<u>211,560</u>	<u>3,375,600</u>	<u>89,827</u>	<u>116,853</u>	<u>3,793,840</u>
FUND EQUITY:					
Fund balances -					
Nonspendable	746,978	491,923	-	5,962	1,244,863
Restricted	-	2,420,785	305,921	412,159	3,138,865
Committed	337,119	473,658	-	471,788	1,282,565
Assigned	-	-	1,245,764	-	1,245,764
Unassigned	2,047,513	-	-	-	2,047,513
Total fund balances	<u>3,131,610</u>	<u>3,386,366</u>	<u>1,551,685</u>	<u>889,909</u>	<u>8,959,570</u>
Total liabilities, deferred inflows of resources and fund equity	<u>\$ 13,207,151</u>	<u>\$ 6,761,966</u>	<u>\$ 1,967,005</u>	<u>\$ 1,100,229</u>	<u>\$ 23,036,351</u>

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

TOWN OF BRATTLEBORO, VERMONT
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2019

Exhibit C

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 8,959,570
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	60,757,766
Accumulated depreciation	(30,584,917)
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.	
	(529,865)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Capital lease liability - current	(118,220)
Capital lease liability - noncurrent	(245,002)
Long-term debt - current	(1,011,333)
Long-term debt - noncurrent	(10,695,001)
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	2,016,349
Deferred pension credits	(65,068)
Deferred OPEB credits	(847,934)
Net pension liability	(3,839,316)
Deferred OPEB expense	144,554
Net OPEB liability	(2,683,710)
Deferred property taxes are reported in the governmental funds to offset uncollected property taxes which are not available financial resources.	
	<u>211,560</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u>21,469,433</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, 2019

Exhibit D

	General Fund	Development Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:					
Property taxes	\$ 15,374,855	\$ -	\$ -	\$ -	\$ 15,374,855
Licenses and permits	150,590	-	-	-	150,590
Investment income (loss)	106,202	154,068	9,015	4,037	273,322
Intergovernmental	408,476	-	85,873	1,493,571	1,987,920
Donations	-	-	587,224	104,151	691,375
Other departmental revenue	<u>763,321</u>	<u>-</u>	<u>71,500</u>	<u>512,621</u>	<u>1,347,442</u>
Total revenues	<u>16,803,444</u>	<u>154,068</u>	<u>753,612</u>	<u>2,114,380</u>	<u>19,825,504</u>
EXPENDITURES:					
Current -					
General government	2,596,767	24,000	-	1,169,920	3,790,687
Human services	146,000	-	-	262,476	408,476
Public safety	4,851,485	-	-	81,216	4,932,701
Public works	1,853,955	-	-	-	1,853,955
Culture and recreation	1,442,187	-	-	268,993	1,711,180
Recycling and solid waste	-	-	-	855,810	855,810
Pension and benefits	2,893,891	-	-	-	2,893,891
Capital Expenditures					
General government	-	-	1,340,076	-	1,340,076
Public safety	-	-	250,538	-	250,538
Public works	-	-	746,833	-	746,833
Culture and recreation	-	-	601,741	-	601,741
Debt service - Principal	961,333	-	-	-	961,333
- Capital lease principal	115,455	-	-	-	115,455
- Interest	<u>351,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,654</u>
Total expenditures	<u>15,212,727</u>	<u>24,000</u>	<u>2,939,188</u>	<u>2,638,415</u>	<u>20,814,330</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>1,590,717</u>	<u>130,068</u>	<u>(2,185,576)</u>	<u>(524,035)</u>	<u>(988,826)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Operating transfers in (out), net	<u>(1,967,300)</u>	<u>(40,000)</u>	<u>1,775,000</u>	<u>535,000</u>	<u>302,700</u>
Total other financing sources (uses)	<u>(1,967,300)</u>	<u>(40,000)</u>	<u>2,275,000</u>	<u>535,000</u>	<u>802,700</u>
NET CHANGE IN FUND BALANCES	<u>(376,583)</u>	<u>90,068</u>	<u>89,424</u>	<u>10,965</u>	<u>(186,126)</u>
FUND BALANCES, July 1, 2018	<u>3,508,192</u>	<u>3,296,298</u>	<u>1,462,261</u>	<u>878,944</u>	<u>9,145,695</u>
FUND BALANCES, June 30, 2019	\$ <u>3,131,609</u>	\$ <u>3,386,366</u>	\$ <u>1,551,685</u>	\$ <u>889,909</u>	\$ <u>8,959,569</u>

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

TOWN OF BRATTLEBORO, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit E

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

Net change in fund balances - total governmental funds	\$ (186,126)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets, net	2,913,288
Depreciation	(1,864,448)
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	(113,671)
Current year	211,560
Accrued compensated absences are fully accrued for the governmental activities, exceeding the limited accrual for fund accounting by these amounts.	
Prior year	563,298
Current year	(529,865)
Changes in net OPEB 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 OPEB obligation	(154,278)
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 - bonds payable	-
Proceeds from borrowing - notes payable	(500,000)
Proceeds from borrowing	-
Debt service - principal	961,333
Capital lease - principal	115,455
Changes in net pension asset or liability and related deferred outflows/inflows of resources will increase or decrease the amounts reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds	
Net (increase) decrease in net pension obligation	<u>(662,361)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u>754,185</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 BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit F

(Page 1 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 15,376,643	\$ 15,374,855	\$ (1,788)
Interest income	42,000	106,202	64,202
Departmental revenue -			
Town Manager	146,500	185,889	39,389
Finance	50,000	53,174	3,174
Attorney	-	-	-
Town Clerk	134,500	121,010	(13,490)
Listers	1,800	2,399	599
General services	-	-	-
Risk management	-	1,475	1,475
Planning	54,000	29,580	(24,420)
Benefits	-	-	-
Library	34,300	29,607	(4,693)
Fire	20,100	28,308	8,208
Municipal Center	20,000	27,212	7,212
Police	150,472	129,098	(21,374)
Public works	-	34,087	34,087
Parks and recreation	245,400	272,072	26,672
Intergovernmental - regional	<u>395,000</u>	<u>408,476</u>	<u>13,476</u>
Total revenues	<u>16,670,715</u>	<u>16,803,444</u>	<u>132,729</u>
EXPENDITURES:			
Administration -			
Town Manager	301,470	244,803	56,667
Finance	358,806	362,037	(3,231)
Town Attorney	112,080	107,783	4,297
Town Clerk	177,124	176,605	519
Listers	171,807	147,338	24,469
General services	230,825	237,450	(6,625)
Risk management	747,775	794,295	(46,520)
Planning	220,758	188,723	32,035
Employee benefits	3,052,940	2,893,891	159,049
Debt service - bonds, notes, lease	1,440,200	1,428,442	11,758
Human services	146,000	146,000	-

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit F

(Page 2 of 2)

	Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
Auxiliary services	460,800	421,946	38,854
Library	618,045	631,379	(13,334)
Fire Department	1,880,825	1,877,282	3,543
Municipal center	150,194	151,505	(1,311)
Police Department	2,183,230	2,058,887	124,343
Police dispatch	516,022	493,370	22,652
Public works	1,739,441	1,853,955	(114,514)
Regional	115,600	108,228	7,372
Recreation and parks	808,973	810,808	(1,835)
Downtown Alliance	<u>78,000</u>	<u>78,000</u>	<u>-</u>
Total expenditures	<u>15,510,915</u>	<u>15,212,727</u>	<u>298,188</u>
EXCESS OF REVENUES OR (EXPENDITURES)			
	<u>1,159,800</u>	<u>1,590,717</u>	<u>430,917</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	315,200	317,700	2,500
Operating transfers out	<u>(2,245,000)</u>	<u>(2,285,000)</u>	<u>(40,000)</u>
Total other financing sources (uses)	<u>(1,929,800)</u>	<u>(1,967,300)</u>	<u>(37,500)</u>
NET CHANGE IN FUND BALANCES			
	\$ <u>(770,000)</u>	\$ <u>(376,583)</u>	\$ <u>393,417</u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
June 30, 2019

Exhibit G

	<u>Utilities Fund</u>	<u>Parking Fund</u>	<u>Totals Proprietary Funds</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 224,727	\$ 50	\$ 224,777
Accounts receivable: net of allowance for uncollectibles			
Accounts	1,480,959	12,521	1,493,480
Due from other funds	5,587,885	114,383	5,702,268
Inventory	150,173	-	150,173
Prepaid expenses	72,116	11,484	83,600
Capital assets (net of accumulated depreciation)			
Land and land improvements	1,361,822	1,326,739	2,688,561
Construction in Progress	345,131	3,250	348,381
Buildings and building improvements	29,292,964	7,224,341	36,517,305
Distribution and Collection Systems	11,912,068	-	11,912,068
Vehicles and equipment	<u>1,052,752</u>	<u>219,379</u>	<u>1,272,131</u>
Total assets	<u>51,480,597</u>	<u>8,912,147</u>	<u>60,392,744</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Town's Participation in VMERS	<u>222,303</u>	<u>40,234</u>	<u>262,537</u>
LIABILITIES:			
Accounts payable	118,151	18,949	137,100
Accrued payroll	20,662	3,379	24,041
Accrued Compensated absences	112,029	15,575	127,604
Accrued Interest	149,788	-	149,788
Noncurrent Liabilities			-
Due within One year	1,438,657	200,000	1,638,657
Due in more than One Year	<u>21,719,654</u>	<u>252,153</u>	<u>21,971,807</u>
Total liabilities	<u>23,558,941</u>	<u>490,056</u>	<u>24,048,997</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue and grants	989,957	-	989,957
Related to Town's Participation in VMERS	<u>7,174</u>	<u>1,298</u>	<u>8,472</u>
Total Deferred Inflows of Resources	<u>997,131</u>	<u>1,298</u>	<u>998,429</u>
NET POSITION:			
Net investment in capital assets	21,094,580	8,373,710	29,468,290
Restricted	-	-	-
Unrestricted	<u>6,052,248</u>	<u>87,317</u>	<u>6,139,565</u>
Total net position	\$ <u>27,146,828</u>	\$ <u>8,461,027</u>	\$ <u>35,607,855</u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit H

