

TOWN OF BARRE, VERMONT

AUDIT REPORT

JUNE 30, 2016

TOWN OF BARRE, VERMONT
AUDIT REPORT
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Independent Auditor's Report

Board of Selectmen
Town of Barre
Websterville, Vermont 05678

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 Barre, Vermont as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Barre, Vermont'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 includes 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 Town of Barre, Vermont'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 Town of Barre, Vermont'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 previously 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 Barre, Vermont as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective 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 4 through 11, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1 and the Schedule of Contributions on Schedule 2 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Barre, Vermont's basic financial statements. The combining fund financial statements and budgetary comparison schedule for the General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated April 3, 2017 on our consideration of the Town of Barre, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal 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 of Barre, Vermont’s internal control over financial reporting and compliance.

April 3, 2017
Montpelier, Vermont
Vt Lic. #92-000180

Sullivan, Powers & Company

TOWN OF BARRE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

Our discussion and analysis of the Town of Barre, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2016. This report should be read in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position increased by \$653,701 as a result of this year's operations. Net position of our business-type activities increased by \$451,645 and net position of our governmental activities increased by \$202,056.

In the Town's business-type activities, revenues and transfers were \$3,670,187 while expenses and transfers were \$3,324,952. Net position at June 30, 2015 totaled \$4,135,034.

- The cost of all of the Town's programs was \$9,369,564 this year, with no new programs added.
- The General Fund reported a surplus this year of \$180,746.

The unassigned fund balance for the General Fund was \$1,941,842 as of June 30, 2016. This amount represents the amount of funds available for future budgets. This fund balance may have to be used in the future to eliminate the unrestricted deficits that exist in the Enterprise Funds.

- The Community Development Fund reported a deficit this year of \$365,577, which resulted in a fund balance of \$308,292 as of June 30, 2016.
- The Construction Fund reported a deficit this year of \$1,903 which resulted in a fund balance of \$316,204.
- The Non-major Funds reported a surplus of \$43,147 this year which increased the cumulative surplus to \$759,494.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 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 by providing information about the Town's most significant funds. The remaining 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.

TOWN OF BARRE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

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 sewer, water and ambulance activities are reported here.

Reporting the Town's Most Significant Funds

The fund financial statements begin on page 13 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 BARRE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

The Town as a Whole

The Town's combined net position increased by \$653,701 from 2015, increasing from a balance of \$20,159,490 to \$20,813,141. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 5,936,767	\$ 5,715,389	\$ 1,089,753	\$ 572,356	\$ 7,026,520	\$ 6,287,745
Capital assets	12,698,642	12,956,342	4,686,846	4,760,720	17,385,488	17,717,062
Total assets	18,635,409	18,671,731	5,776,599	5,333,076	24,412,008	24,004,807
Deferred outflows of resources	336,275	102,975	224,720	52,602	560,995	155,577
Other liabilities	601,844	610,372	589,581	569,338	1,191,425	1,179,710
Long term liabilities	1,696,448	1,476,788	1,254,805	1,026,892	2,951,253	2,503,680
Total liabilities	2,298,292	2,087,160	1,844,386	1,596,230	4,142,678	3,683,390
Deferred inflows of resources	(4,715)	211,495	21,899	106,059	17,184	317,554
Net position:						
Net investment in capital assets	11,779,660	11,923,726	3,419,378	3,427,231	15,199,038	15,350,957
Restricted	1,072,260	1,573,510	618,903	556,023	1,691,163	2,129,533
Unrestricted (deficit)	3,826,187	2,978,815	96,753	(299,865)	3,922,940	2,678,950
Total net position	\$ 16,678,107	\$ 16,476,051	\$ 4,135,034	\$ 3,683,389	\$ 20,813,141	\$ 20,159,440

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from a \$2,978,815 surplus at June 30, 2015, to a \$3,826,187 surplus at June 30, 2016 for the governmental activities.

The net position of our business-type activities increased to \$4,135,034 compared to \$3,683,389 in fiscal year 2015, a \$451,645 or 12.26% increase. The Sewer Fund and the Ambulance Fund had roughly equal increases in net position while the Water Fund saw a minor (\$38,230) decrease in net position. The Town generally can only use these net position to finance the continuing operations of the sewer, water, and ambulance operations.

TOWN OF BARRE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
REVENUES						
Program Revenues:						
Charges for Services	\$ 267,992	\$ 207,040	\$ 3,266,406	\$ 2,836,510	\$ 3,534,398	\$ 3,043,550
Operating Grants and Contributions	442,073	163,117	0	0	442,073	163,117
Capital Grants and Contributions	81,585	441,053	106,410	0	187,995	441,053
General Revenues:						
Property Taxes	5,629,631	5,460,846	0	0	5,629,631	5,460,846
Penalty and Interest on Delinquent Taxes	93,640	102,412	0	0	93,640	102,412
General State Grants	94,888	0	0	0	94,888	0
Unrestricted Investment Earnings	30,876	14,652	1,056	12	31,932	14,664
Other Revenues	8,708	101,482	0	0	8,708	101,482
Total Revenues	6,649,393	6,490,602	3,373,872	2,836,522	10,023,265	9,327,124
EXPENDITURES						
General Government	1,454,937	1,277,865	0	0	1,454,937	1,277,865
Public Safety	1,324,272	1,301,049	0	0	1,324,272	1,301,049
Highways and Streets	2,491,253	2,540,241	0	0	2,491,253	2,540,241
Culture and Recreation	375,955	357,312	0	0	375,955	357,312
Community Development	260,705	131,984	0	0	260,705	131,984
Sanitation	46,564	46,787	0	0	46,564	46,787
Cemetery	72,563	58,844	0	0	72,563	58,844
Interest on Long-Term Debt	18,363	25,228	0	0	18,363	25,228
Water	0	0	396,553	391,822	396,553	391,822
Sewer	0	0	940,122	864,573	940,122	864,573
Ambulance	0	0	1,988,277	1,795,015	1,988,277	1,795,015
Total Expenditures	6,044,612	5,739,310	3,324,952	3,051,410	9,369,564	8,790,720
Excess Revenues (Expenses) before Transfers	604,781	751,292	48,920	(214,888)	653,701	536,404
Transfers	(402,725)	(402,697)	402,725	402,697	0	0
Changes in Net Position	\$ 202,056	\$ 348,595	\$ 451,645	\$ 187,809	\$ 653,701	\$ 536,404

Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The increase in net position for governmental activities was \$202,056 in 2016. Revenues increased by \$158,791 or 2.5%, and expenses increased by \$305,302 or 5.3%, compared to 2015. The Community Development Fund expenses increased \$128,721. During the year, the Town disbursed loan payment money received from SB Electronics. The loan was made with a VT Community Development Program (CDBG) grant. Per the grant agreement, half the principal received is re-repaid to the State and the remainder of principal and interest is forwarded to the Vermont Community Loan Fund for a Barre area business revolving loan fund. Storm damage to two major road culverts increased Highway Fund spending.

TOWN OF BARRE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

The cost of all governmental activities this year was \$6,044,612. However, as shown in the Statement of Activities on Exhibit B, the amount that our taxpayers ultimately financed for these activities through Town taxes was \$5,629,631. Some of the cost was paid by those who directly benefited from the programs (\$267,992) or by other governments and organizations that subsidized certain programs with grants and contributions (\$523,658).

Business-type Activities

The business-type activities net position increased by \$451,645 in 2016. Revenues increased by \$537,350 or 18.9%, and expenses increased by \$273,542 or 9.0%, compared to 2015. The Sewer Fund and the Ambulance Fund had roughly equal increases in net position while the Water Fund saw a minor (\$38,230) decrease in net position. Both the revenues and expenses for the Sewer Fund and Ambulance Fund increased. Ambulance Fund revenues had the greatest increase, changing the Ambulance Fund from a net position decrease as of June 30, 2015 to a net increase on June 30, 2016. Sewer Fund expenses increased slightly more than revenues, but Sewer Fund revenues still exceeded expenses by \$155,293.

Table 3 presents the cost of each of the Town's six largest programs – general government, public safety, highways and street, sanitation, health and welfare, and culture and recreation – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2016		2015	
General government	\$ 1,454,937	\$ 1,286,336	\$ 1,277,865	\$ 1,031,543
Public safety	1,324,272	1,182,507	1,301,049	1,250,562
Highways and streets	2,491,253	2,102,391	2,540,241	2,075,993
Culture and recreation	375,955	356,675	416,156	401,173
Community development	260,705	234,921	131,984	100,801
Sanitation	46,564	42,629	46,787	42,800
Cemetery	72,563	29,140	0	0
Interest on debt	18,363	18,363	25,228	25,228
Totals	<u>\$ 6,044,612</u>	<u>\$ 5,252,962</u>	<u>\$ 5,739,310</u>	<u>\$ 4,928,100</u>

The Town's Funds

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$4,523,281 which represents a decrease of \$143,587 from last year's total of \$4,666,868. Included in this year's total change in fund balance is an increase of \$180,746 in the Town's General Fund, a decrease in the Community Development Fund of \$365,577, a decrease in the Construction Fund of \$1,903 and an increase of \$43,147 in the other non-major governmental funds.

TOWN OF BARRE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

Exhibit F compares actual to budget for the General Fund. The most significant variances of actual to budget were as follows:

	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 5,628,786	\$ 5,711,223	\$ 82,437
All Other Revenues	<u>486,845</u>	<u>580,983</u>	<u>94,138</u>
Total	<u>\$ 6,115,631</u>	<u>\$ 6,292,206</u>	<u>\$ 176,575</u>
Expenditures:			
General Budget	\$ 2,977,891	\$ 3,144,372	\$ (166,481)
Highways and Streets	<u>2,712,220</u>	<u>2,541,568</u>	<u>170,652</u>
Total	<u>\$ 5,690,111</u>	<u>\$ 5,685,940</u>	<u>\$ 4,171</u>

The Town municipal government levies and collects all property taxes for: the schools (state education property taxes, the Highway Fund, and the General Fund, which includes voter approved donations and Local Agreement taxes). For F.Y. 15 – 16 the total taxes first billed were \$14,838,239. The schools and Highway Fund receive the amount of taxes called for in those budgets. The General Fund absorbs the difference in amount collected compared to the amount first billed. In addition to unpaid taxes, the General Fund's collection is affected by the Selectboard's approved Errors and Omissions, recommended by the Assessor, and by Board of Abatement approved reduction in property value caused by fire or other losses. During F.Y. 15-16 the General Fund received \$82,437 more in tax revenue (current taxes, delinquent taxes, and interest and fees) than budgeted, which represents 1.34% of the total budgeted revenues for General and Highway. More important, the \$82,437 is .55% of the \$14,838,239 first billed.

The All Other Revenue category is over budget by \$94,138. \$65,098 was for grants awarded to the police and recreation departments.

The General Fund expenditures are over budget \$166,481. \$50,000 of that amount is due to the Rock of Ages tax credit (resulting from their assessment appeal). The tax credit is not included in the operating budget but shown above as an expense. Culture and recreation show \$74,442 in expenses over budget. The voter approved \$55,000 contribution to the Aldrich Library is counted as an expense in the table above but is not in the operating budget. Recreation Division expenses were over budget because of the grant to help with the Trow Hill Playground improvement.

Highway expenses despite storm damage in 2015 were under budget because of equipment charges not paid to the Town's Equipment Fund.

TOWN OF BARRE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

Capital Assets and Debt Administration

Capital Assets

At June 30, 2016, the Town had \$17,717,062 invested in a broad range of capital assets, including police, ambulance and fire equipment, buildings and water and sewer lines, net of accumulated depreciation. (See Table 4 below). This amount represents a net decrease (including additions, disposals and depreciation) of \$979,289 from last year.

