

**TOWN OF BARRE, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2018**

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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, 2018, 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.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Qualified
Community Development Fund	Unmodified
Construction Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Ambulance Fund	Unmodified
Aggregate Remaining Funds	Qualified

### **Basis for Qualified Opinions on the General Fund and the Aggregate Remaining Funds**

The Town's use and presentation of Internal Service Funds is not in accordance with accounting principles generally accepted in the United States of America. In accordance with such principles, Internal Service Funds are used to report any activity that provides goods or services to other funds or departments on a cost-reimbursement basis. The Town has two Internal Service funds: the Building Maintenance Fund and the Equipment Fund.

The Building Maintenance Fund does not provide any goods or services and is accumulating a significant fund balance. If this Fund is designed to pay for replacement of buildings, then a capital project fund type is more appropriate. Because the activity is not included in the Non-Major Governmental Funds activity, then the Aggregate Remaining Fund information is not complete. The amount by which this departure would affect assets, liabilities, fund balance, revenues and expenditures of this information has not been determined.

The Equipment Fund has a significant deficit in unrestricted net position indicating that its charges to other funds may be insufficient. The General Fund, particularly Highway activities, account for most of the activity of the Equipment Fund. Charges to the General Fund far exceeded actual Equipment Fund expenses this year, however, the fund still shows a large unrestricted deficit. Because the Equipment Fund is not matching its charges with actual expenses, under accounting principles generally accepted in the United States of America, its activity should be shown in the funds which benefit, such as the General Fund. Because the financial statements do not present it this way, the activity in the General Fund is not complete. The amount by which this departure would affect assets, liabilities, fund balance, revenues and expenditures of the General Fund has not been determined.

### **Qualified Opinions**

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions on the General Fund and the Aggregate Remaining Funds" paragraphs, the financial statements referred to previously present fairly, in all material respects, the financial position of the General Fund and the Aggregate Remaining Fund information of the Town of Barre, Vermont as of June 30, 2018, and the respective changes in financial position 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.

## **Unmodified 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, other than the General Fund, of the Town of Barre, Vermont as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 12, 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.

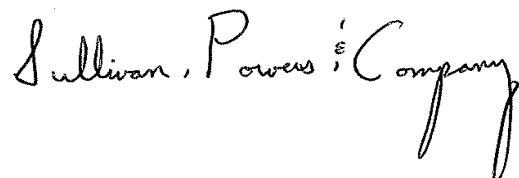
## ***Other Information***

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 March 29, 2019 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.

March 29, 2019  
Montpelier, Vermont  
Vt Lic. #92-000180



TOWN OF BARRE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

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, 2018. This report should be read in conjunction with the Town's financial statements.

**Financial Highlights**

- The Town's net position increased by \$145,677 (.7%) as a result of this year's operations. Net position of our business-type activities decreased by \$337,645 (8.4%) and net position of our governmental activities increased by \$483,322 (2.9%).

In the Town's business-type activities, revenues and transfers were \$3,501,996 while expenses were \$3,839,641. Net position at June 30, 2018 totaled \$3,693,422.

- The cost of all of the Town's programs was \$9,859,941 this year, with no new programs added.
- The General Fund reported a deficit this year of \$186,872.

The unassigned fund balance for the General Fund was \$2,405,139 as of June 30, 2018. 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 surplus this year of \$6,138, which resulted in a fund balance of \$318,310 as of June 30, 2018.
- The Construction Fund reported a deficit this year of \$41,656 which resulted in a fund balance of \$330,717.
- The Non-major Funds reported a surplus of \$39,242 this year which increased the cumulative surplus to \$831,447.

**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, deferred outflows of resources, liabilities and deferred inflows of resources 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, 2018  
(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 of resources – 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 14 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 C and E 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, 2018  
(Continued)

**The Town as a Whole**

The Town's combined net position increased by \$145,677 from 2017, increasing from a balance of \$20,466,597 to \$20,612,274. 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 5,639,564	\$ 5,740,787	\$ 1,063,869	\$ 1,200,135	\$ 6,703,433	\$ 6,940,922
Capital assets	13,223,861	12,412,747	4,573,313	4,456,896	17,797,174	16,869,643
Total assets	<u>18,863,425</u>	<u>18,153,534</u>	<u>5,637,182</u>	<u>5,657,031</u>	<u>24,500,607</u>	<u>23,810,565</u>
Deferred outflows of resources	<u>418,267</u>	<u>582,014</u>	<u>271,203</u>	<u>348,942</u>	<u>689,470</u>	<u>930,956</u>
Other liabilities	541,506	743,941	670,688	548,145	1,212,194	1,292,086
Long term liabilities	<u>1,788,858</u>	<u>1,564,164</u>	<u>1,499,131</u>	<u>1,406,693</u>	<u>3,287,989</u>	<u>2,970,857</u>
Total liabilities	<u>2,330,364</u>	<u>2,308,105</u>	<u>2,169,819</u>	<u>1,954,838</u>	<u>4,500,183</u>	<u>4,262,943</u>
Deferred inflows of resources	<u>32,476</u>	<u>(8,087)</u>	<u>45,144</u>	<u>20,068</u>	<u>77,620</u>	<u>11,981</u>
Net position:						
Net investment in capital assets	12,389,778	11,619,873	3,610,111	3,561,825	15,999,889	15,181,698
Restricted	688,320	787,672	677,057	640,889	1,365,377	1,428,561
Unrestricted (deficit)	<u>3,840,754</u>	<u>4,027,985</u>	<u>(593,746)</u>	<u>(171,647)</u>	<u>3,247,008</u>	<u>3,856,338</u>
Total net position	<u>\$ 16,918,852</u>	<u>\$ 16,435,530</u>	<u>\$ 3,693,422</u>	<u>\$ 4,031,067</u>	<u>\$ 20,612,274</u>	<u>\$ 20,466,597</u>

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 \$4,027,985 surplus at June 30, 2017, to a \$3,840,754 surplus at June 30, 2018 for the governmental activities.

The net position of our business-type activities decreased to \$3,693,422 compared to \$4,031,067 in fiscal year 2017, a \$337,645 or 8.4% decrease. The Sewer Fund had a decrease in net position of \$66,029 while the Water Fund and Ambulance Fund saw decreases in net position of \$26,553 and \$245,063, respectively. Entries in the Ambulance Fund expenses for depreciation and a portion of the Town's share of the Vermont Municipal Employees' Retirement System's unfunded liability equal \$90,449. Without these two accounting entries the Ambulance Fund saw a \$154,614 deficit. The Town generally can only use these net positions 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, 2018  
(Continued)

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 177,604	\$ 254,436	\$ 3,013,102	\$ 3,120,089	\$ 3,190,706	\$ 3,374,525
Operating Grants and Contributions	311,305	393,695	0	0	311,305	393,695
Capital Grants and Contributions	253,175	10,052	33,000	19,050	286,175	29,102
General Revenues:						
Property Taxes	5,915,339	5,754,886	0	0	5,915,339	5,754,886
Penalty and Interest on Delinquent Taxes	70,235	154,068	0	0	70,235	154,068
General State Grants	96,754	94,238	0	0	96,754	94,238
Unrestricted Investment Earnings	17,603	7,073	3,169	2,936	20,772	10,009
Gain on the Sale of Assets	93,619	0	0	0	93,619	0
Other Revenues	20,713	26,274	0	0	20,713	26,274
<b>Total Revenues</b>	<b>6,956,347</b>	<b>6,694,722</b>	<b>3,049,271</b>	<b>3,142,075</b>	<b>10,005,618</b>	<b>9,836,797</b>
<b>EXPENDITURES</b>						
General Government	1,542,941	1,584,511	0	0	1,542,941	1,584,511
Public Safety	1,343,658	1,467,253	0	0	1,343,658	1,467,253
Highways and Streets	2,591,156	2,401,518	0	0	2,591,156	2,401,518
Culture and Recreation	404,771	406,786	0	0	404,771	406,786
Community Development	10,550	490,666	0	0	10,550	490,666
Sanitation	55,013	51,994	0	0	55,013	51,994
Cemetery	68,542	72,781	0	0	68,542	72,781
Interest on Long-Term Debt	3,669	9,065	0	0	3,669	9,065
Water	0	0	423,346	461,687	423,346	461,687
Sewer	0	0	1,147,574	1,022,720	1,147,574	1,022,720
Ambulance	0	0	2,268,721	2,214,360	2,268,721	2,214,360
<b>Total Expenditures</b>	<b>6,020,300</b>	<b>6,484,574</b>	<b>3,839,641</b>	<b>3,698,767</b>	<b>9,859,941</b>	<b>10,183,341</b>
Excess Revenues (Expenses) before Transfers	936,047	210,148	(790,370)	(556,692)	145,677	(346,544)
Transfers	(452,725)	(452,725)	452,725	452,725	0	0
<b>Changes in Net Position</b>	<b>\$ 483,322</b>	<b>\$ (242,577)</b>	<b>\$ (337,645)</b>	<b>\$ (103,967)</b>	<b>\$ 145,677</b>	<b>\$ (346,544)</b>

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

TOWN OF BARRE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018  
(Continued)

*Governmental Activities*

The increase in net position for governmental activities was \$483,322 in 2018. Revenues increased by \$261,625 or 3.9%, and expenses decreased by \$464,274 or 7.2%, compared to 2017. Community Development expenses decreased \$480,116. This is because 2017 included expenses for a one-time grant and the write-off of a receivable.

The cost of all governmental activities this year was \$6,020,300. 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 \$5,915,339 (+\$160,453 or 2.8%). Some of the cost was paid by those who directly benefited from the programs (\$177,604) or by other governments and organizations that subsidized certain programs with grants and contributions (\$564,480).

*Business-type Activities*

The business-type activities net position decreased by \$337,645 in 2018. Revenues decreased by \$92,804 or 3.0%, and expenses increased by \$140,874 or 3.8%, compared to 2017.

Table 3 presents the cost of each of the Town's programs 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

	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>
	2018		2017	
General government	\$ 1,542,941	\$ 1,437,038	\$ 1,584,511	\$ 1,457,740
Public safety	1,343,658	1,256,747	1,467,253	1,340,100
Highways and streets	2,591,156	2,120,217	2,401,518	2,187,430
Culture and recreation	404,771	375,630	406,786	391,311
Community development	10,550	(4,538)	490,666	345,168
Sanitation	55,013	50,721	51,994	47,196
Cemetery	68,542	38,732	72,781	48,381
Interest on debt	3,669	3,669	9,065	9,065
Totals	<u>\$ 6,020,300</u>	<u>\$ 5,278,216</u>	<u>\$ 6,484,574</u>	<u>\$ 5,826,391</u>

TOWN OF BARRE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018  
(Continued)

**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 \$4,854,392 which represents a decrease of \$183,148 from last year's total of \$5,037,540. Included in this year's total change in fund balance is a decrease of \$186,872 in the Town's General Fund, an increase in the Community Development Fund of \$6,138, a decrease in the Construction Fund of \$41,656 and an increase of \$39,242 in the other non-major governmental funds.

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>Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 5,968,776	\$ 5,832,019	\$ (136,757)
Intergovernmental Revenue	303,480	343,875	40,395
Charges for Services	131,625	162,882	31,257
All Others	39,720	52,569	12,849
Total	<u>\$ 6,443,601</u>	<u>\$ 6,391,345</u>	<u>\$ (52,256)</u>
<b>Expenditures:</b>			
General Government	\$ 3,161,811	\$ 3,353,182	\$ (191,371)
Highways and Streets	<u>2,872,860</u>	<u>2,955,439</u>	<u>(82,579)</u>
Total	<u>\$ 6,034,671</u>	<u>\$ 6,308,621</u>	<u>\$ (273,950)</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. 17-18 the total taxes first billed were \$15,053,628. 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 reductions in property value caused by fire or other losses. During F.Y. 17-18 the General Fund received \$136,757 less in tax revenue (current taxes, delinquent taxes, and interest and fees) than budgeted, which represents 2.3% of the total budgeted revenues for General and Highway. More important, the \$136,757 is .91% of the \$15,053,628 first billed.