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
OPERATING REVENUES:			
Charges for services	\$ 5,996,803	\$ 856,634	\$ 6,853,437
Interest and penalties	45,448	-	45,448
Intergovernmental	610,074	63,668	673,742
Miscellaneous	<u>6,854</u>	<u>346</u>	<u>7,200</u>
Total operating revenues	<u>6,659,179</u>	<u>920,648</u>	<u>7,579,827</u>
OPERATING EXPENSES:			
Personnel services	1,553,687	293,183	1,846,870
Contractual services	371,817	23,560	395,377
Supplies and materials	250,327	21,579	271,906
Maintenance	222,498	145,375	367,873
Heat, light and power	349,557	36,805	386,362
Depreciation	2,458,155	287,788	2,745,943
Miscellaneous	<u>17,633</u>	<u>-</u>	<u>17,633</u>
Total operating expenses	<u>5,223,674</u>	<u>808,290</u>	<u>6,031,964</u>
Operating income	<u>1,435,505</u>	<u>112,358</u>	<u>1,547,863</u>
NONOPERATING REVENUES (EXPENSES):			
Gain on sale of assets	24,600	-	24,600
Investment income	66,463	20,467	86,930
Interest expense	<u>(567,600)</u>	<u>(1,545)</u>	<u>(569,145)</u>
Total nonoperating revenues (expenses)	<u>(476,537)</u>	<u>18,922</u>	<u>(457,615)</u>
INCOME (LOSS) BEFORE TRANSFERS	958,968	131,280	1,090,248
Operating transfers out	<u>(265,200)</u>	<u>(37,500)</u>	<u>(302,700)</u>
CHANGE IN NET POSITION	693,768	93,780	787,548
NET POSITION, July 1, 2018	<u>26,453,060</u>	<u>8,367,247</u>	<u>34,820,307</u>
NET POSITION, June 30, 2019	\$ <u>27,146,828</u>	\$ <u>8,461,027</u>	\$ <u>35,607,855</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, 2019

Exhibit I

	Utilities <u>Fund</u>	Parking <u>Fund</u>	Totals Proprietary <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 6,381,008	\$ 869,191	\$ 7,250,199
Cash paid to suppliers for goods and services	(1,215,937)	(224,057)	(1,439,994)
Cash payments to employees for services	<u>(1,551,441)</u>	<u>(293,116)</u>	<u>(1,844,557)</u>
Net cash provided (used) by operating activities	<u>3,613,630</u>	<u>352,018</u>	<u>3,965,648</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	<u>66,463</u>	<u>20,467</u>	<u>86,930</u>
Net cash provided (used) by investing activities	<u>66,463</u>	<u>20,467</u>	<u>86,930</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
(Increase)Decrease in pooled cash due from other funds	(1,028,116)	221,346	(806,770)
Operating transfer from (to) other funds	<u>(265,200)</u>	<u>(37,500)</u>	<u>(302,700)</u>
Net cash provided (used) by noncapital financing activities	<u>(1,293,316)</u>	<u>183,846</u>	<u>(1,109,470)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets, net	(693,157)	(406,939)	(1,100,096)
Contributed capital - intergovernmental grants	-	-	-
Proceeds from borrowing	-	-	-
Payments on bonds and bond anticipation note	(1,125,907)	(147,847)	(1,273,754)
Interest expense on bonds and notes	<u>(567,600)</u>	<u>(1,545)</u>	<u>(569,145)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,386,664)</u>	<u>(556,331)</u>	<u>(2,942,995)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	113	-	113
CASH AND CASH EQUIVALENTS, July 1, 2018	<u>224,614</u>	<u>50</u>	<u>224,664</u>
CASH AND CASH EQUIVALENTS, June 30, 2019	\$ <u>224,727</u>	\$ <u>50</u>	\$ <u>224,777</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:			
OPERATING ACTIVITIES:			
Operating income	\$ 1,435,505	\$ 112,358	\$ 1,547,863
Depreciation expense	2,458,155	287,788	2,745,943
(Increase) decrease in accounts receivable	10,205	(12,521)	(2,316)
(Increase) decrease in inventory	8,202	-	8,202
(Increase) decrease in prepaid expenses	(11,440)	351	(11,089)
(Increase) decrease in deferred outflow	(222,303)	(40,234)	(262,537)
Increase (decrease) in accounts payable	(867)	2,911	2,044
Increase (decrease) in deferred inflow	(66,073)	1,298	(64,775)
Increase (decrease) in accrued liabilities	<u>2,246</u>	<u>67</u>	<u>2,313</u>
Net cash provided (used) by operating activities	\$ <u>3,613,630</u>	\$ <u>352,018</u>	\$ <u>3,965,648</u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019

Exhibit J

	<u>Public Trust</u> Funds Held By <u>Trustees</u>	<u>Lundberg</u> and Auditorium <u>Fund</u>	<u>Library</u> Trust <u>Fund</u>	<u>Total</u> Fiduciary <u>Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 4,950	\$ 18,849	\$ 530,388	\$ 554,187
Investments, at fair value	256,068	-	1,996,856	2,252,924
Due from other funds	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total assets	<u><u>291,018</u></u>	<u><u>18,849</u></u>	<u><u>2,527,244</u></u>	<u><u>2,837,111</u></u>
LIABILITIES:				
Accounts payable	-	9,099	95,839	104,938
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>-</u></u>	<u><u>9,099</u></u>	<u><u>95,839</u></u>	<u><u>104,938</u></u>
NET POSITION:				
Held in trust for specific purpose	291,018	5,000	2,431,405	2,727,423
Held in trust for restricted purpose	<u>-</u>	<u>4,750</u>	<u>-</u>	<u>4,750</u>
Total net position	<u><u>\$ 291,018</u></u>	<u><u>\$ 9,750</u></u>	<u><u>\$ 2,431,405</u></u>	<u><u>2,732,173</u></u>

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

TOWN OF BRATTLEBORO, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit K

	Public Trust Funds Held by <u>Trustees</u>	Lundberg and Auditorium <u>Fund</u>	Library Trust <u>Fund</u>	Total Fiduciary <u>Funds</u>
ADDITIONS:				
Investment earnings -				
Investment income	\$ 36,323	\$ 9	\$ 55,859	\$ 92,191
Net increase (decrease) in fair value of investments	(18,001)	-	257,077	239,076
Operating transfers in	-	-	-	-
Contributions	-	-	185,893	185,893
Total additions	<u>18,322</u>	<u>9</u>	<u>498,829</u>	<u>517,160</u>
DEDUCTIONS:				
Broker fees	-	-	10,745	10,745
Miscellaneous	3,779	9	356,175	359,963
Operating transfer out	-	-	-	-
Total deductions	<u>3,779</u>	<u>9</u>	<u>366,920</u>	<u>370,708</u>
CHANGE IN NET POSITION	<u>14,543</u>	<u>-</u>	<u>131,909</u>	<u>146,452</u>
NET POSITION, July 1, 2018	276,475	9,750	2,299,496	2,585,721
NET POSITION, June 30, 2019	\$ <u>291,018</u>	\$ <u>9,750</u>	\$ <u>2,431,405</u>	<u>2,732,173</u>

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Summary of significant accounting policies:

Organization - The Town of Brattleboro, Vermont (the Town), is organized according to Vermont State Law and Town Charter, under the governance of a 5 member Select board to provide the following services for the Town of Brattleboro: public health and safety-police and fire, highways and streets, water, health and social services, culture and recreation, public improvements, sanitation, planning, zoning and general administration services.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity - This report includes all of the activity of the Town of Brattleboro, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

Basic Financial Statements – Government – Wide Statements - The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Development Fund, Capital Projects Fund and several Non-Major Fund activities are classified as governmental. The Town's Utility and Parking Fund activities are classified as business-type.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on the full accrual, economic resources basis, which recognizes all assets, deferred outflows of resources, liabilities and deferred inflows of resources. The Town's net position is reported in three parts – net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide statement of Activities reports both the gross and net cost of each of the Town's governmental and business-type activities (utility and parking). The activities are supported by property taxes, certain intergovernmental revenues, and charges for services. The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating and capital grants. Program revenues must be directly associated with the activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Summary of significant accounting policies (continued):

The net costs (by activity) are normally covered by general revenues (Property taxes, intergovernmental revenue, interest income, etc.). This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements - The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The various funds are reported by major fund within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental category or enterprise type. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenses/expenditures of either fund category/type or the governmental and enterprise funds combined) for the determination of major funds. The General Fund, Development Fund, Capital Projects Fund, Utility Fund and Parking Fund are shown as major funds. All other funds are nonmajor and are combined in a single column in each of the respective fund financial statements.

The Town reports on the following major governmental funds:

General Fund is the main operating fund of the Town. It is used to account for all financial resources except those 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.