Table 4
Capital Assets at Year-End
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land	\$ 1,948,538	\$ 1,948,538	\$ 0	\$ 0	\$ 1,948,538	\$ 1,948,538
Construction in Progress	196,407	0	0	0	196,407	0
Water/Sewer Lines	0	0	9,199,115	9,092,705	9,199,115	9,092,705
Buildings & Building Improvements	2,107,574	2,101,524	404,481	404,481	2,512,055	2,506,005
Equipment	7,026,911	6,575,603	302,543	275,269	7,329,454	6,850,872
Infrastructure	12,711,461	12,362,749	0	0	12,711,461	12,362,749
Sewer Capacity Rights	0	0	333,103	333,103	333,103	333,103
Accumulated Depreciation	(11,292,249)	(10,032,072)	(5,552,396)	(5,344,838)	(16,844,645)	(15,376,910)
Total	\$ <u>12,698,642</u>	\$ <u>12,956,342</u>	\$ <u>4,686,846</u>	\$ <u>4,760,720</u>	\$ <u>17,385,488</u>	\$ <u>17,717,062</u>

Debt Administration

At June 30, 2016, the Town had \$1,853,347 in bonds and capital leases outstanding versus \$2,033,002 on June 30, 2015 – a decrease of \$179,655 – as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
General Obligation Bonds	\$ 370,000	\$ 445,000	\$ 934,365	\$ 1,000,386	\$ 1,304,365	\$ 1,445,386
Capital Leases Payable	548,982	587,616	0	0	548,982	587,616
Total	\$ <u>918,982</u>	\$ <u>1,032,616</u>	\$ <u>934,365</u>	\$ <u>1,000,386</u>	\$ <u>1,853,347</u>	\$ <u>2,033,002</u>

TOWN OF BARRE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(Continued)

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors when setting the fiscal year 2017 budget, tax rates, and fees.

When adopting the budget for the 2016-2017 year, the Selectboard took into account operational and capital needs of the Town, and the impact of spending on the tax rate.

The Town budgeted no change in fund balance for the fiscal year ending June 30, 2017.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Barre, Websterville, Vermont, 05678-0116.

TOWN OF BARRE, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 3,815,916	\$ 0	\$ 3,815,916
Investments	246,952	299,617	546,569
Receivables (Net of Allowance for Uncollectibles)	798,884	555,497	1,354,381
Loans Receivable	819,926	0	819,926
Internal Balances	(216,847)	216,847	0
Prepaid Expenses	45,159	17,792	62,951
Land Held for Sale	426,777	0	426,777
Capital Assets:			
Land	1,948,538	0	1,948,538
Construction in Progress	196,407	0	196,407
Other Capital Assets, (Net of Accumulated Depreciation)	10,553,697	4,686,846	15,240,543
Total Assets	18,635,409	5,776,599	24,412,008
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	336,275	224,720	560,995
Total Deferred Outflows of Resources	336,275	224,720	560,995
<u>LIABILITIES</u>			
Accounts Payable	262,077	146,609	408,686
Accrued Payroll and Benefits Payable	38,962	39,321	78,283
Accrued Interest Payable	19,401	3,755	23,156
Due to the City of Barre	0	333,103	333,103
Due to Agency Fund	3,038	0	3,038
Tax Sale Overpayments	34,334	0	34,334
Noncurrent Liabilities:			
Due within One Year	244,032	66,793	310,825
Due in More than One Year	1,696,448	1,254,805	2,951,253
Total Liabilities	2,298,292	1,844,386	4,142,678
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	829	0	829
Deferred Inflows of Resources Related to the Town's Participation in VMERS	(5,544)	21,899	16,355
Total Deferred Inflows of Resources	(4,715)	21,899	17,184
<u>NET POSITION</u>			
Net Investment in Capital Assets	11,779,660	3,419,378	15,199,038
Restricted:			
Non-Expendable:			
Cemetery Trust	237,682	0	237,682
Expendable:			
Community Development	439,367	0	439,367
Bike Path	316,204	0	316,204
Sewer Improvements	0	618,903	618,903
Other	79,007	0	79,007
Unrestricted/(Deficit)	3,826,187	96,753	3,922,940
Total Net Position	\$ 16,678,107	\$ 4,135,034	\$ 20,813,141

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,454,937	\$ 119,296	\$ 49,305	\$ 0	\$ (1,286,336)	\$ 0	\$ (1,286,336)
Public Safety	1,324,272	57,882	13,988	69,895	(1,182,507)	0	(1,182,507)
Highways and Streets	2,491,253	7,077	370,095	11,690	(2,102,391)	0	(2,102,391)
Culture and Recreation	375,955	10,795	8,485	0	(356,675)	0	(356,675)
Community Development	260,705	25,784	0	0	(234,921)	0	(234,921)
Sanitation	46,564	3,935	0	0	(42,629)	0	(42,629)
Cemetery	72,563	43,223	200	0	(29,140)	0	(29,140)
Interest on Long-term Debt	18,363	0	0	0	(18,363)	0	(18,363)
Total Governmental Activities	6,044,612	267,992	442,073	81,585	(5,252,962)	0	(5,252,962)
Business-type Activities:							
Water	396,553	358,323	0	0	0	(38,230)	(38,230)
Sewer	940,122	1,096,415	0	106,410	0	262,703	262,703
Ambulance	1,988,277	1,811,668	0	0	0	(176,609)	(176,609)
Total Business-type Activities	3,324,952	3,266,406	0	106,410	0	47,864	47,864
Total Primary Government	\$ 9,369,564	\$ 3,534,398	\$ 442,073	\$ 187,995	(5,252,962)	47,864	(5,205,098)
General Revenues:							
Property Taxes					5,629,631	0	5,629,631
Penalties and Interest on Delinquent Taxes					93,640	0	93,640
General State Grants					94,888	0	94,888
Unrestricted Investment Earnings					30,876	1,056	31,932
Other Revenues					8,708	0	8,708
Transfers In/(Out):					(402,725)	402,725	0
Total General Revenues and Transfers					5,455,018	403,781	5,858,799
Change in Net Position					202,056	451,645	653,701
Net Position - July 1, 2015					16,476,051	3,683,389	20,159,440
Net Position - June 30, 2016					\$ 16,678,107	\$ 4,135,034	\$ 20,813,141

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Community Development Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 2,679,129	\$ 252,319	\$ 489,116	\$ 395,352	\$ 3,815,916
Investments	0	0	0	246,952	246,952
Receivables (Net of Allowance for Uncollectibles)	760,136	0	0	10,109	770,245
Loans Receivable (Net of Allowance for Uncollectibles)	50,000	769,926	0	0	819,926
Due from Other Funds	633,018	0	0	118,373	751,391
Prepaid Expenses	42,663	0	0	312	42,975
Land Held for Sale	0	426,777	0	0	426,777
Total Assets	<u>\$ 4,164,946</u>	<u>\$ 1,449,022</u>	<u>\$ 489,116</u>	<u>\$ 771,098</u>	<u>\$ 6,874,182</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 262,077	\$ 0	\$ 0	\$ 0	\$ 262,077
Accrued Payroll and Benefits Payable	33,989	0	0	1,495	35,484
Due to Other Funds	0	370,804	172,912	0	543,716
Tax Sale Overpayments	34,334	0	0	0	34,334
Total Liabilities	<u>330,400</u>	<u>370,804</u>	<u>172,912</u>	<u>1,495</u>	<u>875,611</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Prepaid Property Taxes	829	0	0	0	829
Unavailable Property Taxes, Penalties and Interest	474,875	0	0	0	474,875
Unavailable Fees	0	0	0	10,109	10,109
Unavailable Grants	169,551	0	0	0	169,551
Unavailable Loans Receivable	50,000	769,926	0	0	819,926
Total Deferred Inflows of Resources	<u>695,255</u>	<u>769,926</u>	<u>0</u>	<u>10,109</u>	<u>1,475,290</u>
<u>FUND BALANCES</u>					
Nonspendable	1,144,309	426,777	0	237,994	1,809,080
Restricted	23,649	20,811	316,204	55,358	416,022
Committed	0	0	0	24,373	24,373
Assigned	29,491	0	0	441,769	471,260
Unassigned/(Deficit)	<u>1,941,842</u>	<u>(139,296)</u>	<u>0</u>	<u>0</u>	<u>1,802,546</u>
Total Fund Balances	<u>3,139,291</u>	<u>308,292</u>	<u>316,204</u>	<u>759,494</u>	<u>4,523,281</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,164,946</u>	<u>\$ 1,449,022</u>	<u>\$ 489,116</u>	<u>\$ 771,098</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:					
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.					9,732,423
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.					1,474,461
Internal Service Funds are used by Management to Charge the Costs of Certain Activities, such as Equipment and Building Use Charges to Individual Funds. The Assets and Liabilities of the Internal Service Funds are Included in Governmental Activities in the Statement of Net Position.					1,645,422
Long-term and Accrued Liabilities, Including Bonds Payable, Amounts Due to the State of Vermont and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.					(1,043,351)
Deferred Outflows and Inflows of Resources relating to the Town's Participation in VMERS are applicable to Future Periods and, and, Therefore, are not Reported in the Funds.					<u>345,871</u>
Net Position of Governmental Activities					<u>\$ 16,678,107</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Community Development Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 5,598,476	\$ 0	\$ 0	\$ 0	\$ 5,598,476
Penalties and Interest on Delinquent Taxes	93,640	0	0	0	93,640
Intergovernmental	388,484	0	11,690	30,694	430,868
Charges for Services	88,239	3,600	0	33,114	124,953
Permits, Licenses and Fees	91,639	0	0	0	91,639
Loan Repayments	10,000	12,649	0	0	22,649
Loan Interest Income	3,059	19,125	0	0	22,184
Investment Income	1,504	384	84	28,879	30,851
Donations	8,485	0	0	200	8,685
Other	8,680	0	0	28	8,708
Total Revenues	<u>6,292,206</u>	<u>35,758</u>	<u>11,774</u>	<u>92,915</u>	<u>6,432,653</u>
Expenditures:					
General Government	1,425,830	0	0	0	1,425,830
Public Safety	1,154,026	0	0	0	1,154,026
Highways and Streets	1,996,449	0	13,677	0	2,010,126
Culture and Recreation	364,350	0	0	0	364,350
Community Development	0	260,705	0	0	260,705
Sanitation	46,564	0	0	0	46,564
Cemetery	0	0	0	72,563	72,563
Capital Outlay:					
Public Safety	41,551	0	0	0	41,551
Highways and Streets	545,119	0	0	0	545,119
Culture and Recreation	22,492	0	0	0	22,492
Debt Service:					
Principal	35,000	0	0	0	35,000
Interest	4,559	0	0	0	4,559
Grant Funds	0	140,630	0	0	140,630
Rock of Ages Settlement	50,000	0	0	0	50,000
Total Expenditures	<u>5,685,940</u>	<u>401,335</u>	<u>13,677</u>	<u>72,563</u>	<u>6,173,515</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>606,266</u>	<u>(365,577)</u>	<u>(1,903)</u>	<u>20,352</u>	<u>259,138</u>
Other Financing Sources/(Uses):					
Transfers In	0	0	0	36,568	36,568
Transfers Out	(425,520)	0	0	(13,773)	(439,293)
Total Other Financing Sources/(Uses)	<u>(425,520)</u>	<u>0</u>	<u>0</u>	<u>22,795</u>	<u>(402,725)</u>
Net Change in Fund Balances	180,746	(365,577)	(1,903)	43,147	(143,587)
Fund Balances - July 1, 2015	<u>2,958,545</u>	<u>673,869</u>	<u>318,107</u>	<u>716,347</u>	<u>4,666,868</u>
Fund Balances - June 30, 2016	<u>\$ 3,139,291</u>	<u>\$ 308,292</u>	<u>\$ 316,204</u>	<u>\$ 759,494</u>	<u>\$ 4,523,281</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, 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, 2016