TOWN OF BARRE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018  
(Continued)

The Intergovernmental Revenue category was over budget by \$40,395. Two Governor's Highway Safety Program grants totaled \$33,895. Those grants were for police department activities. Expenses associated with those grant fund activities are recorded in the police budget.

Revenues in the Charges for Services section were \$31,257 over budget. The Charges for Services category has a wide variety of revenue accounts. Some truly are fees charged for services, such as fees charged at the Town Clerk's Office. The category also includes donation accounts and miscellaneous revenue in the Highway Fund (considered part of the General Fund in these financial statements). The largest actual revenue compared to budget was in the Dog Park Donation account, which brought in \$11,850 more than budgeted. At \$7,505 the police services contract with Thunder Road racetrack posted the second highest difference of income in excess of budget. The next four accounts with revenue greater than budgeted totaled \$13,640 to the good. The range was \$3,894 to \$2,125.

On the expense side of the budget equation, General Fund expenses (excluding the Highway Fund) exceeded budget by \$191,121. Departments in the Public Safety category were over budget \$214,787. The Fire Department actual expenses were over budget by \$262,820. Money was budgeted for purchase of self-contained breathing apparatus (SCBA). The money would be used for either a lease finance payment or as match for a grant. The grant application was not successful. The SCBA was purchased. The Selectboard decided to make a \$100,000 down payment on the SCBA and air bottle filling equipment and it was decided to make the initial payment up front (when signing the finance documents) as budgeted. Generally accepted accounting principles dictate the amount of the lease financing be recorded. In short, the Fire Department actual expenses were over budget because of the \$100,000 down payment and the accounting entry. The police department's actual expenses were under budget by \$46,093 helping reduce the Public Safety section deficit to \$214,787.

The Culture, Recreation, Development and Transportation section is a combination of the library contribution, recreation division, Barre Area Development contribution, Green Mountain Transit contribution and contributions to several other organizations. This section was over budget by \$25,340, of which \$24,878 was due to the recreation division. Construction of improvements to the skatepark (\$21,885) was the main reason. Except for \$3,000 in the recreation budget to help make the improvement possible, all the money came from donations. All other General Fund categories, except Solid Waste (\$4,413), were under budget, resulting in the \$191,121 over-run.

The Highway budget has nine departments. The expenses for these nine departments totaled \$82,579 over budget. Winter Maintenance had the greatest variance; it was \$213,402 over budget. The number of snow and ice events caused straight time wages (\$19,900), overtime wages (\$10,600), town equipment charges (paid to the town Equipment Fund) (\$136,100) to be in excess of budget. The same demand for winter maintenance caused the salt purchase (\$36,900) and contracted snowplower (\$7,978) accounts to be over budget.

The second highest variance came from the Summer Maintenance department which was \$125,307 under budget. Because more staff time was devoted to other public works activities (sewer and water systems, winter maintenance, road paving projects) wages were \$57,650 under budget and town equipment charges were \$196,279 less than budget. Purchase of a new sewer vacuum/flusher truck (also used for cleaning catch basins, paved swales, and flushing culverts) was \$117,163 over budget due to recording the full amount of the Highway Fund's share of financing this major piece of capital equipment.

TOWN OF BARRE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018  
(Continued)

Retreatment (road paving but no pavement milling or reconstruction) had the third highest difference between budget to actual. Expenses totaled \$104,016 more than budget. Straight-time wages (\$28,837), town equipment charges (\$30,017) and paving (\$41,800) caused the overrun.

Employee benefits were \$60,228 under budget and had the fourth highest variance. Summer Construction is another department for road paving but roads grouped in this department are milled or undergo some reconstruction. This department was under budget by \$41,667. More of the DPW crew's time and equipment time was spent preparing and restoring roads in the Retreatment department and less was spent on roads in the Summer Construction category. Finally, the gravel pit department was \$15,265 under budget.

Variances in the straight-time wage accounts and town equipment accounts in the various departments offset each other. Variances in those accounts mean more or less time was spent on activities than estimated. Winter maintenance overtime, purchase of salt, contracted snow plowing and especially the vacuum-flushing truck account for the \$82,579 amount over budget.

**Capital Assets and Debt Administration**

*Capital Assets*

At June 30, 2018, the Town had \$17,797,175 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 increase (including additions, disposals and depreciation) of \$927,532 from last year.

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

	Governmental Activities		Business-Type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Land	\$ 1,958,931	\$ 1,958,931	\$ 0	\$ 0	\$ 1,958,931	\$ 1,958,931
Construction in Progress	323,077	209,104	0	0	323,077	209,104
Water/Sewer Lines	0	0	9,218,266	9,199,115	9,218,266	9,199,115
Buildings & Building Improvements	2,298,935	2,271,895	404,481	404,481	2,703,416	2,676,376
Equipment	8,068,729	7,116,822	654,117	337,751	8,722,846	7,454,573
Infrastructure	14,140,920	13,261,655	0	0	14,140,920	13,261,655
Sewer Capacity Rights	0	0	279,969	279,969	279,969	279,969
Accumulated Depreciation	(13,566,730)	(12,405,660)	(5,983,520)	(5,764,420)	(19,550,250)	(18,170,080)
<b>Total</b>	<b>\$ 13,223,862</b>	<b>\$ 12,412,747</b>	<b>\$ 4,573,313</b>	<b>\$ 4,456,896</b>	<b>\$ 17,797,175</b>	<b>\$ 16,869,643</b>

TOWN OF BARRE, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018  
(Continued)

*Debt Administration*

At June 30, 2018, the Town had \$1,797,286 in bonds and capital leases outstanding versus \$1,687,945 on June 30, 2017 – an increase of \$109,341 – as shown in Table 5.

Table 5  
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
General Obligation Bonds	\$ 245,000	\$ 295,000	\$ 799,979	\$ 867,571	\$ 1,044,979	\$ 1,162,571
Capital Leases Payable	589,084	497,874	163,223	27,500	752,307	525,374
Total	<u>\$ 834,084</u>	<u>\$ 792,874</u>	<u>\$ 963,202</u>	<u>\$ 895,071</u>	<u>\$ 1,797,286</u>	<u>\$ 1,687,945</u>

**Economic Factors and Next Year's Budgets and Rates**

The Town's elected and appointed officials consider many factors when setting the fiscal year 2019 budget, tax rates, and fees.

When adopting the budget for the 2018-2019 year, the Selectboard took into account operational and capital needs of the Town, and the impact of spending on the tax rate. Investment in recreation facilities, buildings and roads continued. The budgets for building improvements and road paving were in-line with calculated necessary annual amounts.

The Town budgeted no change in fund balance for the fiscal year ending June 30, 2019 but the Selectboard did apply \$64,200 of fund balance to the FY19 budget when setting the FY19 tax rate.

**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, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,787,072	\$ 305,722	\$ 2,092,794
Investments	2,875,313	0	2,875,313
Receivables (Net of Allowance for Uncollectibles)	684,150	452,996	1,137,146
Loans Receivable	53,973	0	53,973
Internal Balances	(287,493)	287,493	0
Prepaid Expenses	99,772	17,658	117,430
Land Held for Sale	426,777	0	426,777
Capital Assets:			
Land	1,958,931	0	1,958,931
Construction in Progress	323,077	0	323,077
Other Capital Assets, (Net of Accumulated Depreciation)	10,941,853	4,573,313	15,515,166
Total Assets	<u>18,863,425</u>	<u>5,637,182</u>	<u>24,500,607</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	418,267	271,203	689,470
Total Deferred Outflows of Resources	<u>418,267</u>	<u>271,203</u>	<u>689,470</u>
<u>LIABILITIES</u>			
Accounts Payable	407,516	639,252	1,046,768
Accrued Payroll and Benefits Payable	123,036	27,681	150,717
Accrued Interest Payable	10,954	3,755	14,709
Noncurrent Liabilities:			
Due within One Year	292,533	105,175	397,708
Due in More than One Year	1,496,325	1,393,956	2,890,281
Total Liabilities	<u>2,330,364</u>	<u>2,169,819</u>	<u>4,500,183</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	10,628	0	10,628
Deferred Inflows of Resources Related to the Town's Participation in VMERS	21,848	45,144	66,992
Total Deferred Inflows of Resources	<u>32,476</u>	<u>45,144</u>	<u>77,620</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	12,389,778	3,610,111	15,999,889
Restricted:			
Non-Expendable:			
Cemetery Trust	228,434	0	228,434
Expendable:			
Community Development	52,608	0	52,608
Bike Path	344,290	0	344,290
Other	62,988	0	62,988
Sewer Improvements	0	677,057	677,057
Unrestricted/(Deficit)	3,840,754	(593,746)	3,247,008
Total Net Position	<u>\$ 16,918,852</u>	<u>\$ 3,693,422</u>	<u>\$ 20,612,274</u>

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



TOWN OF BARRE, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	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	\$ 1,542,941	\$ 71,399	\$ 34,504	\$ 0	\$ (1,437,038)	\$ 0	\$ (1,437,038)
Public Safety	1,343,658	52,956	33,955	0	(1,256,747)	0	(1,256,747)
Highways and Streets	2,591,156	8,230	209,534	253,175	(2,120,217)	0	(2,120,217)
Culture and Recreation	404,771	8,317	20,824	0	(375,630)	0	(375,630)
Community Development	10,550	2,600	12,488	0	4,538	0	4,538
Sanitation	55,013	4,292	0	0	(50,721)	0	(50,721)
Cemetery	68,542	29,810	0	0	(38,732)	0	(38,732)
Interest on Long-term Debt	3,669	0	0	0	(3,669)	0	(3,669)
Total Governmental Activities	<u>6,020,300</u>	<u>177,604</u>	<u>311,305</u>	<u>253,175</u>	<u>(5,278,216)</u>	<u>0</u>	<u>(5,278,216)</u>
Business-type Activities:							
Water	423,346	404,773	0	0	0	(18,573)	(18,573)
Sewer	1,147,574	1,037,396	0	33,000	0	(77,178)	(77,178)
Ambulance	2,268,721	1,570,933	0	0	0	(697,788)	(697,788)
Total Business-type Activities	<u>3,839,641</u>	<u>3,013,102</u>	<u>0</u>	<u>33,000</u>	<u>0</u>	<u>(793,539)</u>	<u>(793,539)</u>
Total Primary Government	<u>\$ 9,859,941</u>	<u>\$ 3,190,706</u>	<u>\$ 311,305</u>	<u>\$ 286,175</u>	<u>(5,278,216)</u>	<u>(793,539)</u>	<u>(6,071,755)</u>
General Revenues:							
Property Taxes					5,915,339	0	5,915,339
Penalties and Interest on Delinquent Taxes					70,235	0	70,235
General State Grants					96,754	0	96,754
Unrestricted Investment Earnings					17,603	3,169	20,772
Gain on Sale of Assets					93,619	0	93,619
Other Revenues					20,713	0	20,713
Transfers In/(Out):					<u>(452,725)</u>	<u>452,725</u>	<u>0</u>
Total General Revenues and Transfers					<u>5,761,538</u>	<u>455,894</u>	<u>6,217,432</u>
Change in Net Position					483,322	(337,645)	145,677
Net Position - July 1, 2017					<u>16,435,530</u>	<u>4,031,067</u>	<u>20,466,597</u>
Net Position - June 30, 2018					<u>\$ 16,918,852</u>	<u>\$ 3,693,422</u>	<u>\$ 20,612,274</u>