Proprietary Funds - The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The generally accepted accounting principles applicable to those funds are similar to businesses in the private sector. The following is a description of the major enterprise funds of the Town.

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 Town Transportation Center, Town parking lots and metered street parking.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Summary of significant accounting policies (continued):

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

Measurement Focus - The Accounting and financial reporting applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets, liabilities and deferred inflows and outflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e. net total position) is segregated into net investment in capital assets, restricted net position, and unrestricted net Position. Operating statements present increases (i.e., revenues) and decreases (i.e. expenses) in Net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, current liabilities and deferred inflows and outflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources and are segregated into no spendable, restricted, committed, assigned and unassigned. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Basis of Accounting - Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis of Accounting - The government-wide and proprietary and internal services funds financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Accrual Basis of Accounting - Modified Accrual Basis of Accounting - Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term and acquisitions under capital leases are reported as other financing sources.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Summary of significant accounting policies (continued):

Fund Financial Statements – Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

Net Position - Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Fund Balances - The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Select board or by an official or body to which the Select board delegates the authority.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Nonspendable and Restricted funds are so-designated by external funds sources and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so designated by action of the voters or the Select board, respectively. Special revenue funds are, by definition, created only to report a revenue source that is restricted or committed. In circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

Investments are stated at fair value, (quoted market price, or the best available estimate).

Interfund Balances transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Summary of significant accounting policies (continued):

Pension for purposes of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) plan and additions to/deductions from the VMERS' fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This financial statement element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

Deferred Inflows of Resources in addition to liabilities the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

Use of Estimates the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Standards In 2017, the Town implemented a change in governmental accounting and reporting which was mandated by the Governmental Accounting Standards Board in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The impact on these financial statements is to include the Town's net OPEB liability and deferred outflows of resources for OPEB expense and the related effects on government-wide net position and activities. The adoption of GASB 75 resulted in a \$10,890 reduction in the net position as of July 1, 2016. Financial statements of the individual funds have not been affected by the change in 2017.

In 2017, the Town implemented a change in governmental reporting which was mandated by the Governmental Accounting Standards Board in GASB Statement No. 77, *Tax Abatement Disclosures*. The financial statements of the individual funds and the government-wide net position and activities were not affected by the change in 2017.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. Cash 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, 2019, 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, 2019 are as follows:

	Governmental Activities	Fiduciary Funds	Total
Certificates of deposit	\$ -	\$ -	\$ -
U.S. Government obligations	\$ 2,118,948	\$ 568,410	\$ 2,687,358
International obligations	-	-	-
Municipal obligations	-	61,969	61,969
Corporate obligations	-	234,174	234,174
Common and preferred stock	-	1,057,354	1,057,354
Mutual funds - various	-	331,018	331,018
	\$ 2,118,948	\$ 2,252,925	\$ 4,371,873

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, 2019 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	\$ 2,687,358	\$ 80,350	\$ 2,607,008	\$ -	\$ -
International obligations	-	-	-	-	-
Municipal obligations	61,969	10,139	-	-	51,830
Corporate obligations	234,174	75,025	159,149	-	-
	\$ 2,983,501	\$ 165,514	\$ 2,766,157	\$ -	\$ 51,830

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, 2019, the Town holds \$2,118,948 of its investments in a US Treasury Strip which matures in February 2023. The US Treasury Strip is held at Edward Jones and it represents 48% of the Town's total investments. No other investments exceed 5% in any one issuer.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. Cash and investments (continued):

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

3. Loans receivable:

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

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4. Capital assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance <u>July 1, 2018</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2019</u>
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 1,942,694	\$ 276,900	25,900	\$ 2,193,694
Construction in process	<u>121,287</u>	<u>73,647</u>	<u>-</u>	<u>194,934</u>
Total capital assets, not depreciated	<u>2,063,981</u>	<u>350,547</u>	<u>25,900</u>	<u>2,388,628</u>
Capital assets, depreciated:				
Buildings and improvements	17,538,330	600,116	80,836	18,057,610
Improvements, other	6,669,461	-	-	6,669,461
Machinery and equipment	8,815,857	1,666,012	604,709	9,877,160
Infrastructure	<u>23,442,394</u>	<u>322,513</u>	<u>-</u>	<u>23,764,907</u>
Total capital assets, depreciated	<u>56,466,042</u>	<u>2,588,641</u>	<u>685,545</u>	<u>58,369,138</u>
Less accumulated depreciation for:				
Buildings and improvements	3,796,741	504,222	80,836	4,220,127
Improvements, other	3,583,607	359,579	-	3,943,186
Machinery and equipment	5,104,081	623,769	604,709	5,123,141
Infrastructure	<u>16,921,585</u>	<u>376,878</u>	<u>-</u>	<u>17,298,463</u>
Total accumulated depreciation	<u>29,406,014</u>	<u>1,864,448</u>	<u>685,545</u>	<u>30,584,917</u>
Total capital assets, depreciated, net	<u>27,060,028</u>	<u>724,193</u>	<u>-</u>	<u>27,784,221</u>
Capital assets, net, governmental	<u>29,124,009</u>	<u>1,074,740</u>	<u>25,900</u>	<u>30,172,849</u>
Business-type activities -				
Capital assets, not depreciated:				
Land	1,364,025	-	-	1,364,025
Construction in process	<u>689,840</u>	<u>180,406</u>	<u>517,324</u>	<u>352,922</u>
Total capital assets, not depreciated	<u>2,053,865</u>	<u>180,406</u>	<u>517,324</u>	<u>1,716,947</u>
Capital assets, depreciated:				
Utilities - water	24,380,612	500,930	83,151	24,798,391
Utilities - sewer	51,066,541	556,994	-	51,623,535
Parking	<u>11,508,944</u>	<u>408,230</u>	<u>268,185</u>	<u>11,648,989</u>
Total capital assets, depreciated	<u>86,956,097</u>	<u>1,466,154</u>	<u>351,336</u>	<u>88,070,915</u>
Less accumulated depreciation for:				
Utilities - water	12,341,578	669,374	83,151	12,927,801
Utilities - sewer	18,839,791	1,788,781	-	20,628,572
Parking	<u>3,468,900</u>	<u>251,930</u>	<u>227,787</u>	<u>3,493,043</u>
Total accumulated depreciation	<u>34,650,269</u>	<u>2,710,085</u>	<u>310,938</u>	<u>37,049,416</u>
Total capital assets, depreciated, net	<u>52,305,828</u>	<u>(1,243,931)</u>	<u>40,398</u>	<u>51,021,499</u>
Capital assets, net, business-type	<u>54,359,693</u>	<u>(1,063,525)</u>	<u>557,722</u>	<u>52,738,446</u>
Government-Wide Capital assets, net	\$ <u>83,483,702</u>	\$ <u>11,215</u>	\$ <u>583,622</u>	\$ <u>82,911,295</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4. Capital assets (continued):

Depreciation expense of \$1,864,448 in the governmental activities was allocated to expenses of the general government (\$205,883), public safety (\$579,466), public works (\$770,611) and culture and recreation (\$308,488) programs based on capital assets assigned to those functions.

Depreciation expense of \$2,710,085 in the business-type activities was recorded in the Utilities Fund (\$2,458,155) and the Parking Fund (\$251,930) in the proprietary fund statements.

5. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as of June 30, 2019 are as follows:

Included in the interfund receivables for the Utilities Fund and Parking Fund is a \$260,000 advance from the Utilities Fund to the Parking Fund.

The accrued interest on the advance was \$1,545 as of June 30, 2019. The advance is expected to be repaid in two installments in fiscal years 2022 and 2023.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 8,930,297
Development Fund	775,495	-
Capital Projects Fund	1,524,751	109,013
Other Governmental Funds	<u>1,006,796</u>	<u>-</u>
	<u>3,307,042</u>	<u>9,039,310</u>
Proprietary funds -		
Utilities Fund	5,587,885	-
Parking Fund	<u>114,383</u>	<u>-</u>
	<u>5,702,268</u>	<u>-</u>
Fiduciary funds	<u>30,000</u>	<u>-</u>
	<u>\$ 9,039,310</u>	<u>\$ 9,039,310</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, 2019 were as follows:

The General Fund received transfers of \$302,700 from the proprietary funds and \$15,000 from Other Governmental Funds as reimbursement of expenditures for administration and other operating costs.