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (143,587)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$609,162) is allocated over their estimated useful lives and reported as depreciation expense (\$867,410). This is the amount by which depreciation exceeded capital outlays in the current period.	(258,248)
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$35,000) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	35,000
The repayments of the Rock of Ages settlement and amounts due to the State of Vermont are expenditures in the governmental funds but the repayments reduces long-term liabilities in the statement of net position.	190,630
The issuance of loans receivable (\$0) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$22,649) provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of loans receivable.	(22,649)
Governmental funds report employer pension contributions as expenditures (\$333,631). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$359,672) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(26,041)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) and other changes in net position of the internal service funds is reported with the governmental activities.	193,234
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	210,815
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>22,902</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 202,056</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	General Budget			Highway Budget			Total General Fund		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Property taxes	\$ 3,119,806	\$ 3,202,243	\$ 82,437	\$ 2,508,980	\$ 2,508,980	\$ -	\$ 5,628,786	\$ 5,711,223	\$ 82,437
Intergovernmental	103,735	168,833	65,098	200,665	200,544	(121)	304,400	369,377	64,977
Charges for services	144,355	155,602	11,247	2,575	7,077	4,502	146,930	162,679	15,749
Licenses and permits	13,505	17,134	3,629	-	-	-	13,505	17,134	3,629
Miscellaneous (building income, misc.)	22,010	31,793	9,783	-	-	-	22,010	31,793	9,783
Total revenues	3,403,411	3,575,605	172,194	2,712,220	2,716,601	4,381	6,115,631	6,292,206	176,575
EXPENDITURES:									
General government	737,925	761,882	(23,957)	-	-	-	737,925	761,882	(23,957)
Public safety	1,167,820	1,195,577	(27,757)	-	-	-	1,167,820	1,195,577	(27,757)
Highways and streets	-	-	0	2,712,220	2,541,568	170,652	2,712,220	2,541,568	170,652
Solid waste	48,290	46,564	1,726	-	-	-	48,290	46,564	1,726
Health and welfare	88,055	75,961	12,094	-	-	-	88,055	75,961	12,094
Culture, recreation, development & transportation	312,400	386,842	(74,442)	-	-	-	312,400	386,842	(74,442)
Insurances and benefits	500,795	504,154	(3,359)	-	-	-	500,795	504,154	(3,359)
County tax	53,470	53,471	(1)	-	-	-	53,470	53,471	(1)
Miscellaneous (equip. rent, training, misc.)	29,576	30,362	(786)	-	-	-	29,576	30,362	(786)
Rock of Ages tax grievance payment	-	50,000	(50,000)	-	-	-	-	50,000	(50,000)
Debt service:									
Principal	35,000	35,000	-	-	-	-	35,000	35,000	-
Interest	4,560	4,559	1	-	-	-	4,560	4,559	1
Total expenditures	2,977,891	3,144,372	(166,481)	2,712,220	2,541,568	170,652	5,690,111	5,685,940	4,171
Excess of Revenues Over Expenditures	425,520	431,233	5,713	-	175,033	175,033	425,520	606,266	180,746
OTHER FINANCING SOURCES (USES)									
Transfers to other funds	(425,520)	(425,520)	-	-	-	-	(425,520)	(425,520)	-
Total other financing sources (uses)	(425,520)	(425,520)	-	-	-	-	(425,520)	(425,520)	-
Net Change in Fund Balance	\$ 0	\$ 5,713	\$ 5,713	\$ 0	\$ 175,033	\$ 175,033	\$ 0	180,746	\$ 180,746
Fund Balance - July 1, 2015								2,958,545	
Fund Balance - June 30, 2016								<u>\$ 3,139,291</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Enterprise Funds				Internal Service Funds
	Water Fund	Sewer Fund	Ambulance Fund	Total	Funds
<u>ASSETS</u>					
Current Assets:					
Investments	\$ 0	\$ 299,617	\$ 0	\$ 299,617	\$ 0
Receivables (Net of Allowance for Uncollectibles)	105,972	191,771	257,754	555,497	28,639
Due from Other Funds	0	912,138		912,138	285,565
Prepaid Expenses	175	1,702	15,915	17,792	2,184
Total Current Assets	106,147	1,405,228	273,669	1,785,044	316,388
Noncurrent Assets:					
Capital Assets:					
Buildings and Building Improvements	0	170,153	234,328	404,481	1,075,134
Machinery, Equipment and Vehicles	1,857	65,735	234,951	302,543	5,954,112
Distribution and Collection Systems	2,653,116	6,545,999	0	9,199,115	0
Capacity Rights	0	333,103	0	333,103	0
Less: Accumulated Depreciation	(1,137,336)	(4,126,703)	(288,357)	(5,552,396)	(4,063,027)
Total Noncurrent Assets	1,517,637	2,988,287	180,922	4,686,846	2,966,219
Total Assets	1,623,784	4,393,515	454,591	6,471,890	3,282,607
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	0	224,720	224,720	37,234
Total Deferred Outflows of Resources	0	0	224,720	224,720	37,234
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	0	146,609	0	146,609	0
Accrued Payroll and Benefits Payable	0	1,070	38,251	39,321	3,478
Due to Other Funds	306,770	0	388,521	695,291	713,125
Accrued Interest Payable	3,755	0	0	3,755	0
Due to the City of Barre	0	333,103	0	333,103	0
Notes Payable - Current Portion	8,000	36,250	0	44,250	40,000
General Obligation Bonds Payable - Current Portion	22,543	0	0	22,543	169,032
Total Current Liabilities	341,068	517,032	426,772	1,284,872	925,635
Noncurrent Liabilities:					
Compensated Absences Payable	0	8,450	50,236	58,686	20,309
Net Pension Liability	0	0	328,547	328,547	52,239
Notes Payable - Noncurrent Portion	16,000	217,500	0	233,500	255,000
General Obligation Bonds Payable - Noncurrent Portion	634,072	0	0	634,072	379,950
Total Noncurrent Liabilities	650,072	225,950	378,783	1,254,805	707,498
Total Liabilities	991,140	742,982	805,555	2,539,677	1,633,133
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Inflows of Resources Related to the Town's Participation in VMERS	0	0	21,899	21,899	(1,816)
Total Deferred Inflows of Resources	0	0	21,899	21,899	(1,816)
<u>NET POSITION</u>					
Net Investment in Capital Assets	837,022	2,401,434	180,922	3,419,378	2,122,237
Restricted	0	618,903	0	618,903	0
Unrestricted/(Deficit)	(204,378)	630,196	(329,065)	96,753	(433,713)
Total Net Position	\$ 632,644	\$ 3,650,533	\$ (148,143)	\$ 4,135,034	\$ 1,688,524

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds			
	Water Fund	Sewer Fund	Ambulance Fund	Total
				Internal Service Funds
Operating Revenues:				
Charges for Services	\$ 346,000	\$ 1,065,658	\$ 1,811,668	\$ 3,223,326
Interest and Penalties	12,323	30,757	0	43,080
Other	0	0	0	0
Total Operating Revenues	358,323	1,096,415	1,811,668	3,266,406
Operating Expenses:				
Salaries and Benefits	84,915	146,222	1,547,805	1,778,942
Supplies	125,842	11,034	33,311	170,187
Outside Services	49,539	590,191	140,068	779,798
Insurance	3,023	4,237	9,377	16,637
Equipment and Tools	22,022	53,940	186,961	262,923
Buildings and Grounds	20,618	10,876	44,783	76,277
Depreciation	57,964	123,622	25,972	207,558
Total Operating Expenses	363,923	940,122	1,988,277	3,292,322
Operating Income/(Loss)	(5,600)	156,293	(176,609)	(25,916)
Non-Operating Revenues/(Expenses):				
Investment Income	0	1,056	0	1,056
Interest Expense	(32,630)	0	0	(32,630)
Total Non-Operating Revenues/(Expenses)	(32,630)	1,056	0	(31,574)
Net Income Before Capital Contributions and Transfers	(38,230)	157,349	(176,609)	(57,490)
Capital Contributions and Transfers:				
Capital Contributions	0	106,410	0	106,410
Transfers In	0	0	402,725	402,725
Total Capital Contributions and Transfers	0	106,410	402,725	509,135
Change in Net Position	(38,230)	263,759	226,116	451,645
Net Position/(Deficit) - July 1, 2015	670,874	3,386,774	(374,259)	3,683,389
Net Position/(Deficit) - June 30, 2016	\$ 632,644	\$ 3,650,533	\$ (148,143)	\$ 4,135,034

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds				Internal Service Funds
	Water Fund	Sewer Fund	Ambulance Fund	Total	Funds
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$ 368,523	\$ 1,098,272	\$ 1,683,695	\$ 3,150,490	\$ 1,324,537
Other Cash Receipts	0	0	0	0	16,380
Payments for Goods and Services	(216,218)	(650,578)	(430,371)	(1,297,167)	(514,757)
Payments for Wages and Benefits	<u>(84,915)</u>	<u>(146,743)</u>	<u>(1,510,780)</u>	<u>(1,742,438)</u>	<u>(260,069)</u>
Net Cash Provided/(Used) by Operating Activities	<u>67,390</u>	<u>300,951</u>	<u>(257,456)</u>	<u>110,885</u>	<u>566,091</u>
Cash Flows From Noncapital Financing Activities:					
Transfers Received from Other Funds	0	0	402,725	402,725	0
Decrease/(Increase) in Due from Other Funds	0	47,228	0	47,228	(51,317)
(Decrease)/Increase in Due to Other Funds	<u>(4,989)</u>	<u>0</u>	<u>(131,363)</u>	<u>(136,352)</u>	<u>(57,595)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(4,989)</u>	<u>47,228</u>	<u>271,362</u>	<u>313,601</u>	<u>(108,912)</u>
Cash Flows From Capital and Related Financing Activities:					
Capital Contributions	0	0	0	0	28,549
Acquisition and Construction of Capital Assets	0	(13,368)	(13,906)	(27,274)	(393,315)
Principal Paid on Bonds, Notes and Leases	(29,771)	(36,250)	0	(66,021)	(78,634)
Interest Paid on Bonds, Notes and Leases	<u>(32,630)</u>	<u>0</u>	<u>0</u>	<u>(32,630)</u>	<u>(13,804)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(62,401)</u>	<u>(49,618)</u>	<u>(13,906)</u>	<u>(125,925)</u>	<u>(457,204)</u>
Cash Flows From Investing Activities:					
Receipt of Interest and Dividends	0	1,056	0	1,056	25
Increase in Investments	<u>0</u>	<u>(299,617)</u>	<u>0</u>	<u>(299,617)</u>	<u>0</u>
Net Cash Provided/(Used) by Investing Activities	<u>0</u>	<u>(298,561)</u>	<u>0</u>	<u>(298,561)</u>	<u>25</u>
Net Increase in Cash	0	0	0	0	0
Cash - July 1, 2015	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash - June 30, 2016	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:					
Operating Income/(Loss)	\$ (5,600)	\$ 156,293	\$ (176,609)	\$ (25,916)	\$ 178,464
Depreciation	57,964	123,622	25,972	207,558	392,767
(Increase)/Decrease in Receivables	10,200	1,857	(127,973)	(115,916)	(3,300)
(Increase)/Decrease in Prepaid Expenses	4,826	(1,695)	(15,871)	(12,740)	(2,172)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	0	(172,118)	(172,118)	(26,546)
Increase/(Decrease) in Accounts Payable	0	21,395	0	21,395	0
Increase/(Decrease) in Accrued Payroll and Benefits Payable	0	(435)	(1,489)	(1,924)	(2,674)
Increase/(Decrease) in Compensated Absences Payable	0	(86)	(1,750)	(1,836)	7,183
Increase/(Decrease) in Net Pension Liability	0	0	296,542	296,542	45,736
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>0</u>	<u>0</u>	<u>(84,160)</u>	<u>(84,160)</u>	<u>(23,367)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 67,390</u>	<u>\$ 300,951</u>	<u>\$ (257,456)</u>	<u>\$ 110,885</u>	<u>\$ 566,091</u>

During the year, a developer donated a section of sewer line to the Town with a value of \$106,410.