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

TOWN OF BARRE, VERMONT  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2018

	General Fund	Community Development Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,059,820	\$ 263,887	\$ 0	\$ 463,365	\$ 1,787,072
Investments	2,153,408	0	489,508	232,397	2,875,313
Receivables (Net of Allowance for Uncollectibles)	684,150	0	0	0	684,150
Loans Receivable (Net of Allowance for Uncollectibles)	30,000	23,973	0	0	53,973
Due from Other Funds	553,519	0	0	137,514	691,033
Prepaid Expenses	77,580	0	0	0	77,580
Land Held for Sale	0	426,777	0	0	426,777
Total Assets	<u>\$ 4,558,477</u>	<u>\$ 714,637</u>	<u>\$ 489,508</u>	<u>\$ 833,276</u>	<u>\$ 6,595,898</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 391,319	\$ 0	\$ 1,815	\$ 29	\$ 393,163
Accrued Payroll and Benefits Payable	117,727	0	0	1,800	119,527
Due to Other Funds	0	372,354	156,976	0	529,330
Total Liabilities	<u>509,046</u>	<u>372,354</u>	<u>158,791</u>	<u>1,829</u>	<u>1,042,020</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Prepaid Property Taxes	10,628	0	0	0	10,628
Unavailable Property Taxes, Penalties and Interest	634,885	0	0	0	634,885
Unavailable Loans Receivable	30,000	23,973	0	0	53,973
Total Deferred Inflows of Resources	<u>675,513</u>	<u>23,973</u>	<u>0</u>	<u>0</u>	<u>699,486</u>
<u>FUND BALANCES</u>					
Nonspendable	631,099	426,777	0	228,434	1,286,310
Restricted	0	52,608	344,290	62,988	459,886
Committed	59,450	0	0	32,728	92,178
Assigned	278,230	0	0	507,297	785,527
Unassigned/(Deficit)	2,405,139	(161,075)	(13,573)	0	2,230,491
Total Fund Balances	<u>3,373,918</u>	<u>318,310</u>	<u>330,717</u>	<u>831,447</u>	<u>4,854,392</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,558,477</u>	<u>\$ 714,637</u>	<u>\$ 489,508</u>	<u>\$ 833,276</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.					9,867,790
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.					688,858
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.					2,239,708
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.					(1,082,167)
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>350,271</u>
Net Position of Governmental Activities					<u>\$ 16,918,852</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, 2018

	General Fund	Community Development Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 5,761,784	\$ 0	\$ 0	\$ 0	\$ 5,761,784
Penalties and Interest on Delinquent Taxes	70,235	0	0	0	70,235
Intergovernmental	343,875	12,488	253,175	30,872	640,410
Charges for Services	142,058	0	0	29,810	171,868
Permits, Licenses and Fees	17,515	0	0	0	17,515
Loan Repayments	10,000	0	0	0	10,000
Loan Interest Income	0	2,600	0	0	2,600
Investment Income	4,341	1,600	215	11,447	17,603
Donations	20,824	0	0	0	20,824
Other	20,713	0	0	0	20,713
<b>Total Revenues</b>	<b>6,391,345</b>	<b>16,688</b>	<b>253,390</b>	<b>72,129</b>	<b>6,733,552</b>
Expenditures:					
General Government	1,379,346	0	0	0	1,379,346
Public Safety	1,203,622	0	0	0	1,203,622
Highways and Streets	2,149,157	0	228	0	2,149,385
Culture and Recreation	393,065	0	0	0	393,065
Community Development	0	10,550	0	0	10,550
Sanitation	55,013	0	0	0	55,013
Cemetery	0	0	0	68,542	68,542
Capital Outlay:					
Public Safety	231,620	0	0	0	231,620
Highways and Streets	785,584	0	324,818	0	1,110,402
Culture and Recreation	36,175	0	0	0	36,175
Debt Service:					
Principal	76,033	0	0	0	76,033
Interest	(994)	0	0	0	(994)
<b>Total Expenditures</b>	<b>6,308,621</b>	<b>10,550</b>	<b>325,046</b>	<b>68,542</b>	<b>6,712,759</b>
Excess/(Deficiency) of Revenues Over Expenditures	82,724	6,138	(71,656)	3,587	20,793
Other Financing Sources/(Uses):					
Capital Lease Proceeds	248,784	0	0	0	248,784
Transfers In	0	0	30,000	48,378	78,378
Transfers Out	(518,380)	0	0	(12,723)	(531,103)
<b>Total Other Financing Sources/(Uses)</b>	<b>(269,596)</b>	<b>0</b>	<b>30,000</b>	<b>35,655</b>	<b>(203,941)</b>
<b>Net Change in Fund Balances</b>	<b>(186,872)</b>	<b>6,138</b>	<b>(41,656)</b>	<b>39,242</b>	<b>(183,148)</b>
Fund Balances - July 1, 2017	3,560,790	312,172	372,373	792,205	5,037,540
Fund Balances - June 30, 2018	\$ 3,373,918	\$ 318,310	\$ 330,717	\$ 831,447	\$ 4,854,392

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, 2018

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)	\$ (183,148)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,378,197) is allocated over their estimated useful lives and reported as depreciation expense (\$908,056). This is the amount by which depreciation exceeded capital outlays in the current period.	470,141
The issuance of long-term debt (\$248,784) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$76,033) 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.	(172,751)
The issuance of loans receivable (\$0) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$10,000) 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.	(10,000)
Governmental funds report employer pension contributions as expenditures (\$96,415). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$178,350) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(81,935)
Internal service funds are used by management to charge the costs of certain activities, such as building and equipment usage, to individual funds. The net revenue (expense) and other changes in net position of the internal service funds is reported with the governmental activities.	342,032
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	139,176
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>(20,193)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 483,322</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, 2018

	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)
<b>REVENUES:</b>									
Property taxes	\$ 3,269,321	\$ 3,132,564	\$ (136,757)	\$ 2,699,455	\$ 2,699,455	0	\$ 5,968,776	\$ 5,832,019	\$ (136,757)
Intergovernmental	102,875	134,341	31,466	200,605	209,534	8,929	303,480	343,875	40,395
Charges for services	128,825	154,652	25,827	2,800	8,230	5,430	131,625	162,882	31,257
Licenses and permits	14,960	17,515	2,555	0	0	0	14,960	17,515	2,555
Miscellaneous (building income, misc.)	24,760	35,054	10,294	0	0	0	24,760	35,054	10,294
<b>Total Revenues</b>	<b>3,540,741</b>	<b>3,474,126</b>	<b>(66,615)</b>	<b>2,902,860</b>	<b>2,917,219</b>	<b>14,359</b>	<b>6,443,601</b>	<b>6,391,345</b>	<b>(52,256)</b>
<b>EXPENDITURES:</b>									
General government	754,420	742,811	11,609	0	0	0	754,420	742,811	11,609
Public safety	1,265,790	1,480,577	(214,787)	0	0	0	1,265,790	1,480,577	(214,787)
Highways and streets	0	0	0	2,872,860	2,955,439	(82,579)	2,872,860	2,955,439	(82,579)
Solid waste	50,600	55,013	(4,413)	0	0	0	50,600	55,013	(4,413)
Health and welfare	76,185	69,260	6,925	0	0	0	76,185	69,260	6,925
Culture, recreation, development & transportation	403,900	429,240	(25,340)	0	0	0	403,900	429,240	(25,340)
Insurances and benefits	511,325	479,694	31,631	0	0	0	511,325	479,694	31,631
County tax	55,795	55,793	2	0	0	0	55,795	55,793	2
Miscellaneous (equip. rent, training, misc.)	31,831	31,788	43	0	0	0	31,831	31,788	43
Debt service:									
Principal	10,000	10,000	0	0	0	0	10,000	10,000	0
Interest	1,965	(994)	2,959	0	0	0	1,965	(994)	2,959
<b>Total Expenditures</b>	<b>3,161,811</b>	<b>3,353,182</b>	<b>(191,371)</b>	<b>2,872,860</b>	<b>2,955,439</b>	<b>(82,579)</b>	<b>6,034,671</b>	<b>6,308,621</b>	<b>(273,950)</b>
Excess/(Deficiency) of Revenues Over Expenditures	378,930	120,944	(257,986)	30,000	(38,220)	(68,220)	408,930	82,724	(326,206)
<b>OTHER FINANCING SOURCES/(USES)</b>									
Capital lease Preceeds	0	131,620	131,620	0	117,164	117,164	0	248,784	248,784
Transfers to other funds	(488,380)	(488,380)	0	(30,000)	(30,000)	0	(518,380)	(518,380)	0
<b>Total Other Financing Sources/(Uses)</b>	<b>(488,380)</b>	<b>(356,760)</b>	<b>131,620</b>	<b>(30,000)</b>	<b>87,164</b>	<b>117,164</b>	<b>(518,380)</b>	<b>(269,596)</b>	<b>248,784</b>
<b>Net Change in Fund Balance</b>	<b>\$ (109,450)</b>	<b>\$ (235,816)</b>	<b>\$ (126,366)</b>	<b>\$ 0</b>	<b>\$ 48,944</b>	<b>\$ 48,944</b>	<b>\$ (109,450)</b>	<b>(186,872)</b>	<b>\$ (77,422)</b>
Fund Balance - July 1, 2017								3,560,790	
Fund Balance - June 30, 2018								<u>\$ 3,373,918</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, 2018

	Enterprise Funds				Internal Service Funds
	Water Fund	Sewer Fund	Ambulance Fund	Total	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 0	\$ 305,722	\$ 0	\$ 305,722	\$ 0
Receivables (Net of Allowance for Uncollectibles)	165,289	214,546	73,161	452,996	0
Due from Other Funds	0	1,051,232	0	1,051,232	212,095
Prepaid Expenses	799	2,975	13,884	17,658	22,192
<b>Total Current Assets</b>	<b>166,088</b>	<b>1,574,475</b>	<b>87,045</b>	<b>1,827,608</b>	<b>234,287</b>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Buildings and Building Improvements	0	170,153	234,328	404,481	1,266,495
Machinery, Equipment and Vehicles	1,857	366,109	286,151	654,117	6,603,638
Distribution and Collection Systems	2,672,266	6,546,000	0	9,218,266	0
Capacity Rights	0	279,969	0	279,969	0
Less: Accumulated Depreciation	(1,252,687)	(4,385,187)	(345,646)	(5,983,520)	(4,514,062)
<b>Total Noncurrent Assets</b>	<b>1,421,436</b>	<b>2,977,044</b>	<b>174,833</b>	<b>4,573,313</b>	<b>3,356,071</b>
<b>Total Assets</b>	<b>1,587,524</b>	<b>4,551,519</b>	<b>261,878</b>	<b>6,400,921</b>	<b>3,590,358</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	0	271,203	271,203	47,639
<b>Total Deferred Outflows of Resources</b>	<b>0</b>	<b>0</b>	<b>271,203</b>	<b>271,203</b>	<b>47,639</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	39,577	590,048	9,627	639,252	14,354
Accrued Payroll and Benefits Payable	0	1,326	26,355	27,681	3,509
Due to Other Funds	397,860	0	365,879	763,739	661,291
Accrued Interest Payable	3,755	0	0	3,755	0
Notes Payable - Current Portion	8,000	63,839	0	71,839	40,000
General Obligation Bonds Payable - Current Portion	24,171	0	9,165	33,336	181,713
<b>Total Current Liabilities</b>	<b>473,363</b>	<b>655,213</b>	<b>411,026</b>	<b>1,539,602</b>	<b>900,867</b>
<b>Noncurrent Liabilities:</b>					
Compensated Absences Payable	0	10,339	47,859	58,198	16,594
Net Pension Liability	0	0	477,731	477,731	79,717
Notes Payable - Noncurrent Portion	0	262,109	9,360	271,469	175,000
General Obligation Bonds Payable - Noncurrent Portion	586,558	0	0	586,558	224,620
<b>Total Noncurrent Liabilities</b>	<b>586,558</b>	<b>272,448</b>	<b>534,950</b>	<b>1,393,956</b>	<b>495,931</b>
<b>Total Liabilities</b>	<b>1,059,921</b>	<b>927,661</b>	<b>945,976</b>	<b>2,933,558</b>	<b>1,396,798</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources Related to the Town's Participation in VMERS	0	0	45,144	45,144	1,491
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>45,144</b>	<b>45,144</b>	<b>1,491</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	802,707	2,651,096	156,308	3,610,111	2,734,738
Restricted	0	677,057	0	677,057	0
Unrestricted/(Deficit)	(275,104)	295,705	(614,347)	(593,746)	(495,030)
<b>Total Net Position/(Deficit)</b>	<b>\$ 527,603</b>	<b>\$ 3,623,858</b>	<b>\$ (458,039)</b>	<b>\$ 3,693,422</b>	<b>\$ 2,239,708</b>