The General Fund transferred \$510,000 to Other Governmental Funds, and \$1,775,000 to the Capital Projects Fund.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 317,700	\$ 2,285,000
Development Fund	-	40,000
Capital Projects Fund	1,775,000	-
Other Governmental Funds	550,000	15,000
Utilities Fund	-	265,200
Parking Fund	-	37,500
Fiduciary funds	<u>-</u>	<u>-</u>
	<u>\$ 2,642,700</u>	<u>\$ 2,642,700</u>

The Development Fund transferred \$40,000 to Other Governmental Funds.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

7. Long-term Liabilities:

Outstanding long-term debt for the year ended June 30, 2019 consisted of:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental activities -					
Notes payable (1.51% - 2.32%):					
Highway Equipment Note payments through July 2020	316,000	-	158,000	158,000	158,000
Fire Ladder Truck Note payments through July 2028	-	500,000	-	500,000	50,000
General obligation bonds (0.44% - 5.24%):					
General purpose, maturities through -					
November 2022	135,000	-	30,000	105,000	30,000
November 2028	3,666,667	-	333,333	3,333,334	333,333
November 2031	640,000	-	50,000	590,000	50,000
November 2036	7,410,000	-	390,000	7,020,000	390,000
Capital Lease	478,677	-	115,455	363,222	118,220
Compensated Absences	-	-	-	529,865	-
Net OPEB Liability	-	-	-	2,683,710	-
Net Pension Liability	-	-	-	3,839,317	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	\$ 12,646,344	\$ 500,000	\$ 1,076,788	\$ 19,122,448	\$ 1,129,553
Business-type activities -					
General obligation bonds (-3.00% - 5.64%):					
Parking, through December 2020	\$ 600,000	\$ -	\$ 200,000	\$ 400,000	\$ 200,000
Wastewater, Revolving Loan Fund -					
RF1-127, through December 2033	8,397,035	-	450,502	7,946,533	459,512
RF1-024, through September 2031	1,933,246	-	121,025	1,812,221	123,445
RF1-171, through June 2036	859,083	-	40,121	818,962	40,923
Wastewater, Recovery Zone Economic					
Development, through December 2030	9,445,000	-	620,000	8,825,000	630,000
Special obligation bonds (-3.0% - 2.0%):					
Tri-Park Water, through June 2043	1,606,725	-	64,269	1,542,456	64,269
Tri-Park Sewer, through June 2033	2,043,129	-	118,145	1,924,984	120,508
Net Pension Liability	-	-	-	340,308	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total business-type activities	\$ 24,884,218	\$ -	\$ 1,614,062	\$ 23,610,464	\$ 1,638,657

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

7. Long-term debt (continued):

Government Activities – Notes Payable

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

Fire Ladder Truck – A capital equipment note of \$500,000 was obtained in July 2018 to partially finance the purchase of a fire ladder truck for the fire department. The note is payable over ten years with an interest rate of 2.32%.

Government Activities – Obligation Bonds

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

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

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

General Purpose November 2036 - The Town issued a \$7,800,000 bond in July 2016 through the Vermont Municipal Bond Bank for constructing renovations to fire and police facilities. The bonds have a net interest cost of 2.732%. The annual debt service payments range from \$580,000 to \$402,000 from November 2017 through November 2036.

Business Activities – Obligation bonds

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

RF1-127 - The Town received a loan of \$14,064,704 from the Clean Water State Revolving Loan Fund (CWSRLF) for planning, design engineering, and a portion of construction costs of a Wastewater Treatment Plant (WWTP) Upgrade. The loan has a 2.0% administration fee in lieu of interest. The Town recognized loan forgiveness subsidies of \$1,100,000 and \$2,368,442 in fiscal years 2014 and 2018, respectively. The loan is payable in annual installments of \$792,879 from December 2014 through December 2017 and annual installments of \$618,443 from December 2018 through December 2033.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

7. Long-term debt (continued):

Business Activities – Obligation bonds (continued)

RF1-024 - The Town received a loan of \$3,780,900 from the CWSRLF for the replacement of the rotating biological contactors as part of the WWTP upgrade. The loan was made under the American Recovery and Reinvestment Act (ARRA). The loan has a 2.0% administration fee and is payable in annual installments of \$159,690 from September 2012 through September 2031. The Town recognized a loan forgiveness subsidy capitalized with 26% ARRA funds in the amount of \$1,000,000 in fiscal year 2014.

RF1-171 - The Town has received a loan of \$985,000 from the Clean Water State Revolving Loan Fund (CWSRLF) for planning, design engineering and construction of the Black Mountain Gravity Line which is part of the overall Wastewater Treatment Plant (WWTP) Upgrade. The loan has a 2% administrative fee and is payable in twenty annual installments of \$48,092 from June 2017 to June 2036. The Town recognized a loan forgiveness subsidy of \$48,019.60 in 2017.

Wastewater RZED - In December 2010, the Town borrowed \$13,500,000 of Recovery Zone Economic Development Bonds through the Vermont Municipal Bond Bank to fund a major portion of the WWTP upgrade. The bonds have a net interest cost of 3.14%. The annual debt service ranges from \$890,500 to \$924,600 and is payable from December 2011 through December 2030.

Business Activities – Special obligation bonds

TriPark Water and Sewer - The Town constructed water and sewer improvements in the Mountain Home Park Special Benefit Assessment District. The \$2,600,000 sewer replacement project loan (plus 2% administration fee) and the \$1,928,070 water main replacement project loan (less negative 3.0% interest) were the original values of the Town's liabilities, but repayment is to be provided from assessments against the District. The Utility Fund reports deferred revenue of \$838,590 related to the water main replacement project loan which will be recognized in future years as installments of the negative 3% interest water loan become due. The sewer replacement annual debt service is \$159,007 from June 2014 through June 2033. The water main annual debt service is \$64,269 from June 2014 to June 2043.

Debt service requirements to maturity are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,011,334	\$ 332,837	\$ 1,638,658	\$ 500,622
2021	848,333	310,014	1,668,545	490,041
2022	843,333	288,652	1,498,731	464,147
2023	843,333	265,852	1,534,220	427,962
2024	818,333	242,435	1,570,019	390,850
2025-2029	4,091,668	815,316	8,413,366	1,338,188
2030-2034	2,080,000	328,677	6,256,939	313,787
2035-2039	1,170,000	53,857	432,602	3,349
2040-2044	-	-	257,076	-
2045-2049	-	-	-	-
	<u>\$ 11,706,334</u>	<u>\$ 2,637,640</u>	<u>\$ 23,270,156</u>	<u>\$ 3,928,946</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

8. Capital leases:

The Town has entered into a lease agreement as lessee for financing the acquisition of energy efficiency improvements in several buildings. This lease agreement qualifies as a capital lease 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 the capital lease is the present value of the future lease payments. Leased building improvements (\$1,094,917) are included in governmental capital assets.

The capital lease liability is also reported on the Government-wide Statement of Net Position as the net present value of the minimum lease payments remaining under the lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 are as follows:

	<u>Governmental Funds</u>	<u>Utilities Fund</u>	<u>Totals</u>
Year ending June 30,			
2020	126,920	-	126,920
2021	126,920	-	126,920
2022	126,920	-	126,920
2023	-	-	-
2024	-	-	-
Thereafter	-	-	-
Total minimum lease payments	<u>380,760</u>	<u>-</u>	<u>380,760</u>
Less: amount representing interest	<u>17,538</u>	<u>-</u>	<u>17,538</u>
Present value of minimum lease payments	<u>\$ 363,222</u>	<u>\$ -</u>	<u>\$ 363,222</u>

9. Compensated absences:

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, 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.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

11. Other postemployment benefit (OPEB) plan:

Retirement Health Plan for Brattleboro public safety employees -

Plan description: In addition to the pension benefits described in note 10, the Town administers a single employer defined benefit healthcare plan for retired public safety employees (“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, 2018, the measurement date, the Town’s plan included Sixty-Six (66) members, with ten (10) retirees and spouses receiving benefits and Fifty-six (56) active employees who could be eligible to receive future benefits. 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 40% of the two-person health insurance premium for members of the Brattleboro public safety employees 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 premium, until the former Brattleboro public safety employee is eligible for Medicare benefits. The retiree and the Town contributions are governed by the terms of the Brattleboro Professional Firefighters Association and the New England Police Benevolent Association union contracts.

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2019 fiscal year, the total Town premiums plus implicit costs for the retiree medical program are \$79,188. The Town is also to make a contribution to an OPEB Trust of \$0 for the 2019 fiscal year for a total contribution of \$79,188.

Investment policy: The Town has not established a formal Investment Policy related to OPEB funding.

Actuarially Determined Contribution (ADC): The Town’s Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which represents the level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities (or funding excess). The components of the Town’s annual ADC for the fiscal year and the amount actually contributed to the plan are shown in Schedule 4 *Actuarially Determined OPEB Contributions Excess/(Deficit)*.

OPEB liabilities, OPEB expense, deferred outflows of resources, deferred inflows of resources:

In 2017, the Town implemented a change in governmental accounting and reporting which was mandated by the Governmental Accounting Standards Board in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The impact on these financial statements is to include the Town’s net OPEB liability and deferred inflows and outflows of resources for OPEB expense 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 2017.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

As of June 30, 2019, based on an actuarial valuation date of June 30, 2018, the plan was 0% funded and had a total OPEB liability of \$2,683,710, resulting in a net OPEB liability of \$2,683,710. For the year ended June 30, 2019, the Town recognized OPEB expense of \$154,278. As of June 30, 2019, the Town reported deferred outflows of resources of \$144,554, all of which arose from the recognition of the effects of differences between expected and actual experience. On June 30, 2019 the Town reported deferred inflows of resources of \$847,933, resulting from a change in assumptions. The deferred inflows and outflows of resources will be recognized as OPEB expense over 7 years, beginning in 2019.

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2019	
<i>Description</i>	<i>Amount</i>
I. Service Cost	\$ 229,238
II. Interest on Net OPEB Liability	\$ 125,557
III. Deferred (Inflows)/Outflows from Plan Design Changes*	\$ -
IV. Deferred (Inflows)/Outflows from Plan Experience**	\$ 18,946
V. Deferred (Inflows)/Outflows from Changes in Assumptions**	\$(140,275)
VI. Projected Earnings on OPEB Plan Investments	\$ -
VII. Deferred (Inflows)/Outflows from Earnings on Plan Investments***	\$ -
VIII. Total Employer Contributions	\$ (79,188)
IX. OPEB Plan Administrative Expense	\$ -
X. Other Changes in Fiduciary Net Position	<u>\$ -</u>
Net OPEB Expense	\$ 154,278
* Recognized Immediately	
** Amortized over 7 years	
*** Amortized over 5 years	

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Sensitivity of the Town’s OPEB liability to changes in the healthcare trend rate and to changes in the discount rate: The following shows the OPEB liability calculated using the healthcare trend rate of 5.0% and the discount rate of 3.5% as well as the OPEB liability if it were calculated using a healthcare trend rate and a discount rate that is one percent lower or one percent higher.