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash	\$ 13,728
Due from Other Funds	<u>3,038</u>
Total Assets	<u>16,766</u>
<u>LIABILITIES</u>	
Due to Others	<u>16,766</u>
Total Liabilities	<u>16,766</u>
<u>NET POSITION</u>	
Total Net Position	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

The Town of Barre, Vermont (the Town), is organized according to Vermont State Law and Town Charter, under the governance of a five member Selectboard to provide the following services for the Town of Barre: public health and safety, highways and streets, culture and recreation, public improvements, sanitation, planning and zoning, water, wastewater treatment and general administration. Included in public health and safety are ambulance services, which are also provided to certain surrounding towns under contract agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Barre, 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. The primary government is financially accountable if an organization is fiscally dependent on and 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 Community Development Fund, Reappraisal Fund, Recreation Fund, Construction Fund, Cemetery Trust Fund, Cemetery Fund, and General Fund activities are classified as governmental. The Town's Water Fund, Sewer Fund and Ambulance Fund activities are classified as business-type.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (water, sewer, etc.). 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.

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, Community Development Fund, Construction Fund, Sewer Fund, Water Fund and Ambulance 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.

Community Development Fund is used to account for community development loans throughout the Town.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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 are those funds are similar to businesses in the private sector. The following is a description of the major enterprise funds of the Town:

Sewer Fund is used to account for the operations of the sewer department.

Water Fund is used to account for the operations of the water department.

Ambulance Fund is used to account for the operations of the ambulance department.

Fiduciary Funds

Agency funds are used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Additionally the Town reports the following:

Internal service funds are used to account for financing of services to other funds. The internal service funds of the Town consist of the Equipment Fund and the Building Maintenance 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.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonspendable, 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.

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 debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents.

Budgetary Accounting

The Town approves a budget for the General Fund at an annual Town Meeting and the Selectboard, based on the budget and Grand List, determines the tax rate. Any budgetary changes require voter approval. There were no changes during the year. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Building Improvements	10 - 50 years
Equipment, Vehicles and Machinery	5 - 20 years
Utility Plant and Capacity Rights	40 - 50 years
Infrastructure	8 - 20 years

GASB No. 34 requires the Town to report and depreciate new general infrastructure assets starting July 1, 2003. The Town has elected not to record infrastructure prior to this date. General infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

Accrued Compensated Absences

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 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 Selectboard or by an official or body to which the Selectboard 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.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonspendable and Restricted funds are so-designated by external funds sources, such as in the case of the nonspendable Cemetery Trust Fund corpus, 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 Selectboard, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an 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

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”.

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 separate financial statements 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.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 an 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.

NOTE 2 – CASH AND INVESTMENTS

A. Cash and Investments

The Town’s cash and investments as of June 30, 2016 are as follows:

Cash:

Cash on Hand	\$ 295
Deposits with Financial Institutions	<u>3,829,349</u>
Total Cash	<u>3,829,644</u>

Investments:

Municipal Bonds	188,188
Unit Trusts	58,765
Certificates of Deposit	<u>299,616</u>
Total Investments	<u>546,569</u>

Total Cash and Investments	<u><u>\$4,376,213</u></u>
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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS – (Continued)

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations reflects the distribution of the Town's investments by maturity. The municipal bonds mature between 2038 and 2044.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the actual ratings as of June 30, 2016. The ratings are provided by Standard & Poor's and/or Moody's. The Town does not have any policy to limit the exposure to credit risk.

Investment Type	Moody's A3	S&P AA-	S&P A+	S&P AA+	Unrated	Total
Municipal Bonds	\$ 54,145	\$ 70,597	\$ 32,132	\$ 31,314	\$ 0	\$ 188,188
Unit Trusts	0	0	0	0	58,765	58,765
	<u>\$ 54,145</u>	<u>\$ 70,597</u>	<u>\$ 32,132</u>	<u>\$ 31,314</u>	<u>\$ 58,765</u>	<u>\$ 246,953</u>

Concentration of Credit Risk

The Town does not have any limitations on the amount that can be invested in any one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town's investments are held in its name and are, therefore, not subject to custodial credit risk. The Town does not have any policy to limit the exposure to custodial credit risk. The table below shows the custodial credit risk of the Town's deposits.

	Book Balance	Bank Balance
Insured by FDIC/SIPC	\$ 1,392,350	\$ 1,393,184
Uninsured, Collateralized by U.S. Government Securities Held by Bank's Trust Department with a Security Interest Granted to the Town	208,251	208,251
Insured by Standby Letters of Credit	<u>2,528,364</u>	<u>2,612,864</u>
Total Deposits	<u>\$ 4,128,965</u>	<u>\$ 4,214,299</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - RECEIVABLES

Receivables and the allowance for uncollectible accounts as of June 30, 2016 are as follows:

	<u>Receivables</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivables</u>
General Fund:			
Delinquent taxes receivable	\$ 419,823	\$ (25,000)	\$ 394,823
Penalties, interest and collection fees on delinquent taxes	146,737	(22,000)	124,737
Miscellaneous receivables	240,576	0	240,576
	<u>\$ 807,136</u>	<u>\$ (47,000)</u>	<u>\$ 760,136</u>
Cemetery Fund:			
Accounts Receivable	<u>\$ 10,109</u>	<u>\$ 0</u>	<u>\$ 10,109</u>
Internal Service Fund			
Accounts Receivable	<u>\$ 28,639</u>	<u>\$ 0</u>	<u>\$ 28,639</u>
Enterprise Funds			
Sewer Fund			
Accounts receivable	\$ 150,638	\$ 0	\$ 150,638
Penalties and interest receivable	41,133	0	41,133
Water Fund			
Accounts receivable	90,789	0	90,789
Penalties and interest receivable	15,183	0	15,183
Ambulance			
Accounts receivable	434,401	(176,647)	257,754
Net Receivables	<u>\$ 732,144</u>	<u>\$ (176,647)</u>	<u>\$ 555,497</u>

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – NOTES RECEIVABLE

Notes receivable consist of the following at June 30, 2016:

General Fund:

Due from Barre Area Development, Inc. annual principal payments of \$15,000 starting 12/01 to 12/10, then \$10,000, due 12/1/20. Interest at 4.344% to 5.644% with semiannual interest payments.	\$ 50,000
Due within one year	(10,000)
Due after one year	\$ <u>40,000</u>

Community Development Fund:

Vermont Housing Rehabilitation Program and Vermont Community Improvement Grant, Interest at 1 to 4%.	\$ 67,185
Due from SB Electronics, Inc. (SBE), 3% interest only payments until December 31, 2016, then quarterly payments of \$31,291 including interest, due January 1, 2022	<u>702,741</u>
Total notes receivables at June 30, 2013	769,926
Due within one year	(8,333)
Due after one year	\$ <u>761,593</u>

The receivable related to the Vermont Housing Rehabilitation Program and Vermont Community Improvement Grant is for loan funds which the Town has contracted with Downstreet Housing and Community Development to administer in exchange for interest earnings on the loans.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

The Town has combined some of the cash resources of its governmental, proprietary and internal service fund types for accounting and reporting purposes and that portion of the pooled cash is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2016 were:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds:		
General Fund	\$ 633,018	\$ 0
Community Development Fund	<u>0</u>	<u>370,804</u>
Construction Fund	<u>0</u>	<u>172,912</u>
Other governmental funds:		
Cemetery Fund	25,868	0
Recreation Fund	2,052	0
Reappraisal Fund	60,041	0
Cemetery Trust Fund	<u>30,412</u>	<u>0</u>
Total other governmental funds	<u>118,373</u>	<u>0</u>
	<u>751,391</u>	<u>543,716</u>
Proprietary funds:		
Sewer Fund	912,138	0
Water Fund	0	306,770
Ambulance Fund	<u>0</u>	<u>388,521</u>
Total Proprietary fund	<u>912,138</u>	<u>695,291</u>
Internal service funds		
Equipment fund	0	713,125
Building Maintenance Fund	<u>285,565</u>	<u>0</u>
Total Internal service funds	<u>285,565</u>	<u>713,125</u>
Agency Funds:		
Agency Fund	<u>3,038</u>	<u>0</u>
Total	<u>\$ 1,952,132</u>	<u>\$ 1,952,132</u>

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Disposals	Depreciation	Balance June 30, 2016
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,948,538	\$ 0	\$ 0	\$ 0	\$ 1,948,538
Construction in Process	183,872	12,535	0	0	196,407
Total Capital Assets, Not Being Depreciated	<u>2,132,410</u>	<u>12,535</u>	<u>0</u>	<u>0</u>	<u>2,144,945</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	2,101,524	6,050	0	0	2,107,574
Equipment and vehicles	6,575,603	451,308	0	0	7,026,911
Infrastructure	12,178,877	532,584	0	0	12,711,461
Total capital assets being depreciated	<u>20,856,004</u>	<u>989,942</u>	<u>0</u>	<u>0</u>	<u>21,845,946</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(748,778)	0	0	(47,060)	(795,838)
Equipment and vehicles	(4,316,713)	0	0	(395,022)	(4,711,735)
Infrastructure	(4,966,581)	0	0	(818,095)	(5,784,676)
Total accumulated depreciation	<u>(10,032,072)</u>	<u>0</u>	<u>0</u>	<u>(1,260,177)</u>	<u>(11,292,249)</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,956,342</u>	<u>\$ 1,002,477</u>	<u>\$ 0</u>	<u>\$ (1,260,177)</u>	<u>\$ 12,698,642</u>
Business-Type Activities					
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	\$ 404,481	\$ 0	\$ 0	\$ 0	\$ 404,481
Utility Systems	9,092,705	106,410	0	0	9,199,115
Sewer Capacity Rights	333,103	0	0	0	333,103
Equipment and Vehicles	275,269	27,274	0	0	302,543
Total Capital Assets, Being Depreciated	<u>10,105,558</u>	<u>133,684</u>	<u>0</u>	<u>0</u>	<u>10,239,242</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(284,059)	0	0	(4,687)	(288,746)
Utility Systems	(4,865,130)	0	0	(169,267)	(5,034,397)
Sewer Capacity Rights	(13,326)	0	0	(6,662)	(19,988)
Equipment and Vehicles	(182,323)	0	0	(26,942)	(209,265)
Total accumulated depreciation	<u>(5,344,838)</u>	<u>0</u>	<u>0</u>	<u>(207,558)</u>	<u>(5,552,396)</u>
Business-type Activities Capital Assets - Net	<u>\$ 4,760,720</u>	<u>\$ 133,684</u>	<u>\$ 0</u>	<u>\$ (207,558)</u>	<u>\$ 4,686,846</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 45,962
Public safety	148,229
Highway and streets	1,054,381
Recreation	<u>11,605</u>
Total governmental activities depreciation expense	<u>\$ 1,260,177</u>
Business-type activities:	
Water	\$ 57,964
Sewer	123,622
Ambulance	<u>25,972</u>
Total Business-type activities depreciation expense	<u>\$ 207,558</u>

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - CAPITAL ASSETS (Continued)

The Town has an agreement with the City of Barre for the City to provide sewage treatment to the Town. The Town has agreed to pay for operating costs and capital costs based on the agreement. The capital costs are treated as Capacity Rights and are being amortized over the life of the related projects.

NOTE 7 – DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the Governmental Activities consists of \$16,129 from the difference between the expected and actual experience, \$101,623 from changes in assumptions, \$98,583 from the difference between the projected and actual investment earnings, \$13,760 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$106,180 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Governmental Activities is \$336,275.

Deferred outflows of resources in the Ambulance Fund and Business-type Activities consists of \$11,040 from the difference between the expected and actual experience, \$69,556 from changes in assumptions, \$67,475 from the difference between the projected and actual investment earnings, \$9,418 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$67,231 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Business-type Activities is \$224,720.