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, 2018

	Enterprise Funds			Total	Internal Service Funds
	Water Fund	Sewer Fund	Ambulance Fund		
Operating Revenues:					
Charges for Services	\$ 389,707	\$ 1,004,507	\$ 1,570,933	\$ 2,965,147	\$ 1,361,169
Interest and Penalties	15,066	32,889	0	47,955	0
Other	0	0	0	0	25,293
<b>Total Operating Revenues</b>	<b>404,773</b>	<b>1,037,396</b>	<b>1,570,933</b>	<b>3,013,102</b>	<b>1,386,462</b>
Operating Expenses:					
Salaries and Benefits	84,192	155,849	1,750,834	1,990,875	216,160
Supplies	137,306	8,750	38,771	184,827	285,532
Outside Services	75,373	774,898	203,449	1,053,720	73,068
Insurance	4,406	2,673	9,315	16,394	42,067
Equipment and Tools	17,247	61,680	205,573	284,500	29,032
Buildings and Grounds	25,695	10,535	31,973	68,203	59,929
Depreciation	57,675	133,189	28,236	219,100	422,644
<b>Total Operating Expenses</b>	<b>401,894</b>	<b>1,147,574</b>	<b>2,268,151</b>	<b>3,817,619</b>	<b>1,128,432</b>
Operating Income/(Loss)	2,879	(110,178)	(697,218)	(804,517)	258,030
Non-Operating Revenues/(Expenses):					
Investment Income	0	3,169	0	3,169	0
Interest Expense	(21,452)	0	(570)	(22,022)	(9,617)
Gain on Sale of Equipment	0	0	0	0	93,619
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>(21,452)</b>	<b>3,169</b>	<b>(570)</b>	<b>(18,853)</b>	<b>84,002</b>
Net Income Before Capital Contributions and Transfers	(18,573)	(107,009)	(697,788)	(823,370)	342,032
Capital Contributions and Transfers:					
Capital Contributions	0	33,000	0	33,000	0
Transfers In	0	7,980	452,725	460,705	0
Transfers Out	(7,980)	0	0	(7,980)	0
<b>Total Capital Contributions and Transfers</b>	<b>(7,980)</b>	<b>40,980</b>	<b>452,725</b>	<b>485,725</b>	<b>0</b>
Change in Net Position	(26,553)	(66,029)	(245,063)	(337,645)	342,032
Net Position/(Deficit) - July 1, 2017	554,156	3,689,887	(212,976)	4,031,067	1,897,676
Net Position/(Deficit) - June 30, 2018	<u>\$ 527,603</u>	<u>\$ 3,623,858</u>	<u>\$ (458,039)</u>	<u>\$ 3,693,422</u>	<u>\$ 2,239,708</u>

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, 2018

	Enterprise Funds				Internal Service Funds
	Water Fund	Sewer Fund	Ambulance Fund	Total	
<b>Cash Flows From Operating Activities:</b>					
Receipts from Customers and Users	\$ 362,880	\$ 1,012,043	\$ 1,722,229	\$ 3,097,152	\$ 1,371,376
Other Cash Receipts	0	0	0	0	25,293
Payments for Goods and Services	(221,231)	(703,899)	(501,295)	(1,426,425)	(527,919)
Payments for Wages and Benefits	(84,192)	(153,766)	(1,700,216)	(1,938,174)	(206,628)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<u>57,457</u>	<u>154,378</u>	<u>(479,282)</u>	<u>(267,447)</u>	<u>662,122</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers Received from Other Funds	0	7,980	452,725	460,705	0
Transfers To Other Funds	(7,980)	0	0	(7,980)	0
Decrease/(Increase) in Due from Other Funds	0	(11,140)	0	(11,140)	3,080
(Decrease)/Increase in Due to Other Funds	22,468	0	59,802	82,270	145,956
<b>Net Cash Provided/(Used) by Noncapital Financing Activities</b>	<u>14,488</u>	<u>(3,160)</u>	<u>512,527</u>	<u>523,855</u>	<u>149,036</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Capital Contributions	0	33,000	0	33,000	0
Acquisition and Construction of Capital Assets	(19,150)	(116,921)	(23,700)	(159,771)	(601,567)
Proceeds from Sale of Assets	0	0	0	0	114,427
Principal Paid on Bonds, Notes and Leases	(31,343)	(67,297)	(8,975)	(107,615)	(314,401)
Interest Paid on Bonds, Notes and Leases	(21,452)	0	(570)	(22,022)	(9,617)
<b>Net Cash Provided/(Used) by Capital and Related Financing Activities</b>	<u>(71,945)</u>	<u>(151,218)</u>	<u>(33,245)</u>	<u>(256,408)</u>	<u>(811,158)</u>
<b>Cash Flows From Investing Activities:</b>					
Receipt of Interest and Dividends	0	3,169	0	3,169	0
Decrease in Investments	0	302,553	0	302,553	0
<b>Net Cash Provided/(Used) by Investing Activities</b>	<u>0</u>	<u>305,722</u>	<u>0</u>	<u>305,722</u>	<u>0</u>
<b>Net Increase in Cash</b>	<u>0</u>	<u>305,722</u>	<u>0</u>	<u>305,722</u>	<u>0</u>
<b>Cash - July 1, 2017</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash - June 30, 2018</b>	<u>\$ 0</u>	<u>\$ 305,722</u>	<u>\$ 0</u>	<u>\$ 305,722</u>	<u>\$ 0</u>
<b>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:</b>					
Operating Income/(Loss)	\$ 2,879	\$ (110,178)	\$ (697,218)	\$ (804,517)	\$ 258,030
Depreciation	57,675	133,189	28,236	219,100	422,644
(Increase)/Decrease in Receivables	(41,893)	(25,353)	151,296	84,050	10,207
(Increase)/Decrease in Prepaid Expenses	(769)	(2,766)	(12,211)	(15,746)	(5,819)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	0	77,739	77,739	11,242
Increase/(Decrease) in Accounts Payable	39,565	157,403	(3)	196,965	(32,472)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	0	28	2,124	2,152	82
Increase/(Decrease) in Compensated Absences Payable	0	2,055	(4,389)	(2,334)	1,802
Increase/(Decrease) in Net Pension Liability	0	0	(49,932)	(49,932)	(7,220)
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	0	0	25,076	25,076	3,626
<b>Net Cash Provided/(Used) by Operating Activities</b>	<u>\$ 57,457</u>	<u>\$ 154,378</u>	<u>\$ (479,282)</u>	<u>\$ (267,447)</u>	<u>\$ 662,122</u>

Noncash Capital and Financing Activities:

The Sewer Fund and Equipment Fund entered into capital leases during the year which increased both equipment and debt in the Sewer Fund by \$175,745 and \$182,859 in the Equipment Fund.

The Equipment Fund sold assets with a cost basis of \$190,438 and accumulated depreciation of \$169,630.

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



TOWN OF BARRE, VERMONT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 JUNE 30, 2018

	Agency Fund
<u>ASSETS</u>	
Cash	\$ <u>16,282</u>
Total Assets	<u>16,282</u>
<u>LIABILITIES</u>	
Due to Others	<u>16,282</u>
Total Liabilities	<u>16,282</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, 2018

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 as follows:

*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, 2018

**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, 2018

**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, 2018

**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, proprietary and internal services funds 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, 2018

**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.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting amount in deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

*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 acquisition 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.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

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.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Nonspendable and Restricted funds are so-designated by external funds sources, 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*

The Town invests in investments as allowed by State statute.

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, 2018

**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 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Town budgeted a current year’s deficiency in the General Fund of \$109,450 in order to utilize a portion of the previous years’ surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Exhibit F.

As noted on Exhibit F, the General budget was overspent by \$191,371 and the Highway budget was overspent by \$82,579. These excess expenditures were due to assets purchased under capital leases. The lease proceeds funded the excess expenditures.

**NOTE 3 – CASH AND INVESTMENTS**

The Town’s cash and investments as of June 30, 2018 are as follows:

Cash:

Cash on Hand	\$ 295
Deposits with Financial Institutions	1,602,406
Certificates of Deposit	<u>506,375</u>
Total Cash	<u>2,109,076</u>

Investments:

Municipal Bonds	180,104
Unit Trusts	52,294
Repurchase Agreements (U.S. Treasury Notes)	<u>2,642,915</u>
Total Investments	<u>2,875,313</u>

Total Cash and Investments	<u>\$4,984,389</u>
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TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3 – CASH AND INVESTMENTS – (Continued)**

The Town has thirteen (13) certificates of deposit with various banks with interest rates ranging from .25% to 2.75%. The certificates of deposit mature in the following fiscal years:

2019	\$457,284
2021	<u>49,091</u>
Total	<u>\$506,375</u>

**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. The Town's certificates of deposit and repurchase agreements are exempt from interest rate risk disclosure. The Town's unit trusts operate similarly to mutual funds are also exempt from interest rate risk disclosure.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity. The municipal bonds are shown at the earlier of their call date or actual maturity.

Investment Type	Less than 1 Year	1 to 5 Years	15 Years	Total
Municipal Bonds	\$ <u>83,373</u>	\$ <u>61,619</u>	\$ <u>35,112</u>	\$ \$ <u>180,104</u>

**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, 2018. 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. The Town's repurchase agreements are secured by U.S. Treasury Notes and therefore are exempt from credit risk analysis.

Investment Type	Moody's A3	S&P AA-	S&P A+	S&P AA+	Unrated	Total
Municipal Bonds	\$ 52,414	\$ 66,071	30,657	30,962	\$ 0	\$ 180,104
Unit Trusts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,294</u>	<u>52,294</u>
	<u>\$ 52,414</u>	<u>\$ 66,071</u>	<u>\$ 30,657</u>	<u>\$ 30,962</u>	<u>\$ 52,294</u>	<u>\$ 232,398</u>

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3 – CASH AND INVESTMENTS – (Continued)**

**Concentration of Credit Risk**

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town’s certificates of deposit and repurchase agreements are exempt from concentration of credit risk analysis. The unit trusts operate like mutual funds and, therefore, are also excluded from concentration of credit risk analysis. The Town’s investments in any one issuer that represent more than 5% of total investments are as follows:

Municipal Bonds:

State of California	\$ 35,112
Van Buren, MI Schools	30,959
Hamilton, OH Electric	52,414
Virginia Housing Development Authority	30,962
University of Vermont	<u>30,657</u>
	<u>\$ 180,104</u>

**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 in municipal bonds, unit trusts and certificates of deposit are held in its name and are, therefore, not subject to custodial credit risk. The Town’s investments in repurchase agreements are secured by U.S. Treasury securities held in its name by the Town’s bank.