Healthcare Trend Rate		
<u>1% Decrease (4.0%)</u>	<u>Current Trend Rate (5.0%)</u>	<u>1% Increase (6.0%)</u>
\$2,306,749	\$2,683,710	\$3,141,317
Discount Rate		
<u>1% Decrease (2.5%)</u>	<u>Current Trend Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
\$3,008,726	\$2,683,710	\$2,397,341

Funded status and funding progress: An independent actuary valued the Town’s OPEB liabilities as of June 30, 2018. The net OPEB liability for the postemployment healthcare benefits promised to eligible retired public safety employees was \$2,683,710 as of June 30, 2019, all of which was unfunded. The covered payroll used in the valuation (annual payroll of active employees covered by the plan) was \$2,734,153, and the ratio of the net OPEB liability to the covered payroll was 98.2%.

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.

Fiduciary Net Position: The Town has not established a fiduciary fund for the purpose of funding OPEB benefits. As a result, the fiduciary net position and changes in fiduciary net position are \$0 in both instances.

Recognition of OPEB Trust Assets: The Town of Brattleboro has not established an irrevocable trust for the purpose of prefunding liabilities under GASB 74/75.

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 2018 actuarial valuation used the Individual Entry Age Normal Actuarial Cost Method. Current employees and retirees only are considered; no provision is made for future hires. The actuarial assumptions include a 6.5% investment rate of return, a healthcare inflation rate of 5.0% and the annual compensation increase assumption was 3.0%.

Required supplementary information: Implementation of GASB Statement No. 75 requires reporting of ten years of historical OPEB information by employers. This information will be built up by year for the next ten years in the *Change in the Net OPEB Liability (Schedule 3)* and *Actuarially Determined OPEB Contributions Excess/(Deficit) (Schedule 4)*.

**TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

11. Pension plans: Vermont Municipal Employees' Retirement System -

Town public safety employees participating in VMERS are members of Group D. Future public safety employees hired by the Town must become members of Group D.

On October 1, 2016, existing civilian full-time employees were given the option to become members of Group B or remain in the Town's defined contribution plan. Future civilian employees hired by the Town must become members of Group B.

As of June 30, 2018, the measurement date selected by the State of Vermont, VMERS was funded at 82.60% and had a plan fiduciary net position of \$667,848,905 and a total pension liability of \$808,524,797 resulting in a net pension liability of \$140,675,892. As of June 30, 2018, the Town's proportionate share of this was 2.97110% resulting in a liability of \$4,179,625. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2018, the Town's proportion of 2.97110% was an increase of .15016% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the Town recognized pension expense of \$555,878.

The Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of	Deferred Inflow of
Difference between expected and actual experience	\$ 363,044	\$ -
Changes in assumptions	462,841	-
Difference between projected and actual earnings on pension plan investments	484,404	-
Changes in proportional share of contributions	412,719	6,707
Difference between the employer contributions and proportionate share of total contributions		66,833
Town's required employer contributions made subsequent to the measurement date	<u>555,878</u>	<u>-</u>
	<u>\$ 2,278,886</u>	<u>\$ 73,540</u>

The deferred outflows of resources resulting from the

Town's required employer contributions made subsequent to the measurement date in the amount of \$555,878 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Liability
2019	908,329
2020	415,736
2021	201,818
2022	123,582
Total	<u>\$1,649,465</u>

Plan description: The Vermont Municipal Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2018, the retirement system consisted of 402 participating employers.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

11. Pension plans: Vermont Municipal Employees' Retirement System(continued) -

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives--one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Membership: Full time employees of participating municipalities. The Town elected coverage under Groups B and D.

Creditable Service: Service as a member plus purchased service.

Average Final Compensation (AFC):

Group B– Average annual compensation during highest 3 consecutive years

Group D– Average annual compensation during highest 2 consecutive years

Service Retirement Allowance:

Eligibility:

Group B – The earlier of age 62 with 5 years of service or age 55 with thirty 30 years of service.

Group D – The earlier of age 55 with 5 years of service.

Amount

Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Group B and 50% of AFC for Group D. The above amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility:

Group B Age 55 with 5 years of service. Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group B members.

Group D Age 50 with 20 years of service. Amount: No reductions for Group D.

Vested Retirement Allowance:

Eligibility: 5 years of service for both Groups.

Amount: Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

Disability Retirement Allowance:

Eligibility: 5 years of service and disability as determined by Retirement Board.

Amount: Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disable Group D member.

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

11. Pension plans: Vermont Municipal Employees' Retirement System (continued)

Summary of System Provisions

Death Benefit:

Eligibility: Death after 5 years of service.

Amount:

Group B reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivors benefit under disability annuity computed as of date of death.

Group D 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death after Retirement

Group B and lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

Group D lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contribution:

Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded

Post-Retirement Adjustments:

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% for both Group B and Group D.

Member Contributions:

Group B – 5.00%

Group D – 11.475%

Employer Contributions:

Group B – 5.625%

Group D – 9.975%

Retirement Stipend:

\$25 per month payable at the option of the Board or retirees.

Significant Actuarial Assumptions and Methods

Investment rate of return: 7.50%, net of pension plan investment expenses, including inflation

Salary increases: 5.00% per year.

Mortality:

Death in Active Service:

Groups B - 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement

Group D - RP-2006 Blue Collar Annuitant Table with generation improvement

Healthy Post-retirement:

Groups B- 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement

Group D - 100% of RP-2014 Healthy Annuitant with generational improvement

Disabled Post-retirement:

All Groups - RP-2006 Disabled Mortality Table with generational improvement

Spouse's Age: Females three years younger than male

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

11. Pension plans: Vermont Municipal Employees' Retirement System
Summary of System Provisions (continued)

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Groups B and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups B, and D who receive a disability retirement benefit. The January 1, 2019 COLA is assumed to be 1.30% for all groups

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Assets: A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

Inflation: 2.50%

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%
	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%) than the current rate:

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$7,079,343	\$4,179,625	\$1,821,352

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

11. Pension plans: Defined Contribution Plan -

Effective October 1, 2016 employees covered under the following plan became eligible to elect to participate in the Vermont Municipal Employees' Retirement System (VMERS) Plan B. New employees will not be able to participate in this plan. Twenty (20) employees elected to remain in this plan.

Plan description: 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. 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, 2018:

Number of active plan participants	20
Current year covered payroll	\$ 520,199
Current year total payroll	\$ 8,259,825
Contributions by Town (8.9% of covered payroll)	\$ 46,186
Contributions by employees (4.6% of covered payroll)	\$ 23,716

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

12. Fund balances:

The General Fund reported a nonspendable fund balance (\$746,978) for inventory and prepaid expenditures. The General Fund also reported a \$337,119 committed fund balance; (\$42,119) to promote Brattleboro and (\$295,000) to fund capital projects in fiscal year 2020. The General Fund's unassigned fund balance on June 30, 2019 was \$2,047,513.

The Development Fund reported a nonspendable fund balance (\$491,923) for those loan balances not offset by deferred revenue; the remaining balance of these programs are restricted (\$2,420,785) by program regulations or committed (\$473,658) by Town Meeting Members.

The Capital Projects Fund reported a restricted fund balance (\$305,921), and an assigned fund balance (\$1,245,764) for capital projects which has not been used and may be released to the General Fund.

The Other Governmental Funds reported nonspendable, restricted or committed fund balances for the individual funds that are shown in the combining balance sheet in Schedule 7.

	Individual Funds Statements		Government-Wide Statements (Page 10)	
	Governmental Funds (Page 12)	Proprietary Funds (Page 18)	Governmental Activities	Business-type Activities
Nonspendable:				
General Fund	\$ 746,978	\$ -	\$ -	\$ -
Community Development Fund	491,923	-	-	-
Community Restorative Justice	1,125	-	-	-
Recreation Programs	4,838	-	-	-
	<u>1,244,864</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:				
Community Development Fund	2,420,785	-	3,386,366	-
Fire and Police Stations Upgrade	305,921	-	1,888,804	-
Community Restorative Justice	5,233	-	-	-
Reappraisal Reserve	342,145	-	342,145	-
Recreation and Parks	-	-	119,301	-
Records Restoration	52,598	-	-	-
Other Funds	12,183	-	428,463	-
	<u>3,138,865</u>	<u>-</u>	<u>6,165,079</u>	<u>-</u>
Committed:				
General Fund	337,119	-	-	-
Community Development Fund	473,658	-	-	-
Solid Waste Disposal	6,013	-	-	-
Energy Efficiency Fund	13,253	-	-	-
Agricultural Land Trust Preservation Fund	51,399	-	-	-
Recreation Programs	249,729	-	-	-
Skating Rink Improvements	119,301	-	-	-
Trees Program	32,092	-	-	-
	<u>1,282,564</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:				
Capital Projects Fund	1,126,843	-	-	-
West River Park Fund	10,278	-	-	-
Skateboard Dog Park Fund	108,643	-	-	-
	<u>1,245,764</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned (governmental funds)/Unrestricted (business-ty	2,047,513	6,479,871	(2,798,939)	6,479,871
Invested in Capital Assets, Net of Related Debt:				
Capital Assets, net of accumulated depreciation	-	52,738,448	30,172,848	52,738,448
Related Debt	-	23,610,464	12,069,556	23,610,464
	<u>-</u>	<u>29,127,984</u>	<u>18,103,292</u>	<u>29,127,984</u>
Total Fund Balances/Net Position	\$ 8,959,570	\$ 35,607,855	\$ 21,469,432	\$ 35,607,855

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

13. Commitments:

Residential refuse and recyclables collection - The Town has a nine-year waste and recycling contract through June 30, 2024. For the years ending June 30, 2020 through 2024 the contractual commitments are \$475,360, \$480,114, \$484,915, \$489,764 and \$494,662 respectively.