Deferred outflows of resources in the Internal Service Funds consists of \$1,883 from the difference between the expected and actual experience, \$11,865 from changes in assumptions, \$11,510 from the difference between the projected and actual investment earnings, \$1,607 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$10,369 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Internal Service Fund is \$37,234.

NOTE 8 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities consists of \$829 of prepaid property taxes and \$(5,544) resulting from the differences between the employer contributions and the proportionate share of total contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A. Total deferred inflows of resources in the Governmental Activities is \$(4,715).

Deferred inflows of resources in the Ambulance Fund and Business-type Activities consists of \$21,899 resulting from the differences between the related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – DEFERRED INFLOWS OF RESOURCES (Continued)

Deferred inflows of resources in the Internal Service Fund consists of \$(1,816) resulting from the differences between the employer contributions and the proportionate share of total contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A.

Deferred inflows of resources in the General Fund consists of \$829 of prepaid property taxes and \$474,875 of delinquent property taxes (including penalties and interest on those taxes), \$169,551 of grants receivable and \$50,000 of notes receivables that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund are \$695,255.

Deferred inflows of resources in the Community Development Fund consists of \$769,926 of notes receivables that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Other Governmental Funds consists of \$10,109 of cemetery accounts receivables that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

NOTE 9 – LONG-TERM LIABILITIES

The following is a summary of changes of long-term liabilities for the year ended June 30, 2016.

Long-term debt outstanding as of June 30, 2016 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
General Obligation Municipal Bonds With the Vermont Municipal Bond Bank, 2000 Series 1, Originally \$250,000, Proceeds Used for Business Incubator Building, Due in Annual Installments of \$10,000 on December 1 through 2020, Rate of Interest at 5.182%	\$ 60,000	\$ 0	\$10,000	\$ 50,000
General Obligation Municipal Bonds – 2003, Series 2, Originally \$775,000, Proceeds Used for Town Garage Building, Interest at 3.9% Due in Decreasing Annual Installments of \$40,000 to \$35,000 Plus Interest, Due December 2023	335,000	0	40,000	295,000

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – LONG-TERM LIABILITIES (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable to Barre Area Development, Interest at 3.0%, Due in Annual Installments Of \$25,000 Plus Interest from December 2014 through December 2016. Unsecured	\$ 50,000	\$ 0	\$ 25,000	\$ 25,000
Lease Payable to U.S. Bancorp, Interest at 3.28%, Due in Annual Installments of \$32,790, Due August 2021. Secured By Fire Rescue Truck	202,152	10,151	32,612	179,691
Lease Payable to SunTrust, Interest at 2.34%, Due in Varying Annual Installments, Due July 2016. Secured by Three Ambulances, a Dump Truck and Five Defibrillators	42,640	0	42,640	0
Lease Payable to Citizens Bank of Las Cruces, Interest at 4.45%, Due in Annual Installments of \$21,266, Due June, 2016. Secured by a Cat Grader	19,929	0	19,929	0
Lease Payable to U.S. Bancorp, Interest at 2.49%, Due in Annual Installments of \$31,170, Due March, 2020. Secured by HME Pumper Fire Truck.	141,517	6,944	31,170	117,291
Lease Payable to Sovereign Bank, Interest at 2.69%, Due in three Annual Installments of \$25,108 Plus Interest, Due September, 2016, Secured by Chevrolet G3500 Type III Ambulance.	24,450	0	24,450	0
Lease Payable to Santander Bank, Interest at 2.27%, Due in six Annual Installments of \$24,486 inclusive of Interest, Due January, 2016, Secured by 2013 Cat Loader	92,628	0	22,383	70,245
Lease Payable to Santander Bank, Interest at 2.57%, Due in five Annual Installments of \$18,715 inclusive of Interest, Due June, 2016, Secured by Backhoe	53,377	0	17,343	36,034

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – LONG-TERM LIABILITIES (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lease Payable to Santander Bank, Interest at 2.89%, Due in three Annual Installments of \$11,239 inclusive of Interest Due April, 2016, Secured by 2012 Bobcat Skid	\$ 10,923	\$ 0	\$ 10,923	\$ 0
Lease Payable to U.S. Bancorp, Interest at 2.49%, Due in Annual Installments of \$25,020, Due August 2017. Secured by Bomag Vibrating Roll	0	73,250	25,020	48,230
Lease Payable to U.S. Bancorp, Interest at 2.49%, due in Annual Installments of \$50,573, Due August, 2017, Secured by Fliner Dump Truck	0	148,064	50,573	97,491
Grant Funds Refundable to Vermont Agency of Commerce and Community Development when received back from SB Electronics, Inc. (SBE).	<u>492,000</u>	<u>0</u>	<u>140,630</u>	<u>351,370</u>
Total Governmental Activities Long-Term Debt	<u>\$1,524,616</u>	<u>\$238,409</u>	<u>\$492,673</u>	<u>\$1,270,352</u>
Business-Type Activities:				
Sewer Fund:				
State of Vermont Special Environmental Revolving Fund – Wastewater Treatment Facility Capacity Enhancement Loan, Due in Annual Installments of \$36,250, Due September 1, 2022, 0% Interest	\$ 290,000	\$ 0	\$ 36,250	\$ 253,750
Water Fund:				
Vermont Municipal Bond Bank, Refinancing of Two (2) USDA Loans, Due in Annual Installments of \$40,497 beginning November 2013, inclusive of interest paid semi-annually at 3.65%, Due November 2041	608,308	0	18,294	590,014

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – LONG-TERM LIABILITIES (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Mill Street water line loan from the EPA. Interest at 1%, administrative fee at 2%, Due in annual installments of \$5,579 in October, Due October 1, 2030	\$ 70,078	\$ 0	\$ 3,477	\$ 66,601
Millstone and water tank loan from Merchants Bank. Interest at 2.13% and Principal payments of \$8,000 are Due in Annual Installments, Due October, 2018	<u>32,000</u>	<u>0</u>	<u>8,000</u>	<u>24,000</u>
Total Business-Type Activities Long-Term Debt	<u>\$1,000,386</u>	<u>\$ 0</u>	<u>\$ 66,021</u>	<u>\$ 934,365</u>

Changes in Long-Term Liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 395,000	\$ 0	\$ 50,000	\$ 345,000	\$ 50,000
Barre Area Development	50,000	0	25,000	25,000	25,000
Capital Leases Payable	587,616	238,409	277,043	548,982	169,032
Grant Funds Payback Requirement	492,000	0	140,630	351,370	0
Rock of Ages Settlement	50,000	0	50,000	0	0
Compensated Absences	154,853	0	15,719	139,134	0
Net Pension Liability	<u>62,653</u>	<u>468,341</u>	<u>0</u>	<u>530,994</u>	<u>0</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,792,122</u>	<u>\$ 706,750</u>	<u>\$ 558,392</u>	<u>\$ 1,940,480</u>	<u>\$ 244,032</u>
Business-type Activities					
Revolving Loan Fund Payable	\$ 290,000	\$ 0	\$ 36,250	\$ 253,750	\$ 36,250
USDA Rural Development Payable	608,308	0	18,294	590,014	18,962
Vermont Municipal Bond Bank	32,000	0	8,000	24,000	8,000
Mill Street EPA Loan Payable	70,078	0	3,477	66,601	3,581
Compensated Absences	60,522	0	1,836	58,686	0
Net Pension Liability	<u>32,005</u>	<u>296,542</u>	<u>0</u>	<u>328,547</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,092,913</u>	<u>\$ 296,542</u>	<u>\$ 67,857</u>	<u>\$ 1,321,598</u>	<u>\$ 66,793</u>

(A) The Town settled a property tax valuation dispute with Rock of Ages in 2014 that required a reduction in taxes of \$56,306 in 2013 and \$50,000 annually during 2014, 2015 and 2016.

Compensated absences are paid from the applicable fund where the employee is charged.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide and enterprise and internal service fund financial statements.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - LONG-TERM LIABILITIES (Continued)

Long-term debt will mature approximately as follows:

Years ending	Governmental Activities			Business-Type Activities	
Years ending	Principal	Interest	Capital Leases	Principal	Interest
2017	\$ 75,000	\$ 14,697	\$ 176,427	\$ 66,793	\$ 23,699
2018	50,000	12,480	179,196	67,593	22,715
2019	50,000	10,222	87,725	68,421	21,704
2020	50,000	8,034	63,783	61,278	20,663
2021	50,000	5,922	32,612	62,166	19,761
2022-2026	95,000	7,333	32,612	216,552	84,105
2027-2031	0	0	0	171,515	56,204
2032-2036	0	0	0	147,756	25,171
2037-2041	0	0	0	59,137	7,951
2042-2046	0	0	0	13,154	240
Total	370,000	58,688	572,355	934,365	282,213
Less: Imputed Interest			(23,373)	0	0
Total	\$ <u>370,000</u>	\$ <u>58,688</u>	\$ <u>548,982</u>	\$ <u>934,365</u>	\$ <u>282,213</u>

NOTE 10 - FUND BALANCE/NET POSITION CATEGORIES

The fund balances/net position of the Town are categorized as follows:

	Individual Funds Statements		Government-Wide Statements	
	Governmental	Proprietary	(Exhibit A)	
	Funds (Exhibit C)	Funds (Exhibit G)	Governmental Activities	Business-type Activities
Nonspendable:				
Community Development Fund - Land Held for Sale	\$ 426,777	\$ 0	\$ 0	\$ 0
Cemetery Trust Fund - principal at Edward Jones Investments	237,682	0	0	0
Prepaid expenses of Governmental Funds	42,975	0	0	0
Internal Receivables from Funds with Deficit - Equipment Fund	713,125	0	0	0
Internal Receivables from Funds with Deficit - Ambulance Fund	388,521	0	0	0
	<u>1,809,080</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted:				
Cemetery Trust Fund - principal at Edward Jones Investments	0	0	237,682	0
General Fund - Donations for Fire Department	4,330	0	4,330	0
General Fund - Donations for State Park	16,819	0	16,819	0
General Fund - Donations for Upper Graniteville Picnic Shelter	2,500	0	2,500	0
Community Development Fund - Grant Agreement	20,811	0	439,367	0
Construction Fund - Bike Path Donations	316,204	0	316,204	0
Cemetery Trust Fund - perpetual care	55,358	0	55,358	0
Sewer Fund - For Sewer Improvements by Sewer Allocation Policy	0	618,903	0	618,903
	<u>416,022</u>	<u>618,903</u>	<u>1,072,260</u>	<u>618,903</u>

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - FUND BALANCE/NET POSITION CATEGORIES (Continued)

	Individual Funds Statements		Government-Wide Statements	
	Governmental	Proprietary	(Exhibit A)	
	Funds	Funds	Governmental	Business-type
	(Exh. C and Sch. 4)	(Exhibit H)	Activities	Activities
Committed:				
Cemetery Fund - By the Voters	\$ 24,373	\$ 0	\$ 0	\$ 0
Assigned:				
General Fund:				
Fire Department Hand Equipment - for future purchases	15,000	0	0	0
Fire Department Turn-Out Gear - for future purchases	14,491	0	0	0
Reappraisal Fund	439,717	0	0	0
Recreation Fund	2,052	0	0	0
	<u>471,260</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned (governmental funds)/Unrestricted (business-type funds)	<u>1,802,546</u>	<u>96,753</u>	<u>3,826,187</u>	<u>96,753</u>
Invested in Capital Assets, Net of Related Debt:				
Capital Assets, net of accumulated depreciation	0	4,686,846	12,698,642	4,686,846
Related Debt	0	1,267,468	918,982	1,267,468
	<u>0</u>	<u>3,419,378</u>	<u>11,779,660</u>	<u>3,419,378</u>
Total Fund Balances/Net Position	<u>\$ 4,523,281</u>	<u>\$ 4,135,034</u>	<u>\$ 16,678,107</u>	<u>\$ 4,135,034</u>

The Selectboard has designated \$100,000 of the Sewer Funds unrestricted net position for the purchase of a sewer vacor.