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.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC/SIPC	\$ 1,255,099	\$ 1,255,288
Insured by Standby Letters of Credit	424,180	424,180
Uninsured, Collateralized by U.S. Government Securities Held by Bank's Trust Department with a Security Interest Granted to the Town	<u>429,502</u>	<u>429,502</u>
Total Deposits	<u>\$ 2,108,781</u>	<u>\$ 2,108,970</u>

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3 – CASH AND INVESTMENTS – (Continued)**

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

**Fair Value Measurements**

The Town’s investments are stated at fair value using quoted market prices when available. The repurchase agreement is an interest-earning investment contract and therefore stated at cost, not fair value.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets as follows:

Level 1: Inputs are quoted prices for identical investments in active markets

Level 2: Observable inputs other than quoted market prices

Level 3: Unobservable inputs

The fair value measurement at June 30, 2018 for the Town’s investments is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Debt Securities:				
Municipal Bonds	\$ 180,104	\$ 180,104	\$ 0	\$ 0
Fixed Income Unit Trusts	<u>52,294</u>	<u>52,294</u>	<u>0</u>	<u>0</u>
Total Investments by Fair Value Level	<u>\$ 232,398</u>	<u>\$ 232,398</u>	<u>\$ 0</u>	<u>\$ 0</u>

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 4 - RECEIVABLES**

Receivables and the allowance for uncollectible accounts as of June 30, 2018 are as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
<b>General Fund:</b>			
Delinquent taxes receivable	\$ 522,767	\$ (25,000)	\$ 497,767
Penalties, interest and collection fees on delinquent taxes	162,239	(22,000)	140,239
Miscellaneous receivables	46,144	0	46,144
	\$ 731,150	\$ (47,000)	\$ 684,150
	Receivables	Allowance for Uncollectible Accounts	Net Receivables
<b>Enterprise Funds</b>			
<b>Water Fund</b>			
Accounts receivable	\$ 153,376	\$ 0	\$ 153,376
Penalties and interest receivable	11,913	0	11,913
<b>Sewer Fund</b>			
Accounts receivable	159,894	0	159,894
Penalties and interest receivable	54,652	0	54,652
<b>Ambulance Fund</b>			
Accounts receivable	375,198	(302,037)	73,161
Net Receivables	\$ 755,033	\$ (302,037)	\$ 452,996

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 5 – LOANS RECEIVABLE**

Loans receivable consist of the following at June 30, 2018:

General Fund:

Due from Barre Area Development, Inc. annual principal payments of \$10,000, due 12/1/20. Interest at 4.974% to 5.644% with semiannual interest payments.	\$ 30,000
Due within one year	<u>(10,000)</u>
Due after one year	<u>\$ 20,000</u>

Community Development Fund:

Vermont Housing Rehabilitation Program and Vermont Community Improvement Grant, Interest at 0 to 6%.	\$ 23,973
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Due from SB Electronics, Inc. (SBE), 3% interest only payments until December 31, 2017, then quarterly payments of \$31,291 including interest, due January 1, 2023. No principal payments were made in 2018 and SBE is in default.	702,741
Allowance for Uncollectible Loan - SBE	<u>(702,741)</u>
Total loans receivables at June 30, 2018	23,973
Due within one year	<u>(1,327)</u>
Due after one year	<u>\$ 22,646</u>

Governmental Activities:

General Fund Notes Receivable	\$ 30,000
Community Development Fund Notes Receivable	726,714
Allowance for Uncollectible Loan - SBE	<u>(702,741)</u>
Net Loans Receivable	<u>\$ 53,973</u>

The Vermont Housing Rehabilitation Program and Vermont Community Improvement Grant are 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, 2018

**NOTE 6 - INTERFUND BALANCES AND TRANSFERS**

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, 2018 were:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds:		
General Fund	\$ <u>553,519</u>	\$ <u>0</u>
Community Development Fund	<u>0</u>	<u>372,354</u>
Construction Fund	<u>0</u>	<u>156,976</u>
Other governmental funds:		
Cemetery Fund	34,557	0
Recreation Fund	2,052	0
Reappraisal Fund	60,041	0
Cemetery Trust Fund	<u>40,864</u>	<u>0</u>
Total other governmental funds	<u>137,514</u>	<u>0</u>
	<u>691,033</u>	<u>529,330</u>
Proprietary funds:		
Water Fund	0	397,860
Sewer Fund	1,051,232	0
Ambulance Fund	<u>0</u>	<u>365,879</u>
Total Proprietary funds	<u>1,051,232</u>	<u>763,739</u>
Internal service funds:		
Equipment Fund	0	661,291
Building Maintenance Fund	<u>212,095</u>	<u>0</u>
Total Internal service funds	<u>212,095</u>	<u>661,291</u>
Total	<u>\$ 1,954,360</u>	<u>\$ 1,954,360</u>

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6 - INTERFUND BALANCES AND TRANSFERS – (Continued)**

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, contribution by the Water Fund for debt service, contribution from the General Fund to a project in the Construction Fund and the amount used for operations in the Cemetery Fund. Interfund transfers for the year ended June 30, 2018 are as follows:

	Transfers from			Totals
	General Fund	Cemetery Trust Fund	Water Fund	
Transfers to				
Sewer Fund	\$ 0	\$ 0	\$ 7,980	\$ 7,980
Ambulance Fund	452,725	0	0	452,725
Cemetery Fund	35,655	12,723	0	48,378
Construction Fund	30,000	0	0	30,000
<b>Total</b>	<b>\$ 518,380</b>	<b>\$ 12,723</b>	<b>\$ 7,980</b>	<b>\$ 539,083</b>

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Disposals	Depreciation	Balance June 30, 2018
<b>Governmental Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,958,931	\$ 0	\$ 0	\$ 0	\$ 1,958,931
Construction in Process	209,104	113,973	0	0	323,077
Total Capital Assets, Not Being Depreciated	<u>2,168,035</u>	<u>113,973</u>	<u>0</u>	<u>0</u>	<u>2,282,008</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	2,271,895	27,040	0	0	2,298,935
Equipment and Vehicles	7,116,822	1,142,345	(190,438)	0	8,068,729
Infrastructure	13,261,655	879,265	0	0	14,140,920
Total capital assets being depreciated	<u>22,650,372</u>	<u>2,048,650</u>	<u>(190,438)</u>	<u>0</u>	<u>24,508,584</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(841,583)	0	0	(46,928)	(888,511)
Equipment and Vehicles	(4,918,374)	0	169,630	(436,637)	(5,185,381)
Infrastructure	(6,645,703)	0	0	(847,135)	(7,492,838)
Total accumulated depreciation	<u>(12,405,660)</u>	<u>0</u>	<u>169,630</u>	<u>(1,330,700)</u>	<u>(13,566,730)</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,412,747</u>	<u>\$ 2,162,623</u>	<u>\$ (20,808)</u>	<u>\$ (1,330,700)</u>	<u>\$ 13,223,862</u>



TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 7 – CAPITAL ASSETS – (Continued)**

	Beginning June 30, 2017	Additions	Disposals	Depreciation	Ending June 30, 2018
<b>Business-Type Activities</b>					
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	\$ 404,481	\$ 0	\$ 0	\$ 0	\$ 404,481
Utility Systems	9,199,115	19,151	0	0	9,218,266
Sewer Capacity Rights	279,969	0	0	0	279,969
Equipment and Vehicles	337,751	316,366	0	0	654,117
Total Capital Assets, Being Depreciated	<u>10,221,316</u>	<u>335,517</u>	<u>0</u>	<u>0</u>	<u>10,556,833</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(293,434)	0	0	(4,686)	(298,120)
Utility Systems	(5,205,594)	0	0	(167,458)	(5,373,052)
Sewer Capacity Rights	(25,587)	0	0	(5,599)	(31,186)
Equipment and Vehicles	(239,805)	0	0	(41,357)	(281,162)
Total accumulated depreciation	<u>(5,764,420)</u>	<u>0</u>	<u>0</u>	<u>(219,100)</u>	<u>(5,983,520)</u>
Business-type Activities Capital Assets - Net	<u>\$ 4,456,896</u>	<u>\$ 335,517</u>	<u>\$ 0</u>	<u>\$ (219,100)</u>	<u>\$ 4,573,313</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 56,513
Public safety	140,036
Highway and streets	1,122,445
Recreation	<u>11,706</u>
Total Governmental Activities depreciation expense	<u>\$ 1,330,700</u>
Business-type activities:	
Water	\$ 57,675
Sewer	133,189
Ambulance	<u>28,236</u>
Total Business-Type Activities depreciation expense	<u>\$ 219,100</u>

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.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 8 – DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources in the Governmental Activities consists of \$11,015 from the difference between the expected and actual experience, \$158,515 from changes in assumptions, \$126,113 from the difference between the projected and actual investment earnings, \$8,547 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 \$114,077 of required employer pension contributions made subsequent to the measurement date, as further described in Note 14. Total deferred outflows of resources in the Governmental Activities is \$418,267.

Deferred outflows of resources in the Ambulance Fund and Business-type Activities consists of \$7,860 from the difference between the expected and actual experience, \$113,102 from changes in assumptions, \$89,983 from the difference between the projected and actual investment earnings, \$6,099 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 \$54,159 of required employer pension contributions made subsequent to the measurement date, as further described in Note 14. Total deferred outflows of resources in the Business-type Activities is \$271,203.

Deferred outflows of resources in the Internal Service Funds consists of \$1,441 from the difference between the expected and actual experience, \$20,744 from changes in assumptions, \$16,503 from the difference between the projected and actual investment earnings, \$1,119 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 \$7,832 of required employer pension contributions made subsequent to the measurement date, as further described in Note 14. Total deferred outflows of resources in the Internal Service Fund is \$47,639.

**NOTE 9 – DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources in the Governmental Activities consists of \$10,628 of prepaid property taxes, \$10,475 from the difference between actual and expected experience and \$11,373 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 14. Total deferred inflows of resources in the Governmental Activities is \$32,476.

Deferred inflows of resources in the Ambulance Fund and Business-type Activities consists of \$21,643 from the difference between the actual and expected experience and \$23,501 resulting from the difference 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 14. Total deferred inflows of resources in the Business-type Activities is \$45,144.

TOWN OF BARRE, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**NOTE 9 – DEFERRED INFLOWS OF RESOURCES (Continued)**

Deferred inflows of resources in the Internal Service Fund consists of \$715 from the difference between the actual and expected experience \$776 resulting from the difference 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 14. Total deferred inflows of resources in the Internal Service Fund is \$1,491.

Deferred inflows of resources in the General Fund consists of \$10,628 of prepaid property taxes and \$634,885 of delinquent property taxes (including penalties and interest on those taxes), and \$30,000 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 \$675,513.

Deferred inflows of resources in the Community Development Fund consists of \$23,497 of loans receivable.

**NOTE 10 – LONG-TERM LIABILITIES**

The following is a summary of changes of long-term liabilities for the year ended June 30, 2018.