Transfer of bus operations - The Town previously transferred bus operations to Connecticut River Transit. The Town is committed to continue payment of a \$50,000 bus service subsidy for fiscal 2020.

Legal services - The Town has a one-year retainer contract for legal services through March 2020. The annual cost of the contract is \$108,201 from March 23, 2019 to March 22, 2020.

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.

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 post closure maintenance and monitoring, and has investments with an estimated maturity value sufficient to provide for these estimated future liabilities. The towns have contingent liability for these obligations through their membership in the District.

Summary financial information for the District as of and for the fiscal year ended June 30, 2018 is provided below because audited financial statements for the fiscal year ended June 30, 2019 were not available as of the date of this report.

Assets	\$ <u>1,604,416</u>	Operating revenues	\$ 1,130,802
		Operating expenses	<u>1,080,510</u>
Liabilities	\$ 248,703	Operating gain	50,292
Deferred inflows of resources	15,509	Nonoperating revenue, net	<u>(42,728)</u>
Net position	<u>1,340,204</u>		
	\$ <u>1,604,416</u>	Change in net position	\$ <u>7,564</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

16. Tax Abatement Disclosures:

In 2017, the Town implemented a change in governmental reporting which was mandated by the Governmental Accounting Standards Board in GASB Statement No. 77, *Tax Abatement Disclosures*. The financial statements of the individual funds and the government-wide net position and activities were not affected by the change in 2017. The Town enters into municipal property tax abatement agreements with local businesses and farmers under Vermont state statute. Under the statute, municipalities may grant property tax abatements up to 100% of the municipal property tax bill for a period not to exceed ten years for the purpose of attracting or retaining businesses or preserving farmland, within their jurisdictions. The abatements may be granted to any business or farmer located within or promising to relocate to the Town. For the fiscal year ended June 30, 2019, the Town abated \$336,714 under these programs, including the following tax abatement agreements that exceeded 10% of the total amount abated:

Purpose	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Constructed New Factory		
Real Estate	35%	\$ 44,270
Equipment	75%	\$ 166,640
Expanded Manufacturing Facility		
Real Estate	65%	\$ 13,829
Equipment	75%	\$ 48,659
Renovated Downtown Block	44%	\$ 39,534
Construct New Factory	15%	\$ 2,986
Farmland Preservation (5)	100%	\$ 20,796
Total		<u>\$ 336,714</u>

A 35% property tax abatement on real estate and a 75% property tax abatement on equipment to a newly constructed yogurt factory. The abatement amounted to \$210,910.

A 65% property tax abatement on expanded real estate and a 75% property tax abatement on new equipment at a manufacturing facility. The abatement amounted to \$62,488.

A 44% property tax abatement on a renovated downtown block. The abatement amounted to \$39,537.

The Town negotiates property tax abatements on an individual basis. The Town has tax abatement agreements with nine entities as of June 30, 2019.

TOWN OF BRATTLEBORO, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PRORATIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
June 30, 2019

Schedule 1

	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	2.97110%	2.82094%	1.98470%	1.97556%	2.06554%
Town's Proportionate Share of the Net Pension Liability	\$ 4,179,625	\$ 3,417,726	\$ 2,554,228	\$ 1,523,072	\$ 188,514
Town's Covered Employee Payroll	\$ 7,399,233	\$ 6,999,447	\$ 5,905,014	\$ 3,062,370	\$ 2,832,336
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	56.49%	48.83%	43.26%	49.74%	6.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None

Changes in Assumptions: The discount rate used to measure the net pension liability maintained at 7.50%.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

TOWN OF BRATTLEBORO, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN

Schedule 2

June 30, 2019

	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined	\$ 908,329	\$ 559,032	\$ 337,749	\$ 301,643	\$ 276,153
Contributions in Relation to Actuarially Determined Contribu	\$ 555,878	\$ 520,410	\$ 460,685	\$ 301,643	\$ 246,153
Contribution Excess/(Deficiency)	\$ (352,451)	\$ (38,622)	\$ 122,936	\$ -	\$ -
Town's Covered Employee Payroll	\$ 7,399,233	\$ 6,999,447	\$ 5,905,014	\$ 3,062,370	\$ 2,832,336
Contributions as a Percentage of Town's Covered Employee Payrc	7.51%	7.44%	7.80%	9.85%	8.69%

Notes to Schedule

Valuation Dates: June 30, 2018, 2017, 2016, 2015 and 2014

Fiscal year 2015 was the first year of implemetation, therefore only five years are shown

TOWN OF BRATTLEBORO, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
CHANGE IN THE NET OPEB LIABILITY

Schedule 3

June 30, 2019

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 229,238	\$ 178,623	\$ 236,902
Interest on Net OPEB Liability and Service Cost	125,557	98,283	89,700
Benefit Payments	(79,188)	(86,542)	(77,247)
Changes in Assumptions	(981,928)	-	(1,520,135)
Difference between Expected and Actual	<u>(7,327)</u>	<u>-</u>	<u>204,533</u>
Net Change in Total OPEB Liability	\$ (713,648)	\$ 190,364	\$ (1,066,247)
Total OPEB Liability July 1	<u>3,397,358</u>	<u>3,206,994</u>	<u>4,273,241</u>
Total OPEB Liability June 30	\$ 2,683,710	\$ 3,397,358	\$ 3,206,994
Plan Fudiciary Net Position			
Plan Fudiciary Net Position July 1	\$ -	\$ -	\$ -
Plan Fudiciary Net Position June 30	-	-	-
Net OPEB Liability June 30	\$ 2,683,710	\$ 3,397,358	\$ 3,206,994
Fudiciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 2,734,153	\$ 3,051,620	\$ 2,962,738
Net OPEB Liability as a Percentage of Covered Employee Payroll	98.2%	111.3%	108.2%

Valuation Dates: June 30, 2018 and 2016

TOWN OF BRATTLEBORO, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
ACTUARIALY DETERMINED OPEB CONTRIBUTIONS EXCESS/(DEFICIT)
June 30, 2019

Schedule 4

	2019	2018	2017
Actuarially Determined Contributions	\$ 370,220	\$ 346,905	\$ 337,476
Contributions in Relation to the Actuarily Determined Contribution	\$ 79,188	\$ 86,542	\$ 86,542
Contribution Excess (Deficiency)	\$ (291,032)	\$ (260,363)	\$ (250,934)
Covered Employee Payroll	\$ 2,734,153	\$ 3,051,620	\$ 2,962,738
Contribution as a Percentage of Covered Employee Payroll	2.9%	2.8%	2.9%

Valuation Dates: June 30, 2018 and 2016

Fiscal year 2017 was the first year of implementation, therefore only three years are shown

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - DEVELOPMENT FUND
June 30, 2019

Schedule 5

	<u>Disaster Relief</u>	<u>Rental Housing</u>	<u>SBAP</u>	<u>UDAG Holstein</u>	<u>VCDP 1st Generation Active</u>	<u>VCDP 1st Generation Deferred</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	48,451	69,305	355,902	-	301,837	-	775,495
Investments	-	-	-	2,118,948	-	-	2,118,948
Loans receivable, net	<u>-</u>	<u>842</u>	<u>676,181</u>	<u>-</u>	<u>-</u>	<u>3,190,500</u>	<u>3,867,523</u>
Total assets	\$ <u>48,451</u>	\$ <u>70,147</u>	\$ <u>1,032,083</u>	\$ <u>2,118,948</u>	\$ <u>301,837</u>	\$ <u>3,190,500</u>	\$ <u>6,761,966</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred revenue	<u>-</u>	<u>-</u>	<u>185,100</u>	<u>-</u>	<u>-</u>	<u>3,190,500</u>	<u>3,375,600</u>
FUND EQUITY:							
Fund balances -							
Nonspendable	-	842	491,081	-	-	-	491,923
Restricted	-	-	-	2,118,948	301,837	-	2,420,785
Committed	48,451	69,305	355,902	-	-	-	473,658
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>48,451</u>	<u>70,147</u>	<u>846,983</u>	<u>2,118,948</u>	<u>301,837</u>	<u>-</u>	<u>3,386,366</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>48,451</u>	\$ <u>70,147</u>	\$ <u>1,032,083</u>	\$ <u>2,118,948</u>	\$ <u>301,837</u>	\$ <u>3,190,500</u>	\$ <u>6,761,966</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 6