NOTE 11 – CONTINGENT LIABILITIES

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2016 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 12 - PROPERTY TAXES

Property taxes are assessed based on valuations as of April 1, annually. Property taxes were due in four equal installments on August 15, November 15, February 15, and May 15. All late payments are subject to a 5% penalty if paid within 30 days of the installment date; 8% penalty if paid after 30 days, and interest is calculated at 1% per month.

Town property tax revenue is recognized in the General Fund for the period for which the tax is levied to the extent they result in current receivables, which will be collected within 60 days of the fiscal year end. The tax rates for fiscal year 2015/2016 were as follows:

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - PROPERTY TAXES (Continued)

	<u>Residential</u>	<u>Non-residential</u>
General Fund	\$ 0.4990	\$ 0.4990
Highway Fund	0.4069	0.4069
Local Agreement	0.0039	0.0039
State Education Tax	<u>1.4056</u>	<u>1.7341</u>
	<u>\$ 2.3154</u>	<u>\$ 2.6439</u>

NOTE 13 - PENSION PLANS

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) 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 municipal and school district 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, 2016, the retirement system consisted of 436 participating employers.

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.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2015, the measurement date selected by the State of Vermont, VMERS was funded at 87.42% and had a plan fiduciary net position of \$535,903,742 and a total pension liability of \$612,999,552 resulting in a net pension liability of \$77,095,810. As of June 30, 2016, the Town's proportionate share of this was 1.11490% resulting in a liability of \$859,541. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2015, the Town's proportion of 1.11490% was an increase of .0777% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$235,808.

As of June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,170	\$ 0
Changes in assumptions	171,178	0
Difference between projected and actual investment earnings	166,058	0
Changes in proportional share of contributions	23,178	0
Differences between the employer contributions and proportionate share of total contributions	0	16,355
Town's required employer contributions made subsequent to the measurement date	173,411	0
	\$ <u>560,995</u>	\$ <u>16,355</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$173,411 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - PENSION PLANS (Continued)

Year Ending <u>June 30</u>	
2017	\$ 71,834
2018	71,834
2019	71,834
2020	<u>155,727</u>
Total	<u>\$371,229</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Group B and Group C.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC): Group B and C – Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

Eligibility: Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Group C – Age 55 with five (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 C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC.

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

Early Retirement Allowance:

Eligibility: Age 55 with five (5) years of service for Group B.

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.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - PENSION PLANS (Continued)

Vested Retirement Allowance:

Eligibility: Five (5) years of service.

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".

Disability Retirement Allowance:

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

Amount: Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility: Death after five (5) years of service.

Amount: For Groups B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement: For Groups B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

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 Groups B and C.

Member Contributions: Group B – 4.875% effective July 1, 2015 (increased from 4.75%). Group C – 9.875% from July 1, 2015 and 10.0% effective January 1, 2016.

Employer Contributions: Group B – 5.50% effective July 1, 2015 (increased from 5.375%). Group C – 7.125% from July 1, 2015 to December 31, 2015 (increased from 7.0%) and then 7.25% effective January 1, 2016.

Retirement Stipend: \$25 per month payable at the option of the Board of Trustees.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - PENSION PLANS (Continued)

Significant Actuarial Assumptions and Methods

Interest Rate - A select-and-ultimate interest rate set, specified as follows. The interest rate set is restarted every year.

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Salary increases - 5% per year.

Deaths:

Active participants – 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants – The 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

Spouse's Age: - Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants - Assumed to occur at the rate of 1.8% per annum for Group B and C members.

Actuarial Cost Method - Entry Age Normal - Level Percentage of Pay.

Asset Valuation Method - Invested assets are reported at fair value.

Note – For funding purposes – 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 the market value of assets by more than 20%.

Inflation- The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - PENSION PLANS (Continued)

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.61%
Fixed Income	1.91%
Alternatives	6.93%
Multi-strategy	4.88%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate - The discount rate used to measure the total pension liability was 7.95%, a decrease from 8.23% in the prior year. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$1,716,876	\$859,541	\$140,849

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - PENSION PLANS (Continued)

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

NOTE 14 - RISK MANAGEMENT

The Town of Barre is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting and rate-setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

NOTE 15 - INTERFUND TRANSFERS

During the year interfund transfers occurred between funds. The transfers were made in accordance with budgetary authorizations. The transfers represent the Town's per capita fee for the ambulance service and the amount used for operations in the Cemetery Fund. Interfund transfers for the year ended June 30, 2016 are as follows:

		Transfers from		
		General Fund	Cemetery Trust Fund	Totals
Transfers to	Ambulance Fund	\$ 402,725	\$ 0	\$ 402,725
	Cemetery Fund	22,795	13,773	36,568
Total		\$ <u>425,520</u>	\$ <u>13,773</u>	\$ <u>439,293</u>

NOTE 16 - COMMITMENTS

The Town has entered into contracts with a number of surrounding towns to provide emergency medical services through June 30, 2016.

TOWN OF BARRE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 16 - COMMITMENTS (Continued)

In November 2010, the Town entered into a 40 year agreement with the City of Barre to supersede a previous old agreement regarding the water distribution systems for both the City and the Town. Under this agreement the Town shall pay to the City an annual “readiness to serve” base charge which was \$21,823 as of June 30, 2016. This amount can be increased by the same percentage as the City resident’s quarterly base charge. The agreement also outlines the criteria for establishing rates charged to the Town and Town residents serviced by the City water system.

NOTE 17 - DEFICIT NET POSITION/FUND BALANCES

An unrestricted net position deficit of \$329,065 (which is \$238,182 less than at June 30, 2015) exists in the Ambulance Fund due to having an excess of operating expenses over revenue since the Ambulance Fund was established in budget year 1999-2000. Ambulance calls have averaged over 3,000 per year recently, with a high of 3,585 reached in the 2016 fiscal year (10 more calls than the prior year). For the 2015-2016 fiscal year, the per capita rate charged to the Town of Barre General Fund was the same as 2014-2015. The per capita rate charged to three customer towns increased \$1.25 per the existing contract. The per capita rate charged to the fourth town increased \$1.37. For fiscal year 2016-2017, Barre Town’s per capita charge increased \$50,000 while the customer towns’ fee increased \$1.15 and \$.85, respectively, per the new three-year contract. If the annual number of calls remains at or near 3,500 and if Barre Town EMS continues to perform approximately 240 critical care transfers each year, the Fund should meet budget expectations and the net asset deficit will continue to decrease.

There is also an unrestricted net position deficit in the Water Fund of \$204,378 due to continuing net losses from operations. Water rates were increased in fiscal year 2016 and again for fiscal year 2017 to reduce the likelihood of an operating deficit.

There is also an unrestricted net position deficit in the Equipment Internal Service Fund of \$719,278 (\$62,735 less than the last year) due to operating losses in prior years. The Town is slowly reducing the deficit through increased rates. Also, minimum payments from the Highway Fund have been implemented to offset large fixed costs.

The Community Development Fund has an unassigned deficit fund balance of \$139,296, which will be eliminated by the sale of land held for sale in the Wilson Industrial Park.

NOTE 18 - RELATED PARTY TRANSACTIONS

A Selectboard member owns businesses that do business with the Town. In 2016, total purchases from businesses owned by the Selectboard member amounted to \$5,917. The Selectboard does not have a policy addressing conflicts of interest but as a practice Selectboard members abstain from voting on transactions that may present a conflict.

NOTE 19 – SUBSEQUENT EVENTS

In September, 2016, the Town financed the purchase of a 2016 Ford E-350 Frontline Type III ambulance and two Stryker power stretchers through a lease agreement in the amount of \$145,425 requiring three annual payments of \$50,496 including interest at 2.07%.

TOWN OF BARRE, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2016

	2016	2015
Total Plan Net Pension Liability	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	1.1149%	1.0372%
Town's Proportionate Share of the Net Pension Liability	\$ 859,541	\$ 94,658
Town's Covered Employee Payroll	\$ 2,890,677	\$ 2,735,854
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	29.7349%	3.4599%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net pension liability was lowered from 8.23% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

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

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BARRE, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 173,411	\$ 155,577
Contributions in Relation to the Actuarially Determined Contributions	<u>173,411</u>	<u>155,577</u>
Contribution Excess/(Deficiency)	\$ <u>0</u>	\$ <u>0</u>
Town's Covered Employee Payroll	\$ 2,890,677	\$ 2,735,854
Contributions as a Percentage of Town's Covered Employee Payroll	6.00%	5.687%

Notes to Schedule

Valuation Date: June 30, 2015

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

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
General Government:			
Property Taxes:			
Current	\$ 2,714,616	\$ 2,774,341	\$ 59,725
Delinquent	290,000	315,155	25,155
Interest and Penalties	82,000	93,640	11,640
Payments in Lieu of Taxes, HS-122 Refunds and Other	33,190	19,107	(14,083)
Total Property Taxes	3,119,806	3,202,243	82,437
Licenses and Permits:			
Liquor Licenses	1,980	2,180	200
Dog Licenses	5,000	5,679	679
Zoning	4,000	3,670	(330)
Other	2,525	5,605	3,080
Total Licenses and Permits	13,505	17,134	3,629
Intergovernmental:			
School Cost Sharing	10,000	0	(10,000)
Current Use Program	89,585	94,888	5,303
Act 60 Reappraisal Grant	3,600	3,611	11
Grants	550	70,334	69,784
Total Intergovernmental	103,735	168,833	65,098
Charges for Services:			
General Government:			
Recording Fees	70,000	64,105	(5,895)
Vault Time/Copies	5,950	5,919	(31)
Certified Copies	4,200	3,550	(650)
Vehicle Registration Fees	725	573	(152)
Other	1,400	358	(1,042)
Total General Government	82,275	74,505	(7,770)
Public Safety:			
Police	44,955	49,851	4,896
Fire	3,150	8,031	4,881
Total Public Safety	48,105	57,882	9,777
Sanitation:			
Trash Collection	2,800	2,738	(62)
Green Up	600	1,197	597
Total Sanitation	3,400	3,935	535
Recreation:			
Programs	750	2,420	1,670
Lights	1,900	45	(1,855)
Use of Fields	2,600	3,710	1,110
Shelter Rental	1,800	2,927	1,127
Donations	3,500	8,485	4,985
Other	25	1,693	1,668
Total Recreation	10,575	19,280	8,705
Total Charges for Services	144,355	155,602	11,247

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TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous Income:			
Interest	\$ 300	\$ 1,504	\$ 1,204
Building Income	20,210	21,609	1,399
Other	1,500	8,680	7,180
Total Miscellaneous Income	22,010	31,793	9,783
Total General Government	3,403,411	3,575,605	172,194
Highway and Streets:			
Property Taxes:	2,508,980	2,508,980	0
Intergovernmental:			
Highway State Aid	200,665	200,544	(121)
Charges for Services:			
Permits	1,675	2,690	1,015
Other	900	4,387	3,487
Total Charges for Services	2,575	7,077	4,502
Total Highways and Streets	2,712,220	2,716,601	4,381
Total Revenues	6,115,631	6,292,206	176,575
Expenditures:			
General Government:			
Selectmen:			
Salaries	8,000	8,006	(6)
Mileage	25	0	25
Supplies	7,330	5,669	1,661
Training	125	45	80
Outside Services	8,300	8,035	265
Other	1,925	2,192	(267)
Total Selectmen	25,705	23,947	1,758
Auditing:			
Salaries	1,075	247	828
Mileage - Equipment Costs	90	76	14
Supplies	2,800	0	2,800
Training	50	0	50
Outside Services	55,250	62,700	(7,450)
Total Auditing	59,265	63,023	(3,758)
Town Manager:			
Salaries	137,030	145,360	(8,330)
Equipment	9,105	9,241	(136)
Supplies	6,245	4,950	1,295
Buildings and Grounds	2,005	1,882	123
Training	3,285	2,494	791
Outside Services	14,785	11,746	3,039
Other	310	234	76
Total Town Manager	172,765	175,907	(3,142)
Elections:			
Salaries	4,885	1,694	3,191
Supplies	5,335	5,898	(563)
Total Elections	10,220	7,592	2,628