Long-term debt outstanding as of June 30, 2018 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, Interest 4.974% to 5.644%	\$ 40,000	\$ 0	\$10,000	\$ 30,000
General Obligation Municipal Bonds – 2003, Series 2, Originally \$775,000, Proceeds Used for Town Garage Building, Interest 3.57% to 4.69%, Due in Decreasing Annual Installments of \$40,000 to \$35,000 Plus Interest, Due December, 2023	255,000	0	40,000	215,000

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10 – LONG-TERM LIABILITIES (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lease Payable to City National Bank of Florida, Interest at 2.87%, Due in Annual Installments of \$62,686. Due February, 2020. Secured by Dump Truck	\$ 0	\$ 182,859	\$ 62,686	\$ 120,173
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	151,553	0	28,838	122,715
Lease Payable to U.S. Bancorp, Interest at 2.07%, Due in Annual Installments of \$40,947, Due September, 2019. Secured by Ambulance and Stretchers	117,925	0	38,510	79,415
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	89,041	0	28,953	60,088
Lease Payable to Santander Bank, Interest at 2.27%, Due in six Annual Installments of \$24,486 Including Interest, Due January, 2019, Secured by 2013 Cat Loader	47,354	0	23,411	23,943
Lease Payable to Santander Bank, Interest at 2.57%, Due in five Annual Installments of \$18,715 Including Interest, Due and Paid June, 2018, Secured by Backhoe	18,245	0	18,245	0
Lease Payable to U.S. Bancorp, Interest at 2.49%, Due in Annual Installments of \$25,020, Due and Paid August, 2017. Secured by Bomag Vibrating Roll	24,411	0	24,411	0
Lease Payable to Santander Bank, Interest at 3.37%, Due in Annual Installments of \$45,335, Due April, 2020. Secured by Fire SCBA Equipment	0	131,620	45,335	86,285

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10 – LONG-TERM LIABILITIES (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lease Payable to U.S. Bancorp, Interest at 2.49%, due in Annual Installments of \$50,573, Due and Paid August 2017, Secured by Fliner Dump Truck	\$ 49,345	\$ 0	\$ 49,345	\$ 0
Lease Payable to U.S. Bancorp, Interest At 2.39%, Due in Annual Installments of \$20,698, Due September, 2022, Secured by Vactor Truck	<u>0</u>	<u>117,163</u>	<u>20,698</u>	<u>96,465</u>
Total Governmental Activities Long-Term Debt	<u>\$ 792,874</u>	<u>\$431,642</u>	<u>\$390,432</u>	<u>\$834,084</u>
Business-Type Activities:				
Ambulance Fund:				
Lease Payable to U.S. Bancorp, Interest at 2.07%, Due in Annual Installments of \$9,549, Due September, 2019, Secured by Ambulance and Stretchers.	\$ 27,500	\$ 0	\$ 8,975	\$ 18,525
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	217,500	0	36,250	181,250
Lease Payable, to U.S. Bancorp, Interest at 2.39%, Due in Annual Installments of \$31,047, Due September, 2022, Secured by Vactor Truck	0	175,745	31,047	144,698
Water Fund:				
Vermont Municipal Bond Bank, Refinancing of Two (2) USDA Loans, Due in two Semi-Annual Installments totaling \$40,497 Including Interest at 3.65%, Due November, 2041	571,051 (42)	0	19,654	551,397

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10 – 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	\$ 63,020	\$ 0	\$ 3,688	\$ 59,332
Millstone and Water Tank Loan from Community, N.A. Interest at 2.13% and Principal Payments of \$8,000 are Due in Annual Installments, Due October, 2018	<u>16,000</u>	<u>0</u>	<u>8,000</u>	<u>8,000</u>
Total Business-Type Activities Long-Term Debt	<u>\$ 895,071</u>	<u>\$ 175,745</u>	<u>\$ 107,614</u>	<u>\$ 963,202</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>
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 295,000	\$ 0	\$ 50,000	\$ 245,000	\$ 50,000
Capital Leases Payable	497,874	431,642	340,432	589,084	242,533
Compensated Absences	108,113	26,950	0	135,063	0
Net Pension Liability	<u>924,887</u>	<u>0</u>	<u>105,176</u>	<u>819,711</u>	<u>0</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,825,874</u>	<u>\$ 458,592</u>	<u>\$ 495,608</u>	<u>\$ 1,788,858</u>	<u>\$ 292,533</u>
<b>Business-type Activities</b>					
Revolving Loan Fund Payable	\$ 217,500	\$ 0	\$ 36,250	\$ 181,250	\$ 36,250
USDA Rural Development Payable	571,051	0	19,654	551,397	20,372
Vermont Municipal Bond Bank	16,000	0	8,000	8,000	8,000
Mill Street EPA Loan Payable	63,020	0	3,688	59,332	3,799
Capital Leases Payable	27,500	175,745	40,022	163,223	36,754
Compensated Absences	60,532	0	2,334	58,198	0
Net Pension Liability	<u>527,663</u>	<u>0</u>	<u>49,932</u>	<u>477,731</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,483,266</u>	<u>\$ 175,745</u>	<u>\$ 159,880</u>	<u>\$ 1,499,131</u>	<u>\$ 105,175</u>

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

The total cost of assets under capital leases is \$1,334,658 for Governmental Activities and \$320,166 for Business-type Activities. Amortization of the leases is included in depreciation expense. Accumulated depreciation for Governmental Activities is \$299,430 and Business-type Activities in \$16,561.

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.

Long-term debt will mature approximately as follows:

Years ending	Governmental Activities			Business-Type Activities		
Years ending	Principal	Interest	Capital Leases	Principal	Interest	Capital Leases
2019	\$ 50,000	\$ 7,817	\$ 257,934	\$ 68,421	\$ 21,704	\$ 40,596
2020	45,000	5,591	233,448	61,278	20,663	40,596
2021	45,000	5,194	58,508	62,166	19,761	31,047
2022	35,000	4,008	53,310	63,086	18,827	31,047
2023	35,000	0	20,698	64,039	17,859	31,047
2024-2028	35,000	0	0	154,463	73,528	0
2029-2033	0	0	0	172,596	43,768	0
2034-2038	0	0	0	104,031	15,967	0
2039-2043	0	0	0	49,899	3,723	0
Total	245,000	22,610	623,898	799,979	235,800	174,333
Less: Imputed Interest	0	0	(34,814)	0	0	(11,110)
Total	\$ 245,000	\$ 22,610	\$ 589,084	\$ 799,979	\$ 235,800	\$ 163,223

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 11 - 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	Funds	Governmental	Business-type
	(Exhibit C)	(Exhibit G)	Activities	Activities
<b>Nonspendable:</b>				
Community Development Fund - Land Held for Sale	\$ 426,777	\$ 0	\$ 0	\$ 0
Cemetery Trust Fund - principal at Edward Jones Investments	228,434	0	0	0
Prepaid expenses of Governmental Funds	77,580	0	0	0
Internal Receivables from Funds with Deficits	553,519	0	0	0
	<u>1,286,310</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Restricted:</b>				
Cemetery Trust Fund - principal at Edward Jones Investments	0	0	228,434	0
Community Development Fund - Grant Agreement	52,608	0	52,608	0
Construction Fund - Bike Path Donations	344,290	0	344,290	0
Cemetery Trust Fund - perpetual care	62,988	0	62,988	0
Sewer Fund - For Sewer Improvements by Sewer Allocation Policy	0	677,057	0	677,057
	<u>459,886</u>	<u>677,057</u>	<u>688,320</u>	<u>677,057</u>
<b>Committed:</b>				
General Fund - FY19 Articles Approved	59,450	0	0	0
Cemetery Fund - By the Voters	32,728	0	0	0
	<u>92,178</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Assigned:</b>				
General Fund - future purchases:				
Fire Department - East Barre concrete floor	5,000	0	0	0
Fire Department - Gear reserve	8,500	0	0	0
Fire Department - Gear washer	5,000	0	0	0
Fire Department - Turn out gear	56,000	0	0	0
General Government - Municipal building security camera	4,700	0	0	0
General Government - Vault shelves	5,000	0	0	0
Highway - East Barre sidewalk local share	21,860	0	0	0
Highway - Vactor lease payment	20,700	0	0	0
Highway - Wages to help with succession planning	21,645	0	0	0
Police Department - Cell camera	1,950	0	0	0
Police Department - Evidence locker	4,975	0	0	0
Recreation - Basketball pole, board	1,600	0	0	0
Recreation - Lower Graniteville playground	15,000	0	0	0
Recreation- Park bleacher railings	9,000	0	0	0
Recreation - Skatepark improvements	3,000	0	0	0
Recreation - Softball field lights	3,000	0	0	0
Recreation - Tennis court improvements	26,000	0	0	0
Recreation - Town forest garage electrical	1,100	0	0	0
General Fund - to reduce tax rate	64,200	0	0	0
Reappraisal Fund	505,245	0	0	0
Recreation Fund	2,052	0	0	0
	<u>785,527</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned (governmental funds)/Unrestricted (business-type funds)	<u>2,230,491</u>	<u>(593,746)</u>	<u>3,840,754</u>	<u>(593,746)</u>
<b>Invested in Capital Assets, Net of Related Debt:</b>				
Capital Assets, net of accumulated depreciation	0	4,573,313	13,223,862	4,573,313
Related Debt	0	963,202	834,084	963,202
	<u>0</u>	<u>3,610,111</u>	<u>12,389,778</u>	<u>3,610,111</u>
<b>Total Fund Balances/Net Position</b>	<b>\$ <u>4,854,392</u></b>	<b>\$ <u>3,693,422</u></b>	<b>\$ <u>16,918,852</u></b>	<b>\$ <u>3,693,422</u></b>



TOWN OF BARRE, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**NOTE 12 – 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, 2018 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 13 - 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; an 8% penalty if paid after 30 days, and interest 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 2017/2018 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
General Fund	\$ 0.5021	\$ 0.5021
Highway Fund	0.4278	0.4278
Local Agreement	0.0033	0.0033
State Education Tax	<u>1.3824</u>	<u>1.7304</u>
	<u>\$ 2.3156</u>	<u>\$ 2.6636</u>

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 14 - PENSION PLANS**

**Defined Benefit Plans**

**The Vermont Municipal Employees' Retirement System (VMERS)**

**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, 2018, the retirement system consisted of 423 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.

**Pension Liability, Pension Expense and Deferred Outflows of Resources**

As of June 30, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net position liability of \$121,155,552. As of June 30, 2018, the Town's proportionate share of this was 1.07089% resulting in a net pension liability of \$1,297,442. The net pension liability was measured as of June 30, 2017, 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 municipalities, actuarially determined. As of June 30, 2017, the Town's proportion of 1.07089% was a decrease of 0.05781 from its proportion measured as of June 30, 2016.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

For the year ended June 30, 2018, the Town recognized pension expense of \$310,701.

This amount is included in the Government-wide Statement of Activities as follows:

\$178,350 is in Governmental Activities, excluding the Internal Service Fund amount of \$15,480, and \$116,871 is in Business-type Activities.

As of June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 18,875	\$ 32,118
Difference between projected and actual investment earnings on pension assets	216,096	0
Changes in assumptions	271,617	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,646	34,874
Town's required employer contributions made subsequent to the measurement date	<u>168,236</u>	<u>0</u>
	<u>\$ 689,470</u>	<u>\$ 66,992</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$168,236 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2019	\$ 165,700
2020	246,497
2021	59,975
2022	<u>(17,930)</u>
Total	<u>\$ 454,242</u>

### Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Average Final Compensation (AFC) – Groups 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.

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.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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% .

Member Contributions – Group B – 4.875%. Group C – 10.00%.

Employer Contributions – Group B – 5.50%. Group C – 7.25%.