	<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	\$ 594	\$ 960	\$ 19,035	\$ 129,427	\$ 4,052	\$ -	\$ 154,068
Departmental and other revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	594	960	19,035	129,427	4,052	-	154,068
EXPENDITURES:							
General government	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,000</u>
EXCESS OF REVENUES OR (EXPENDITURES)	594	960	(4,965)	129,427	4,052	-	130,068
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
EXCESS OF REVENUES OR (EXPENDITURES)/NET CHANGE IN FUND BALANCES	594	960	(4,965)	129,427	(35,948)	-	90,068
FUND BALANCES, July 1, 2018	<u>47,857</u>	<u>69,187</u>	<u>851,948</u>	<u>1,989,521</u>	<u>337,785</u>	<u>-</u>	<u>3,296,298</u>
FUND BALANCES, June 30, 2019	\$ <u>48,451</u>	\$ <u>70,147</u>	\$ <u>846,983</u>	\$ <u>2,118,948</u>	\$ <u>301,837</u>	\$ <u>-</u>	\$ <u>3,386,366</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2019

Schedule 7
Page 1 of 2

	Grants <u>Fund</u>	Community Restorative <u>Justice</u>	Solid Waste <u>Disposal</u>	Recreation <u>Programs</u>	Energy Efficiency <u>Fund</u>	Agricultural Land Trust Preservation <u>Fund</u>
ASSETS						
Cash and cash equivalents	\$ 106	\$ 200	\$ 1,121	\$ 3,041	\$ -	\$ -
Accounts receivable	38,323	860	43,820	-	-	-
Prepaid expenditures	-	1,125	-	4,837	-	-
Due from other funds	<u>87,500</u>	<u>14,148</u>	<u>19,862</u>	<u>261,963</u>	<u>13,253</u>	<u>51,399</u>
Total assets	\$ <u>125,929</u>	\$ <u>16,333</u>	\$ <u>64,803</u>	\$ <u>269,841</u>	\$ <u>13,253</u>	\$ <u>51,399</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY						
LIABILITIES:						
Accounts payable	\$ 12,678	\$ 740	\$ 58,790	\$ 15,274	\$ -	\$ -
Accrued liabilities	-	5,985	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>12,678</u>	<u>6,725</u>	<u>58,790</u>	<u>15,274</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred revenue	<u>113,251</u>	<u>3,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY:						
Fund balances -						
Nonspendable	-	1,125	-	4,838	-	-
Restricted	-	5,233	-	-	-	-
Committed	-	-	6,013	249,729	13,253	51,399
Total fund balances	<u>-</u>	<u>6,358</u>	<u>6,013</u>	<u>254,567</u>	<u>13,253</u>	<u>51,399</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>125,929</u>	\$ <u>16,333</u>	\$ <u>64,803</u>	\$ <u>269,841</u>	\$ <u>13,253</u>	\$ <u>51,399</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2019

Schedule 7
Page 2 of 2

	<u>Reappraisal</u> <u>Reserve</u>	<u>Records</u> <u>Restoration</u>	<u>Skating</u> <u>Rink</u> <u>Improvements</u>	<u>Trees</u> <u>Program</u>	<u>Other</u> <u>Funds</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,468
Accounts receivable	-	-	-	-	-	83,003
Prepaid expenditures	-	-	-	-	-	5,962
Due from other funds	<u>342,497</u>	<u>52,598</u>	<u>119,301</u>	<u>32,092</u>	<u>12,183</u>	<u>1,006,796</u>
Total assets	\$ <u>342,497</u>	\$ <u>52,598</u>	\$ <u>119,301</u>	\$ <u>32,092</u>	\$ <u>12,183</u>	\$ <u>1,100,229</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,482
Accrued liabilities	-	-	-	-	-	5,985
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,467</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred revenue	<u>352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,853</u>
FUND EQUITY:						
Fund balances -						
Nonspendable	-	-	-	-	-	5,963
Restricted	342,145	52,598	-	-	12,183	412,159
Committed	<u>-</u>	<u>-</u>	<u>119,301</u>	<u>32,092</u>	<u>-</u>	<u>471,787</u>
Total fund balances	<u>342,145</u>	<u>52,598</u>	<u>119,301</u>	<u>32,092</u>	<u>12,183</u>	<u>889,909</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>342,497</u>	\$ <u>52,598</u>	\$ <u>119,301</u>	\$ <u>32,092</u>	\$ <u>12,183</u>	\$ <u>1,100,229</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 8
Page 1 of 2

	Grants <u>Fund</u>	Community Restorative <u>Justice</u>	Solid Waste <u>Disposal</u>	Recreation <u>Programs</u>	Energy Efficiency <u>Fund</u>	Agricultural Land Trust Preservation <u>Fund</u>
REVENUES:						
Investment income/change in value	\$ -	\$ -	\$ 186	\$ 3,058	\$ 162	\$ 631
Intergovernmental	1,300,745	150,000	-	-	-	-
Donations and grants	99,375	2,776	-	2,000	-	-
Departmental and other revenues	-	12,314	302,989	164,384	-	-
Total revenues	<u>1,400,120</u>	<u>165,090</u>	<u>303,175</u>	<u>169,442</u>	<u>162</u>	<u>631</u>
EXPENDITURES:						
General government	1,168,823	-	-	-	-	-
Human services	100,650	161,826	-	-	-	-
Public safety	81,216	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	89,431	-	-	165,771	-	-
Recycling and Solid Waste	-	-	855,810	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,440,120</u>	<u>161,826</u>	<u>855,810</u>	<u>165,771</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OR (EXPENDITURES)	(40,000)	3,264	(552,635)	3,671	162	631
OTHER FINANCING SOURCES (USES):						
Operating transfers in (out)	<u>40,000</u>	-	<u>510,000</u>	<u>(5,000)</u>	-	-
NET CHANGE IN FUND BALANCES	-	3,264	(42,635)	(1,329)	162	631
FUND BALANCES, June 30, 2018	<u>-</u>	<u>3,094</u>	<u>48,648</u>	<u>255,896</u>	<u>13,091</u>	<u>50,768</u>
FUND BALANCES, June 30, 2019	\$ <u>-</u>	\$ <u>6,358</u>	\$ <u>6,013</u>	\$ <u>254,567</u>	\$ <u>13,253</u>	\$ <u>51,399</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 8
Page 2 of 2

	Reappraisal <u>Reserve</u>	Records <u>Restoration</u>	Skating Rink <u>Improvements</u>	Trees <u>Program</u>	Other <u>Funds</u>	<u>Total</u>
REVENUES:						
Investment income/change in value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,037
Intergovernmental	42,826	-	-	-	-	1,493,571
Donations and grants	-	-	-	-	-	104,151
Departmental and other revenues	-	<u>12,200</u>	<u>20,734</u>	-	-	<u>512,621</u>
Total revenues	<u>42,826</u>	<u>12,200</u>	<u>20,734</u>	-	-	<u>2,114,380</u>
EXPENDITURES:						
General government	-	621	-	476	-	1,169,920
Human services	-	-	-	-	-	262,476
Public safety	-	-	-	-	-	81,216
Public works	-	-	-	-	-	-
Culture and recreation	-	-	13,791	-	-	268,993
Recycling and Solid Waste	-	-	-	-	-	855,810
Miscellaneous	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	<u>621</u>	<u>13,791</u>	<u>476</u>	-	<u>2,638,415</u>
EXCESS OF REVENUES OR (EXPENDITURES)	42,826	11,579	6,943	(476)	-	(524,035)
OTHER FINANCING SOURCES (USES):						
Operating transfers in (out)	-	-	<u>(10,000)</u>	-	-	<u>535,000</u>
NET CHANGE IN FUND BALANCES	42,826	11,579	(3,057)	(476)	-	10,965
FUND BALANCES, June 30, 2018	<u>299,319</u>	<u>41,019</u>	<u>122,358</u>	<u>32,568</u>	<u>12,183</u>	<u>878,944</u>
FUND BALANCES, June 30, 2019	\$ <u>342,145</u>	\$ <u>52,598</u>	\$ <u>119,301</u>	\$ <u>32,092</u>	\$ <u>12,183</u>	\$ <u>889,909</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 2019

Schedule 9

	<u>Capital Projects Fund</u>	<u>West River Park Fund</u>	<u>Skateboard Dog Park Fund</u>	<u>Fire and Police Station</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 423,934	\$ 423,934
Accounts receivable	18,320	-	-	-	18,320
Due from other funds	<u>1,315,911</u>	<u>10,278</u>	<u>198,562</u>	<u>-</u>	<u>1,524,751</u>
Total assets	\$ <u>1,334,231</u>	\$ <u>10,278</u>	\$ <u>198,562</u>	\$ <u>423,934</u>	\$ <u>1,967,005</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY					
LIABILITIES:					
Accounts payable	\$ 207,388	\$ -	\$ 92	\$ 9,000	\$ 216,480
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,013</u>	<u>109,013</u>
Total liabilities	<u>207,388</u>	<u>-</u>	<u>92</u>	<u>118,013</u>	<u>325,493</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred revenue	<u>-</u>	<u>-</u>	<u>89,827</u>	<u>-</u>	<u>89,827</u>
FUND EQUITY:					
Fund balances -					
Restricted	-	-	-	305,921	305,921
Assigned	<u>1,126,843</u>	<u>10,278</u>	<u>108,643</u>	<u>-</u>	<u>1,245,764</u>
Total fund balances	<u>1,126,843</u>	<u>10,278</u>	<u>108,643</u>	<u>305,921</u>	<u>1,551,685</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>1,334,231</u>	\$ <u>10,278</u>	\$ <u>198,562</u>	\$ <u>423,934</u>	\$ <u>1,967,005</u>