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Clerk/Treasurer:			
Salaries	\$ 152,250	\$ 156,178	\$ (3,928)
Equipment	1,925	2,406	(481)
Supplies	12,440	11,962	478
Buildings and Grounds	2,015	1,826	189
Training	1,010	895	115
Outside Services	15,590	18,244	(2,654)
Other	95	58	37
Total Clerk/Treasurer	185,325	191,569	(6,244)
Data Processing:			
Salaries	8,000	7,980	20
Equipment	7,385	7,274	111
Supplies	100	0	100
Buildings and Grounds	2,400	2,484	(84)
Training	200	0	200
Outside Services	16,565	29,897	(13,332)
Total Data Processing	34,650	47,635	(12,985)
Planning/Zoning/Community Development:			
Salaries	86,090	89,791	(3,701)
Equipment	1,070	1,004	66
Supplies	3,575	3,893	(318)
Buildings and Grounds	1,130	1,073	57
Training	565	274	291
Outside Services	5,595	6,949	(1,354)
Benefits	0	2,025	(2,025)
Total Planning/Zoning/Community Development	98,025	105,009	(6,984)
Assessor:			
Salaries	32,690	34,623	(1,933)
Equipment	50	0	50
Supplies	1,810	1,914	(104)
Buildings and Grounds	2,090	1,453	637
Training	1,080	984	96
Outside Services	53,350	53,071	279
Total Assessor	91,070	92,045	(975)
Municipal Building:			
Salaries	12,870	7,576	5,294
Equipment	4,335	4,060	275
Supplies	215	349	(134)
Buildings and Grounds	42,280	40,521	1,759
Outside Services	1,200	2,649	(1,449)
Total Municipal Building	60,900	55,155	5,745
Total General Government	737,925	761,882	(23,957)
Public safety:			
Police:			
Salaries	566,810	586,157	(19,347)
Equipment	137,175	140,209	(3,034)
Supplies	2,220	2,640	(420)
Buildings and Grounds	9,315	8,927	388
Training	7,635	5,128	2,507
Outside Services	92,315	92,133	182
Benefits	10,100	11,297	(1,197)
Other	6,285	46,699	(40,414)
Total Police	831,855	893,190	(61,335)

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TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire:			
Salaries	\$ 62,050	\$ 59,431	\$ 2,619
Equipment	151,215	141,813	9,402
Supplies	5,250	5,261	(11)
Buildings and Grounds	46,455	36,480	9,975
Training	2,175	1,726	449
Outside Services	47,860	46,659	1,201
Benefits	14,000	3,352	10,648
Other	650	2,347	(1,697)
Total Fire	329,655	297,069	32,586
Emergency Management:			
Salaries	1,030	652	378
Equipment	3,880	3,936	(56)
Supplies	25	87	(62)
Buildings and Grounds	650	588	62
Training	150	0	150
Outside Services	575	55	520
Total Emergency Management	6,310	5,318	992
Ambulance Service:	402,725	402,725	0
Total Public Safety	1,570,545	1,598,302	(27,757)
Solid Waste:			
Salaries	8,620	7,936	684
Equipment	10,495	10,262	233
Supplies	1,890	1,823	67
Training	8,235	8,208	27
Outside Services	19,050	18,092	958
Other	0	243	(243)
Total Solid Waste	48,290	46,564	1,726
Health & Welfare:			
Health Officer:			
Salaries	1,900	975	925
Training	75	0	75
Outside Services	250	0	250
Total Health Officer	2,225	975	1,250
Animal Control:			
Salaries	24,100	13,615	10,485
Equipment	4,350	4,365	(15)
Supplies	480	482	(2)
Buildings and Grounds	385	373	12
Training	75	0	75
Outside Services	2,825	2,701	124
Benefits	165	0	165
Total Animal Control	32,380	21,536	10,844

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TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Contributions:			
Central VT Home Health Hospice	\$ 16,000	\$ 16,000	\$ 0
Peoples Health & Wellness Clinic	1,500	1,500	0
Project Independence	5,500	5,500	0
Central VT Agency on Aging	6,000	6,000	0
R.S.V.P.	1,000	1,000	0
Circle	2,000	2,000	0
Central VT Adult Basic Education	2,900	2,900	0
Family Center of Washington County	1,500	1,500	0
Central VT Community Action	1,000	1,000	0
Washington County Diversion	2,500	2,500	0
Barre Senior Center	7,500	7,500	0
Barre Homecoming	2,000	2,000	0
Sexual Assault Crisis Team	350	350	0
Washington County Youth Services	500	500	0
Prevent Child Abuse of Vermont	1,200	1,200	0
Vermont Center for Independent Living	2,000	2,000	0
Total Contributions	53,450	53,450	0
Total Health & Welfare	88,055	75,961	12,094
Culture/Recreation/Development & Transportation:			
Culture:	120,000	175,000	(55,000)
Recreation:			
Salaries	48,380	44,708	3,672
Equipment	6,920	28,288	(21,368)
Supplies	19,395	13,039	6,356
Buildings and Grounds	27,565	44,735	(17,170)
Training	175	30	145
Outside Services	22,275	16,224	6,051
Benefits	50	0	50
Other	500	5,002	(4,502)
Total Recreation	125,260	152,026	(26,766)
Development:	62,265	54,941	7,324
Transportation:	4,875	4,875	0
Total Culture/Recreation/Development & Transportation	312,400	386,842	(74,442)
Insurances & Benefits:			
Insurance	69,400	73,019	(3,619)
Benefits	431,395	431,135	260
Total Insurances & Benefits	500,795	504,154	(3,359)
County Tax:	53,470	53,471	(1)
Other:			
Training	9,305	9,304	1
Miscellaneous	1,896	2,683	(787)
Total Other	11,201	11,987	(786)
Equipment:	18,375	18,375	0
Transfer to Cemetery Fund:	22,795	22,795	0

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TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway and Streets:			
Engineering & Administration:			
Salaries	\$ 106,710	\$ 60,775	\$ 45,935
Equipment	34,835	34,795	40
Supplies	1,560	968	592
Buildings and Grounds	1,070	1,252	(182)
Training	1,055	1,104	(49)
Outside Services	4,450	3,461	989
Other	3,425	7,549	(4,124)
Total Engineering & Administration	153,105	109,904	43,201
Summer Maintenance:			
Salaries	180,390	145,320	35,070
Equipment	322,015	214,639	107,376
Supplies	25,425	18,053	7,372
Buildings and Grounds	0	129	(129)
Outside Services	111,200	229,032	(117,832)
Total Summer Maintenance	639,030	607,173	31,857
Winter Maintenance:			
Salaries	181,360	163,090	18,270
Equipment	239,410	196,356	43,054
Supplies	160,150	154,279	5,871
Buildings and Grounds	2,020	2,002	18
Outside Services	55,600	39,639	15,961
Other	100	0	100
Total Winter Maintenance	638,640	555,366	83,274
Summer Construction:			
Salaries	18,410	20,077	(1,667)
Equipment	29,340	47,958	(18,618)
Supplies	16,640	6,944	9,696
Outside Services	264,285	245,446	18,839
Total Summer Construction	328,675	320,425	8,250
Retreatment:			
Salaries	5,215	8,384	(3,169)
Equipment	9,290	19,282	(9,992)
Supplies	1,500	1,650	(150)
Outside Services	423,905	394,898	29,007
Total Retreatment	439,910	424,214	15,696
Federal and State Projects:	4,000	4,000	0
Employee Benefits:			
Salaries	60,075	112,360	(52,285)
Benefits	292,055	263,032	29,023
Total Employee Benefits	352,130	375,392	(23,262)
Gravel Pits:			
Salaries	21,605	9,008	12,597
Equipment	33,100	34,679	(1,579)
Supplies	1,870	1,760	110
Buildings and Grounds	60	102	(42)
Training	1,400	1,050	350
Outside Services	600	275	325
Other	1,520	1,346	174
Total Gravel Pits	60,155	48,220	11,935

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TOWN OF BARRE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Signs:			
Salaries	\$ 5,835	\$ 3,084	\$ 2,751
Equipment	3,740	5,831	(2,091)
Supplies	5,705	6,011	(306)
Buildings and Grounds	<u>81,295</u>	<u>81,948</u>	<u>(653)</u>
Total Signs	<u>96,575</u>	<u>96,874</u>	<u>(299)</u>
Total Highway and Streets	<u>2,712,220</u>	<u>2,541,568</u>	<u>170,652</u>
Rock of Ages - Tax Grievance Installment Payment:	<u>0</u>	<u>50,000</u>	<u>(50,000)</u>
Debt Service:			
Incubator Building - Municipal Bonds - Principal	35,000	35,000	0
Incubator Building - Municipal Bonds - Interest	<u>4,560</u>	<u>4,559</u>	<u>1</u>
Total Debt Service	<u>39,560</u>	<u>39,559</u>	<u>1</u>
Total Expenditures	<u>6,115,631</u>	<u>6,111,460</u>	<u>4,171</u>
Excess of Revenues Over Expenditures	<u>\$ 0</u>	180,746	<u>\$ 180,746</u>
Fund Balance - July 1, 2015		<u>2,958,545</u>	
Fund Balance - June 30, 2016		<u>\$ 3,139,291</u>	

TOWN OF BARRE, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Permanent Fund Cemetery Trust Fund	Total
<u>ASSETS</u>			
Cash	\$ 379,676	\$ 15,676	\$ 395,352
Investments	0	246,952	246,952
Receivables	10,109	0	10,109
Due from Other Funds	87,961	30,412	118,373
Prepaid Expenses	<u>312</u>	<u>0</u>	<u>312</u>
Total Assets	\$ <u><u>478,058</u></u>	\$ <u><u>293,040</u></u>	\$ <u><u>771,098</u></u>
<u>LIABILITIES</u>			
Accrued Payroll and Benefits Payable	\$ <u>1,495</u>	\$ <u>0</u>	\$ <u>1,495</u>
Total Liabilities	<u>1,495</u>	<u>0</u>	<u>1,495</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Fees	<u>10,109</u>	<u>0</u>	<u>10,109</u>
Total Deferred Inflows of Resources	<u>10,109</u>	<u>0</u>	<u>10,109</u>
<u>FUND BALANCES</u>			
Nonspendable	312	237,682	237,994
Restricted	0	55,358	55,358
Committed	24,373	0	24,373
Assigned	<u>441,769</u>	<u>0</u>	<u>441,769</u>
Total Fund Balances	<u>466,454</u>	<u>293,040</u>	<u>759,494</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u><u>478,058</u></u>	\$ <u><u>293,040</u></u>	\$ <u><u>771,098</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BARRE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Permanent Fund Cemetery Trust Fund	Total
Revenues:			
Intergovernmental	\$ 30,694	\$ 0	\$ 30,694
Charges for Services	28,406	4,708	33,114
Investment Income	537	28,342	28,879
Donations	200	0	200
Other	28	0	28
	<u>59,865</u>	<u>33,050</u>	<u>92,915</u>
Total Revenues			
Expenditures:			
Cemetery	<u>72,563</u>	<u>0</u>	<u>72,563</u>
Total Expenditures	<u>72,563</u>	<u>0</u>	<u>72,563</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(12,698)</u>	<u>33,050</u>	<u>20,352</u>
Other Financing Sources/(Uses):			
Transfers In	36,568	0	36,568
Transfers Out	<u>0</u>	<u>(13,773)</u>	<u>(13,773)</u>
Total Other Financing Sources/(Uses)	<u>36,568</u>	<u>(13,773)</u>	<u>22,795</u>
Net Change in Fund Balances	23,870	19,277	43,147
Fund Balances - July 1, 2015	<u>442,584</u>	<u>273,763</u>	<u>716,347</u>
Fund Balances - June 30, 2016	\$ <u><u>466,454</u></u>	\$ <u><u>293,040</u></u>	\$ <u><u>759,494</u></u>