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

**Significant Actuarial Assumptions and Methods**

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation, a decrease from 7.95% in the prior year.

Salary increases: 5% per year.

Mortality – The mortality tables were updated for the current year from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement:

Death in Active Service: Groups B and C – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Healthy Post-Retirement: Groups B and C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled Post-Retirement: Groups B and C – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Groups B and C. A decrease from 1.8% in the prior year (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group B who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2018 COLA is assumed to be 0.75% for all groups.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

Inflation: 2.50%, a decrease from 3% in the prior year.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	16%	6.07%
Non-US Equity	16%	7.42%
Global Equity	9%	6.85%
Real Estate	8%	4.62%
Private Markets	15%	7.80%
Hedge Funds	8%	3.95%
Risk Parity	4%	4.84%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%, a decrease from 7.95% in the prior year. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$2,316,497	\$1,297,442	\$452,300

**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 15 - 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.

The Town of Barre is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 16 - COMMITMENTS**

The Town has entered into contracts with a number of surrounding towns to provide emergency medical services through June 30, 2019.

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 \$23,152 as of June 30, 2018. 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 \$614,347 (which is \$249,503 more than at June 30, 2017) 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. For the 2017-2018 fiscal year, the per capita rate charged to the Town of Barre General Fund was the same as fiscal year 2016-2017. For fiscal year 2018, calls were \$2,840. If the annual number of calls can return to 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 decrease.

There is also an unrestricted net position deficit in the Water Fund of \$275,104 due to continuing net losses from operations. Water rates were increased in fiscal year 2018 and again for fiscal year 2019 to reduce the likelihood of an operating deficit.

There is also an unrestricted net position deficit in the Equipment Internal Service Fund of \$704,229 (\$166,622 more 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 \$161,075, which will be eliminated by the sale of land held for sale in the Wilson Industrial Park.

The Construction Fund has an unassigned deficit fund balance of \$13,573 which will be eliminated by contributions from the General Fund.



TOWN OF BARRE, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 18 - RELATED PARTY TRANSACTIONS**

A Selectboard member owns a retail store that does business with the Town. In 2018, total purchases from the business owned by the Selectboard member amounted to \$1,876. 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**

Effective July 1, 2018, the Town took over the operations of Websterville Fire District #3 which includes about 300 water customers with annual revenue of approximately \$100,000. The Town took over all the District's assets, including water lines, and debt for two State Revolving Loan Fund loans amounting to \$809,825.

TOWN OF BARRE, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 JUNE 30, 2018

	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	1.07089%	1.1287%	1.1149%	1.0372%
Town's Proportionate Share of the Net Pension Liability	\$ 1,297,442	\$ 1,452,550	\$ 859,541	\$ 94,658
Town's Covered Employee Payroll	\$ 2,821,145	\$ 2,920,028	\$ 2,890,677	\$ 2,735,854
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	45.9899%	49.7444%	29.7349%	3.4599%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.64%	80.95%	87.42%	98.32%

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions and Methods: The following changes were effective for the June 30, 2017 valuation date:

- Assumed inflation was lowered from 3.0% to 2.5%.
- The investment return assumption was lowered from 7.95% to 7.50%.
- Assumed COLA increases were lowered from 1.80% to 1.3% for Group B and C members.
- The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvements.

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

TOWN OF BARRE, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 168,236	\$ 174,886	\$ 173,411	\$ 155,577
Contributions in Relation to the Actuarially Determined Contributions	<u>168,236</u>	<u>174,886</u>	<u>173,411</u>	<u>155,577</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 2,821,145	\$ 2,920,028	\$ 2,890,677	\$ 2,735,854
Contributions as a Percentage of Town's Covered Employee Payroll	5.96%	5.99%	6.00%	5.69%

**Notes to Schedule**

Valuation Date: June 30, 2017      June 30, 2016      June 30, 2015      June 30, 2014

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

TOWN OF BARRE, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
<b>General Government:</b>			
<b>Property Taxes:</b>			
Current	\$ 2,832,811	\$ 2,971,465	\$ 138,654
Delinquent	313,000	79,269	(233,731)
Interest and Penalties	94,000	70,235	(23,765)
Payments in Lieu of Taxes, HS-122 Refunds and Other	29,510	11,595	(17,915)
<b>Total Property Taxes</b>	<b>3,269,321</b>	<b>3,132,564</b>	<b>(136,757)</b>
<b>Licenses and Permits:</b>			
Liquor Licenses	1,115	1,000	(115)
Dog Licenses	5,100	5,434	334
Zoning	3,800	4,380	580
Other	4,945	6,701	1,756
<b>Total Licenses and Permits</b>	<b>14,960</b>	<b>17,515</b>	<b>2,555</b>
<b>Intergovernmental:</b>			
School Cost Sharing	5,000	0	(5,000)
Current Use Program	94,000	96,754	2,754
Act 60 Reappraisal Grant	3,600	3,632	32
Grants	275	33,955	33,680
<b>Total Intergovernmental</b>	<b>102,875</b>	<b>134,341</b>	<b>31,466</b>
<b>Charges for Services:</b>			
<b>General Government:</b>			
Recording Fees	60,000	57,611	(2,389)
Vault Time/Copies	850	787	(63)
Certified Copies	4,200	3,310	(890)
Vehicle Registration Fees	600	471	(129)
Other	6,925	6,084	(841)
<b>Total General Government</b>	<b>72,575</b>	<b>68,263</b>	<b>(4,312)</b>
<b>Public Safety:</b>			
Police	35,150	45,121	9,971
Fire	4,100	7,835	3,735
<b>Total Public Safety</b>	<b>39,250</b>	<b>52,956</b>	<b>13,706</b>
<b>Sanitation:</b>			
Trash Collection	2,850	3,617	767
Green Up	725	675	(50)
<b>Total Sanitation</b>	<b>3,575</b>	<b>4,292</b>	<b>717</b>
<b>Recreation:</b>			
Programs	850	824	(26)
Lights	1,400	1,590	190
Use of Fields	3,200	2,110	(1,090)
Shelter Rental	2,200	2,763	563
Donations	4,175	20,824	16,649
Other	1,600	1,030	(570)
<b>Total Recreation</b>	<b>13,425</b>	<b>29,141</b>	<b>15,716</b>
<b>Total Charges for Services</b>	<b>128,825</b>	<b>154,652</b>	<b>25,827</b>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous Income:			
Capital Lease Proceeds	\$ 0	\$ 248,784	\$ 248,784
Interest	1,200	4,341	3,141
Building Income	11,960	6,394	(5,566)
Other	11,600	24,319	12,719
Total Miscellaneous Income	<u>24,760</u>	<u>283,838</u>	<u>259,078</u>
Total General Government	<u>3,540,741</u>	<u>3,722,910</u>	<u>182,169</u>
Highway and Streets:			
Property Taxes:	2,699,455	2,699,455	0
Intergovernmental:			
Highway State Aid	200,605	209,534	8,929
Charges for Services:			
Permits	1,700	1,156	(544)
Other	1,100	7,074	5,974
Total Charges for Services	<u>2,800</u>	<u>8,230</u>	<u>5,430</u>
Total Highways and Streets	<u>2,902,860</u>	<u>2,917,219</u>	<u>14,359</u>
Total Revenues	<u>6,443,601</u>	<u>6,640,129</u>	<u>196,528</u>
Expenditures:			
General Government:			
Selectmen:			
Salaries	8,000	8,125	(125)
Mileage	25	0	25
Supplies	7,530	9,164	(1,634)
Training	145	105	40
Outside Services	8,950	9,647	(697)
Other	2,225	1,407	818
Total Selectmen	<u>26,875</u>	<u>28,448</u>	<u>(1,573)</u>
Auditing:			
Salaries	600	1,009	(409)
Mileage - Equipment Costs	90	0	90
Supplies	2,800	4,486	(1,686)
Training	60	0	60
Outside Services	54,810	54,876	(66)
Total Auditing	<u>58,360</u>	<u>60,371</u>	<u>(2,011)</u>
Town Manager:			
Salaries	138,135	140,141	(2,006)
Equipment	9,055	9,033	22
Supplies	5,675	4,865	810
Buildings and Grounds	1,940	2,055	(115)
Training	3,240	3,865	(625)
Outside Services	16,330	14,883	1,447
Other	330	286	44
Total Town Manager	<u>174,705</u>	<u>175,128</u>	<u>(423)</u>
Elections:			
Salaries	5,985	8,049	(2,064)
Supplies	6,235	6,494	(259)
Total Elections	<u>12,220</u>	<u>14,543</u>	<u>(2,323)</u>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Clerk/Treasurer:			
Salaries	\$ 155,530	\$ 155,590	\$ (60)
Equipment	3,280	2,796	484
Supplies	11,005	11,859	(854)
Buildings and Grounds	1,595	1,644	(49)
Training	955	815	140
Outside Services	17,025	16,267	758
Other	5,125	108	5,017
Total Clerk/Treasurer	<u>194,515</u>	<u>189,079</u>	<u>5,436</u>
Data Processing:			
Salaries	5,510	4,275	1,235
Equipment	7,685	7,330	355
Supplies	75	0	75
Buildings and Grounds	2,735	3,411	(676)
Training	200	50	150
Outside Services	20,950	21,666	(716)
Total Data Processing	<u>37,155</u>	<u>36,732</u>	<u>423</u>
Planning/Zoning/Community Development:			
Salaries	85,970	84,862	1,108
Equipment	1,005	909	96
Supplies	3,650	3,693	(43)
Buildings and Grounds	960	1,037	(77)
Training	585	279	306
Outside Services	8,020	5,167	2,853
Total Planning/Zoning/Community Development	<u>100,190</u>	<u>95,947</u>	<u>4,243</u>
Assessor:			
Salaries	34,475	35,932	(1,457)
Equipment	35	26	9
Supplies	2,665	2,370	295
Buildings and Grounds	820	895	(75)
Training	1,155	1,129	26
Outside Services	57,060	55,194	1,866
Total Assessor	<u>96,210</u>	<u>95,546</u>	<u>664</u>
Municipal Building:			
Salaries	12,825	2,225	10,600
Equipment	3,095	3,704	(609)
Supplies	210	240	(30)
Buildings and Grounds	36,585	39,443	(2,858)
Outside Services	1,475	1,405	70
Total Municipal Building	<u>54,190</u>	<u>47,017</u>	<u>7,173</u>
Total General Government	<u>754,420</u>	<u>742,811</u>	<u>11,609</u>
Public Safety:			
Police:			
Salaries	596,400	545,480	50,920
Equipment	147,945	145,524	2,421
Supplies	2,105	2,682	(577)
Buildings and Grounds	8,125	8,191	(66)
Training	10,215	10,298	(83)
Outside Services	97,985	96,766	1,219
Benefits	8,230	9,495	(1,265)
Other	3,310	9,786	(6,476)
Total Police	<u>874,315</u>	<u>828,222</u>	<u>46,093</u>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire:			
Salaries	\$ 60,250	\$ 73,583	\$ (13,333)
Equipment	208,950	435,691	(226,741)
Supplies	5,185	3,867	1,318
Buildings and Grounds	41,345	44,425	(3,080)
Training	2,105	1,621	484
Outside Services	52,750	54,965	(2,215)
Benefits	13,500	7,268	6,232
Other	650	26,135	(25,485)
Total Fire	<u>384,735</u>	<u>647,555</u>	<u>(262,820)</u>
Emergency Management:			
Salaries	1,040	825	215
Equipment	3,160	2,615	545
Supplies	110	135	(25)
Buildings and Grounds	835	334	501
Training	150	0	150
Outside Services	1,445	891	554
Total Emergency Management	<u>6,740</u>	<u>4,800</u>	<u>1,940</u>
Ambulance Service:	<u>452,725</u>	<u>452,725</u>	<u>0</u>
Total Public Safety	<u>1,718,515</u>	<u>1,933,302</u>	<u>(214,787)</u>
Solid Waste:			
Salaries	8,720	8,731	(11)
Equipment	11,795	15,744	(3,949)
Supplies	1,980	676	1,304
Training	8,225	8,157	68
Outside Services	19,880	21,705	(1,825)
Total Solid Waste	<u>50,600</u>	<u>55,013</u>	<u>(4,413)</u>
Health & Welfare:			
Health Officer:			
Salaries	1,900	1,529	371
Training	75	0	75
Outside Services	125	154	(29)
Total Health Officer	<u>2,100</u>	<u>1,683</u>	<u>417</u>
Animal Control:			
Salaries	6,420	372	6,048
Equipment	4,615	4,540	75
Supplies	20	20	0
Buildings and Grounds	375	395	(20)
Training	105	0	105
Outside Services	2,975	2,800	175
Benefits	125	0	125
Total Animal Control	<u>14,635</u>	<u>8,127</u>	<u>6,508</u>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Contributions:</b>			
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	4,000	4,000	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
Good Beginnings of Central Vermont	500	500	0
Good Samaritan Haven	3,500	3,500	0
<b>Total Contributions</b>	<b>59,450</b>	<b>59,450</b>	<b>0</b>
<b>Total Health &amp; Welfare</b>	<b>76,185</b>	<b>69,260</b>	<b>6,925</b>
<b>Culture/Recreation/Development &amp; Transportation:</b>			
<b>Culture:</b>			
Aldrich Library	180,000	180,000	0
<b>Recreation:</b>			
Salaries	58,700	55,693	3,007
Equipment	9,235	15,098	(5,863)
Supplies	22,830	20,963	1,867
Buildings and Grounds	21,710	46,166	(24,456)
Training	190	0	190
Outside Services	41,305	31,507	9,798
Benefits	100	146	(46)
Other	500	9,875	(9,375)
<b>Total Recreation</b>	<b>154,570</b>	<b>179,448</b>	<b>(24,878)</b>
<b>Development:</b>	<b>64,455</b>	<b>64,917</b>	<b>(462)</b>
<b>Transportation:</b>	<b>4,875</b>	<b>4,875</b>	<b>0</b>
<b>Total Culture/Recreation/Development &amp; Transportation</b>	<b>403,900</b>	<b>429,240</b>	<b>(25,340)</b>
<b>Insurances &amp; Benefits:</b>			
Insurance	81,425	74,377	7,048
Benefits	429,900	405,317	24,583
<b>Total Insurances &amp; Benefits</b>	<b>511,325</b>	<b>479,694</b>	<b>31,631</b>
<b>County Tax:</b>	<b>55,795</b>	<b>55,793</b>	<b>2</b>
<b>Other:</b>			
Training	10,015	10,013	2
Miscellaneous	1,926	1,885	41
<b>Total Other</b>	<b>11,941</b>	<b>11,898</b>	<b>43</b>
<b>Equipment Charges:</b>	<b>19,890</b>	<b>19,890</b>	<b>0</b>
<b>Transfer to Cemetery Fund:</b>	<b>35,655</b>	<b>35,655</b>	<b>0</b>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway and Streets:			
Engineering & Administration:			
Salaries	\$ 112,745	\$ 116,460	\$ (3,715)
Equipment	37,660	37,623	37
Supplies	1,825	1,626	199
Buildings and Grounds	1,250	1,246	4
Training	1,110	1,013	97
Outside Services	13,800	14,484	(684)
Other	6,230	6,392	(162)
Total Engineering & Administration	<u>174,620</u>	<u>178,844</u>	<u>(4,224)</u>
Summer Maintenance:			
Salaries	158,180	101,636	56,544
Equipment	367,190	287,569	79,621
Supplies	23,605	27,969	(4,364)
Buildings and Grounds	300	1,631	(1,331)
Outside Services	115,000	120,163	(5,163)
Total Summer Maintenance	<u>664,275</u>	<u>538,968</u>	<u>125,307</u>
Winter Maintenance:			
Salaries	187,315	217,341	(30,026)
Equipment	251,690	387,840	(136,150)
Supplies	180,825	220,039	(39,214)
Buildings and Grounds	2,065	2,067	(2)
Outside Services	62,250	70,229	(7,979)
Other	75	106	(31)
Total Winter Maintenance	<u>684,220</u>	<u>897,622</u>	<u>(213,402)</u>
Summer Construction:			
Salaries	24,975	27,331	(2,356)
Equipment	51,565	43,053	8,512
Supplies	8,975	7,226	1,749
Outside Services	337,905	304,143	33,762
Total Summer Construction	<u>423,420</u>	<u>381,753</u>	<u>41,667</u>
Retreatment:			
Salaries	4,500	34,497	(29,997)
Equipment	3,085	33,102	(30,017)
Supplies	1,400	3,602	(2,202)
Outside Services	380,880	422,680	(41,800)
Total Retreatment	<u>389,865</u>	<u>493,881</u>	<u>(104,016)</u>
Federal and State Projects:	<u>33,820</u>	<u>33,820</u>	<u>0</u>
Employee Benefits:			
Salaries	62,450	28,886	33,564
Benefits	313,820	287,156	26,664
Total Employee Benefits	<u>376,270</u>	<u>316,042</u>	<u>60,228</u>
Gravel Pits:			
Salaries	17,405	6,852	10,553
Equipment	37,540	31,471	6,069
Supplies	2,855	4,385	(1,530)
Buildings and Grounds	60	35	25
Training	975	900	75
Outside Services	475	550	(75)
Other	1,500	1,352	148
Total Gravel Pits	<u>60,810</u>	<u>45,545</u>	<u>15,265</u>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Signs:			
Salaries	\$ 6,080	\$ 4,822	\$ 1,258
Equipment	1,600	3,132	(1,532)
Supplies	5,605	6,503	(898)
Buildings and Grounds	82,275	84,507	(2,232)
Total Signs	95,560	98,964	(3,404)
Total Highway and Streets	2,902,860	2,985,439	(82,579)
Debt Service:			
Incubator Building - Municipal Bonds - Principal	10,000	10,000	0
Incubator Building - Municipal Bonds - Interest	1,965	(994)	2,959
Total Debt Service	11,965	9,006	2,959
Total Expenditures	6,553,051	6,827,001	(273,950)
Excess/(Deficiency) of Revenues Over Expenditures	\$ (109,450)	(186,872)	\$ (77,422)
Fund Balance - July 1, 2017		3,560,790	
Fund Balance - June 30, 2018		\$ 3,373,918	