TOWN OF BRATTLEBORO, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 10

	<u>Capital Projects Fund</u>	<u>West River Park Fund</u>	<u>Skateboard Dog Park Fund</u>	<u>Fire and Police Station</u>	<u>Total</u>
REVENUES:					
Investment income/change in value	\$ -	\$ -	\$ -	\$ 9,015	\$ 9,015
Intergovernmental	85,873	-	-	-	85,873
Donations and grants	584,759	-	2,465	-	587,224
Departmental and other revenues	<u>71,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,500</u>
Total revenues	742,132	-	2,465	9,015	753,612
EXPENDITURES:					
Capital outlay	<u>2,819,954</u>	<u>-</u>	<u>34,909</u>	<u>84,325</u>	<u>2,939,188</u>
EXCESS OF REVENUES OR (EXPENDITURES)					
	<u>(2,077,822)</u>	<u>-</u>	<u>(32,444)</u>	<u>(75,310)</u>	<u>(2,185,576)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	500,000	-	-	-	500,000
Operating transfers in (out), net	<u>1,715,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>1,775,000</u>
Total other financing sources (uses)	<u>2,215,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>2,275,000</u>
NET CHANGE IN FUND BALANCES	137,178	-	27,556	(75,310)	89,424
FUND BALANCES, July 1, 2018	<u>989,665</u>	<u>10,278</u>	<u>81,087</u>	<u>381,231</u>	<u>1,462,261</u>
FUND BALANCES, June 30, 2019	\$ <u><u>1,126,843</u></u>	\$ <u><u>10,278</u></u>	\$ <u><u>108,643</u></u>	\$ <u><u>305,921</u></u>	\$ <u><u>1,551,685</u></u>



Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Brattleboro Selectboard
Town of Brattleboro, Vermont

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Brattleboro, Vermont, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Brattleboro, Vermont's basic financial statements, and have issued our report thereon dated September 6, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Brattleboro, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brattleboro, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brattleboro, Vermont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brattleboro, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on

the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Batchelder Associates, P.C.

Batchelder Associates, P.C.
Barre, Vermont
License #945
September 6, 2019



Batchelder Associates, PC

TOWN OF BRATTLEBORO, VT

REPORTS ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS, INTERNAL CONTROLS AND
COMPLIANCE WITH LAWS AND REGULATIONS

JUNE 30, 2019

TOWN OF BRATTLEBORO, VERMONT
JUNE 30, 2019
TABLE OF CONTENTS

	Page(s)
Independent Auditor's Report – Report on the Schedule of Expenditure of Federal Awards	1
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	4-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings	8
Status of Prior Audit Findings	9



Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT

The Brattleboro Selectboard
Town of Brattleboro, Vermont

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of the Town of Brattleboro, Vermont for the year ended June 30, 2019, and the related notes.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the 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 the financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the expenditures of federal awards of the Town of Brattleboro, Vermont for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Batchelder Associates, P.C.

Batchelder Associates, P.C.
Barre, Vermont
License #94
September 6, 2019



Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Brattleboro Selectboard
Town of Brattleboro, Vermont

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 6, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Batchelder Associates, P.C.

Batchelder Associates, P.C.
Barre, Vermont
License #945
September 6, 2019



Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Brattleboro Selectboard
Town of Brattleboro Vermont

Report on Compliance for Each Major Federal Program

We have audited the Town of Brattleboro Vermont's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2019. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Town of Brattleboro, Vermont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we

considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Batchelder Associates, P.C.

Batchelder Associates, P.C.
Barre, Vermont
License #945
September 6, 2019

TOWN OF BRATTLEBORO, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/ Program Title	Federal Program	Federal CFDA Number	Award Number	Award Amount	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients
U.S. Department of Housing & Urban Development								
Passed through Vermont Agency of Commerce and Community Development Block Grants/State's Program	Community Develop- ment Block Grant							
(subgranted to Holton Home, Inc. dba Bradley House	CDBG	14.228	IG-2015- Brattleboro-00013	\$ 500,000	\$ 51,377	\$ -	\$ 51,377	\$ 50,000
(subgranted to Windham Windsor Housing Trust)	CDBG	14.228	SS-2016- Brattleboro-00005	\$ 725,000	\$ 591,728	\$ -	\$ 591,728	\$ 591,728
(subgranted to Windham Windsor Housing Trust)	CDBG	14.228	IG-2016- Brattleboro-00010	\$ 425,000	\$ 420,000		\$ 420,000.00	\$ 420,000
				<u>\$ 1,650,000</u>	<u>\$ 1,063,105</u>	<u>\$ -</u>	<u>\$ 1,063,105</u>	<u>\$ 1,061,728</u>
U.S. Department of Justice								
Bulletproof Vest Partnership Program 2017	BJA	16.607	1121-0235	\$ 4,053		\$ 4,053	\$ 4,053	\$ -
Bulletproof Vest Partnership Program 2018	BJA	16.607	1121-0235	\$ 1,598		\$ 840	\$ 840	\$ -
				<u>\$ 5,651</u>	<u>\$ -</u>	<u>\$ 4,893</u>	<u>\$ 4,893</u>	<u>\$ -</u>
BJA FY17 Edward Byrne Memorial Justice Assistance Grant	BJA	16.738	2017-DJ-BX-0036	\$ 17,264		\$ 1,414	\$ 1,414	
				<u>\$ 22,915</u>	<u>\$ -</u>	<u>\$ 6,307</u>	<u>\$ 6,307</u>	<u>\$ -</u>
U.S. Department of Transportation								
Passed through Vermont Agency of Transportation -								
Welcome Center Pump Station	FHWA	20.205	Guilford IM 091- 1(75)(78)	\$ 474,204	\$ 17,897	\$ -	\$ 17,897	\$ -
2018 Equipment	NHTSA	20.600	GR1165	\$ 8,000	\$ 6,734	\$ -	\$ 6,734	\$ -
2018 DUI Enforcement	NHTSA	20.608	GR1165	\$ 4,000	\$ 1,100	\$ -	\$ 1,100	\$ -
				<u>\$ 486,204</u>	<u>\$ 25,731</u>	<u>\$ -</u>	<u>\$ 25,731</u>	<u>\$ -</u>
U.S. Institute of Museums and Library Services								
Passed through Vermont Department of Libraries								
Interlibrary Loan Courier Pilot Project	IMLS	45.310	LS-00-18-0046-18	\$ 293	\$ 293	\$ -	\$ 298	\$ -
				<u>\$ 293</u>	<u>\$ 293</u>	<u>\$ -</u>	<u>\$ 298</u>	<u>\$ -</u>
U.S. Environmental Protection Agency								
Passed through VT Dept of Environmental Conservation								
Brownfields Assessment Program	EPA	66.818	00A00112	\$ 400,000	\$ 53,885		\$ 53,885	\$ -
U.S. Department of Education								
Passed through Vermont Dept of Children & Families-Child Development Division								
(subgrant to KidsPLAYce, Inc.)	Dept of Education	84.412	03440-34110-18- ELCG24	\$ 200,000	\$ 100,650	\$ -	\$ 100,650	\$ 100,650
				<u>\$ 2,759,412</u>	<u>\$ 1,243,664</u>	<u>\$ 6,307</u>	<u>\$ 1,249,976</u>	<u>\$ 1,162,378</u>
TOTAL AWARDS & EXPENDITURES:				<u>\$ 2,759,412</u>	<u>\$ 1,243,664</u>	<u>\$ 6,307</u>	<u>\$ 1,249,976</u>	<u>\$ 1,162,378</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization- The Town of Brattleboro, Vermont 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. Uniform Guidance Reporting Entity – For purposes of complying with the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the Town includes all funds and programs that are considered part of the primary governmental unit, as described in the basic financial statements as of and for the year ended June 30, 2019.

B. Basis of presentation – The information in the accompanying schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

1. Federal award – Pursuant to the Uniform Guidance, federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. The Town receives direct federal awards, of which some are direct, and some are passed through the State of Vermont.

2. Federal financial assistance – Under the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Federal financial assistance does not include direct federal cash payments to individuals.

3. Major and nonmajor programs – The Uniform Guidance establishes risk-based criteria for determining those major programs to be tested for compliance with program requirements. Nonmajor federal programs are included on the Schedule of Expenditures of Federal Awards but are subject to lower levels of testing.

C. Basis of accounting – The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

2. SUB RECIPIENTS:

The Town sub granted federal awards totaling \$1,061,728 under CFDA #14.228, U.S. Department of Housing and Urban Development and \$100,650 under CFDA #84.412, U.S Department of Education.

3. LOANS

The Town had no loans of federal awards during fiscal year ended June 30, 2019.

TOWN OF BRATTLEBORO, VERMONT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

A: SUMMARY OF AUDITOR'S RESULTS:

Financial Statements –

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Reported*

Noncompliance material to financial statements noted? *No*

Federal Awards –

Internal control over major programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *No*

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required by 2 CFR section 200.516(a) are reported: *No*

Identification of major programs:

- *U. S. Department of Housing & Urban Development CFDA #14.228 (Pass through)*

Dollar threshold used to distinguish between Type A and Type B programs: *\$750,000*

Auditee qualified as low-risk auditee: *Yes*

B: AUDIT FINDINGS – FINANCIAL STATEMENTS:

The audit disclosed no findings required to be reported.

C: AUDIT FINDINGS – FEDERAL AWARDS:

The audit disclosed no findings required to be reported.

TOWN OF BRATTLEBORO, VERMONT
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

There are no unresolved prior audit findings applicable to this auditee. Follow up of finding found corrective action in place.

PRIOR YEAR FINDING – CORRECTED:

2018-01: Sub-recipient monitoring – Corrective Action Taken