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TOWN OF BARRE, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Cemetery Fund	Recreation Fund	Reappraisal Fund	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 379,676	\$ 379,676
Receivables	10,109	0	0	10,109
Due from Other Funds	25,868	2,052	60,041	87,961
Prepaid Expenses	<u>312</u>	<u>0</u>	<u>0</u>	<u>312</u>
Total Assets	\$ <u>36,289</u>	\$ <u>2,052</u>	\$ <u>439,717</u>	\$ <u>478,058</u>
<u>LIABILITIES</u>				
Accrued Payroll and Benefits Payable	\$ <u>1,495</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,495</u>
Total Liabilities	<u>1,495</u>	<u>0</u>	<u>0</u>	<u>1,495</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Fees	<u>10,109</u>	<u>0</u>	<u>0</u>	<u>10,109</u>
Total Deferred Inflows of Resources	<u>10,109</u>	<u>0</u>	<u>0</u>	<u>10,109</u>
<u>FUND BALANCES</u>				
Nonspendable	312	0	0	312
Committed	24,373	0	0	24,373
Assigned	<u>0</u>	<u>2,052</u>	<u>439,717</u>	<u>441,769</u>
Total Fund Balances	<u>24,685</u>	<u>2,052</u>	<u>439,717</u>	<u>466,454</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>36,289</u>	\$ <u>2,052</u>	\$ <u>439,717</u>	\$ <u>478,058</u>

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TOWN OF BARRE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Cemetery Fund	Recreation Fund	Reappraisal Fund	Total
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 30,694	\$ 30,694
Charges for Services	28,406	0	0	28,406
Investment Income	0	0	537	537
Donations	200	0	0	200
Other	28	0	0	28
Total Revenues	28,634	0	31,231	59,865
Expenditures:				
Cemetery	72,563	0	0	72,563
Total Expenditures	72,563	0	0	72,563
Excess/(Deficiency) of Revenues Over Expenditures	(43,929)	0	31,231	(12,698)
Other Financing Sources:				
Transfers In	36,568	0	0	36,568
Total Other Financing Sources	36,568	0	0	36,568
Net Change in Fund Balances	(7,361)	0	31,231	23,870
Fund Balances - July 1, 2015	32,046	2,052	408,486	442,584
Fund Balances - June 30, 2016	\$ 24,685	\$ 2,052	\$ 439,717	\$ 466,454

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BARRE, VERMONT
COMBINING SCHEDULE OF FUND NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Equipment Fund	Building Maintenance Fund	Total
<u>ASSETS</u>			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 28,639	\$ 0	\$ 28,639
Due from Other Funds	0	285,565	285,565
Prepaid Expenses	<u>2,184</u>	<u>0</u>	<u>2,184</u>
Total Current Assets	<u>30,823</u>	<u>285,565</u>	<u>316,388</u>
Noncurrent Assets:			
Capital Assets:			
Buildings and Building Improvements	824,677	250,457	1,075,134
Machinery, Equipment and Vehicles	5,954,112	0	5,954,112
Less: Accumulated Depreciation	<u>(3,961,409)</u>	<u>(101,618)</u>	<u>(4,063,027)</u>
Total Noncurrent Assets	<u>2,817,380</u>	<u>148,839</u>	<u>2,966,219</u>
Total Assets	<u>2,848,203</u>	<u>434,404</u>	<u>3,282,607</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>37,234</u>	<u>0</u>	<u>37,234</u>
Total Deferred Outflows of Resources	<u>37,234</u>	<u>0</u>	<u>37,234</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accrued Payroll and Benefits Payable	3,478	0	3,478
Due to Other Funds	713,125	0	713,125
Notes Payable - Current Portion	40,000	0	40,000
General Obligation Bonds Payable - Current Portion	<u>169,032</u>	<u>0</u>	<u>169,032</u>
Total Current Liabilities	<u>925,635</u>	<u>0</u>	<u>925,635</u>
Noncurrent Liabilities:			
Compensated Absences Payable	20,309	0	20,309
Net Pension Liability	52,239	0	52,239
Notes Payable - Noncurrent Portion	255,000	0	255,000
General Obligation Bonds Payable - Noncurrent Portion	<u>379,950</u>	<u>0</u>	<u>379,950</u>
Total Noncurrent Liabilities	<u>707,498</u>	<u>0</u>	<u>707,498</u>
Total Liabilities	<u>1,633,133</u>	<u>0</u>	<u>1,633,133</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>(1,816)</u>	<u>0</u>	<u>(1,816)</u>
Total Deferred Inflows of Resources	<u>(1,816)</u>	<u>0</u>	<u>(1,816)</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,973,398	148,839	2,122,237
Unrestricted/(Deficit)	<u>(719,278)</u>	<u>285,565</u>	<u>(433,713)</u>
Total Net Position	<u>\$ 1,254,120</u>	<u>\$ 434,404</u>	<u>\$ 1,688,524</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BARRE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Equipment Fund	Building Maintenance Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,270,470	\$ 57,367	\$ 1,327,837
Other	<u>16,380</u>	<u>0</u>	<u>16,380</u>
Total Operating Revenues	<u>1,286,850</u>	<u>57,367</u>	<u>1,344,217</u>
Operating Expenses:			
Salaries and Benefits	260,401	0	260,401
Supplies	325,001	0	325,001
Outside Services	40,494	0	40,494
Insurance	39,166	0	39,166
Equipment and Tools	59,914	0	59,914
Buildings and Grounds	48,010	0	48,010
Depreciation	<u>376,830</u>	<u>15,937</u>	<u>392,767</u>
Total Operating Expenses	<u>1,149,816</u>	<u>15,937</u>	<u>1,165,753</u>
Operating Income	<u>137,034</u>	<u>41,430</u>	<u>178,464</u>
Non-Operating Revenues/(Expenses):			
Investment Income	25	0	25
Interest Expense	<u>(13,804)</u>	<u>0</u>	<u>(13,804)</u>
Total Non-Operating Revenues/(Expenses)	<u>(13,779)</u>	<u>0</u>	<u>(13,779)</u>
Net Income Before Capital Contributions	<u>123,255</u>	<u>41,430</u>	<u>164,685</u>
Capital Contributions	<u>28,549</u>	<u>0</u>	<u>28,549</u>
Change in Net Position	151,804	41,430	193,234
Net Position - July 1, 2015	<u>1,102,316</u>	<u>392,974</u>	<u>1,495,290</u>
Net Position - June 30, 2016	<u>\$ 1,254,120</u>	<u>\$ 434,404</u>	<u>\$ 1,688,524</u>

The accompanying notes are an integral part of this financial statement.

Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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"

Board of Selectmen
Town of Barre
Websterville, Vermont 05678

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, each major fund and the aggregate remaining fund information of the Town of Barre, Vermont as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Town of Barre, Vermont's basic financial statements and have issued our report thereon dated April 3, 2017.

Internal Control Over Financial Reporting

In planning and performing the audit, we considered the Town of Barre, Vermont's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Barre, Vermont's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Barre, Vermont's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified certain deficiencies that we consider to be material weaknesses and others that we consider to be significant deficiencies.

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 Town of Barre, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2016-01 and 2016-02 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2016-03 and 2016-04 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Barre, Vermont's financial statements are free of 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".

We also noted certain other matters that we reported to the management of the Town of Barre, Vermont in a separate letter dated April 3, 2017.

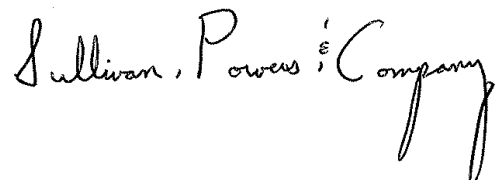
Town of Barre, Vermont's Response to Deficiencies in Internal Control

The Town of Barre, Vermont's response to the deficiencies in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Barre, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town of Barre, Vermont's internal control or on compliance. This report is an integral part of an audit performing in accordance with "Government Auditing Standards" in considering the Town of Barre, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 3, 2017
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF BARRE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2016

Deficiencies in Internal Control:

Material Weaknesses:

2016-01 Reconciliation of Balance Sheet Accounts

Criteria:

Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation on a monthly basis in order to detect and correct errors in account balances.

Condition:

A number of balance sheet accounts such as accounts receivable, allowance for doubtful accounts, deferred outflows and inflows of resources and the net pension liability were not reconciled to the actual balances at year end which resulted in various adjustments to revenue and expenses.

Cause:

Unknown.

Effect:

The Town's account balances were incorrect.

Recommendation:

We recommend that all balance sheet accounts be reconciled to supporting documentation in order to detect and correct errors.

Management's Response:

The Town of Barre will work with (meet and discuss) the auditor and contracted accountant to understand needs, assign responsibilities and create procedures to cause monthly reconciliation of balance sheets.

2016-02 Authorization of General Journal Entries

Criteria:

Internal controls should be in place that requires appropriate individuals to authorize and review all adjustments to the books of original entry.

TOWN OF BARRE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2016

Condition:

The Town does not have a policy in place to require authorization or review of adjustments to the books of original entry. Journal entries are prepared and entered by the Town's contracted accountant without any review or approval by the Town.

Cause:

Unknown.

Effect:

This deficiency in the internal control structure could allow other working control policies to be circumvented.

Recommendation:

We recommend that the Town enact a policy that requires appropriate officials to authorize and review all general journal entries so as not to circumvent the original approval process.

Management's Response:

The Town of Barre will work with (meet and discuss) the auditor and contracted accountant to better understand what controls should be in place for reviewing and authorizing adjustments to books of original entry. With advise from the accountant and auditor a practical but effective policy will be written.

Significant Deficiencies:

2016-03 Review and Approval of Payroll

Criteria:

Internal controls should be in place that require appropriate individuals to approve payroll expenditures.

Condition:

Internal controls over the approval of payroll are inadequately designed. There is no documented approval at the Town of the payroll prepared by the outside accountant or the payroll entries to the general ledger.

TOWN OF BARRE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2016

Cause:

Unknown.

Effect:

There could be errors in payroll that go undetected.

Recommendation:

We recommend that the Town implement procedures to review the payroll reports each week when they are returned from the outside accountant. The journal entry to record the payroll should also be reviewed for reasonableness and reconciled to the payroll reports.

Management's Response:

Starting in early 2017 the assistant town manager is checking the payroll service company's reports for employees' payroll accuracy and the consolidation of individuals' pay for posting to the correct wage and salary accounts. The Town will add a policy stating the assistant town manager will approve payroll reports before being posted to the General Ledger.

2016-04 Netting Revenues and Expenditures

Criteria:

Internal controls should be in place to ensure that revenues are not netted with expenses in order to conform with generally accepted accounting principles.

Condition:

The Town netted several revenues with expense accounts during the year. This nets out the revenue and expense as if they did not exist and results in the understatement of both revenue and expenses.

Cause:

Unknown.

Effect:

This resulted in the understatement of revenue and expenses.

TOWN OF BARRE, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2016

Recommendation:

We recommend that the Town implement internal control to ensure that they do not net revenue and expenses. This could be accomplished by a review of the general ledger detail on a monthly basis.

Management's Response:

Being aware that revenues should not be netted with expenses the town manager and town clerk-treasurer will not code receipts and invoices to net revenues and expenses. The department heads will be informed of the change in practice and the contracted accountant will be instructed not to net.