TOWN OF BARRE, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

	Special Revenue Funds	Permanent Fund Cemetery Trust Fund	Total
<u>ASSETS</u>			
Cash	\$ 445,204	\$ 18,161	\$ 463,365
Investments	0	232,397	232,397
Due from Other Funds	96,650	40,864	137,514
Total Assets	\$ 541,854	\$ 291,422	\$ 833,276
<u>LIABILITIES</u>			
Accounts Payable	\$ 29	\$ 0	\$ 29
Accrued Payroll and Benefits Payable	1,800	0	1,800
Total Liabilities	1,829	0	1,829
<u>FUND BALANCES</u>			
Nonspendable	0	228,434	228,434
Restricted	0	62,988	62,988
Committed	32,728	0	32,728
Assigned	507,297	0	507,297
Total Fund Balances	540,025	291,422	831,447
Total Liabilities and Fund Balances	\$ 541,854	\$ 291,422	\$ 833,276

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TOWN OF BARRE, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Permanent Fund Cemetery Trust Fund	Total
Revenues:			
Intergovernmental	\$ 30,872	\$ 0	\$ 30,872
Charges for Services	25,689	4,121	29,810
Investment Income	2,923	8,524	11,447
Total Revenues	<u>59,484</u>	<u>12,645</u>	<u>72,129</u>
Expenditures:			
Cemetery	<u>68,452</u>	<u>90</u>	<u>68,542</u>
Total Expenditures	<u>68,452</u>	<u>90</u>	<u>68,542</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(8,968)</u>	<u>12,555</u>	<u>3,587</u>
Other Financing Sources/(Uses):			
Transfers In	48,378	0	48,378
Transfers Out	<u>0</u>	<u>(12,723)</u>	<u>(12,723)</u>
Total Other Financing Sources/(Uses)	<u>48,378</u>	<u>(12,723)</u>	<u>35,655</u>
Net Change in Fund Balances	39,410	(168)	39,242
Fund Balances - July 1, 2017	<u>500,615</u>	<u>291,590</u>	<u>792,205</u>
Fund Balances - June 30, 2018	<u>\$ 540,025</u>	<u>\$ 291,422</u>	<u>\$ 831,447</u>

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TOWN OF BARRE, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2018

	<u>Cemetery Fund</u>	<u>Recreation Fund</u>	<u>Reappraisal Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 445,204	\$ 445,204
Due from Other Funds	<u>34,557</u>	<u>2,052</u>	<u>60,041</u>	<u>96,650</u>
Total Assets	<u>\$ 34,557</u>	<u>\$ 2,052</u>	<u>\$ 505,245</u>	<u>\$ 541,854</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 29	\$ 0	\$ 0	\$ 29
Accrued Payroll and Benefits Payable	<u>1,800</u>	<u>0</u>	<u>0</u>	<u>1,800</u>
Total Liabilities	<u>1,829</u>	<u>0</u>	<u>0</u>	<u>1,829</u>
<u>FUND BALANCES</u>				
Committed	32,728	0	0	32,728
Assigned	<u>0</u>	<u>2,052</u>	<u>505,245</u>	<u>507,297</u>
Total Fund Balances	<u>32,728</u>	<u>2,052</u>	<u>505,245</u>	<u>540,025</u>
Total Liabilities and Fund Balances	<u>\$ 34,557</u>	<u>\$ 2,052</u>	<u>\$ 505,245</u>	<u>\$ 541,854</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, 2018

	Cemetery Fund	Recreation Fund	Reappraisal Fund	Total
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 30,872	\$ 30,872
Charges for Services	25,689	0	0	25,689
Investment Income	<u>0</u>	<u>0</u>	<u>2,923</u>	<u>2,923</u>
Total Revenues	<u>25,689</u>	<u>0</u>	<u>33,795</u>	<u>59,484</u>
Expenditures:				
Cemetery	<u>68,452</u>	<u>0</u>	<u>0</u>	<u>68,452</u>
Total Expenditures	<u>68,452</u>	<u>0</u>	<u>0</u>	<u>68,452</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(42,763)</u>	<u>0</u>	<u>33,795</u>	<u>(8,968)</u>
Other Financing Sources:				
Transfers In	<u>48,378</u>	<u>0</u>	<u>0</u>	<u>48,378</u>
Total Other Financing Sources	<u>48,378</u>	<u>0</u>	<u>0</u>	<u>48,378</u>
Net Change in Fund Balances	5,615	0	33,795	39,410
Fund Balances - July 1, 2017	<u>27,113</u>	<u>2,052</u>	<u>471,450</u>	<u>500,615</u>
Fund Balances - June 30, 2018	<u>\$ 32,728</u>	<u>\$ 2,052</u>	<u>\$ 505,245</u>	<u>\$ 540,025</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BARRE, VERMONT  
COMBINING SCHEDULE OF FUND NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018

	Equipment Fund	Building Maintenance Fund	Total
<u>ASSETS</u>			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 0	\$ 0	\$ 0
Due from Other Funds	0	212,095	212,095
Prepaid Expenses	22,192	0	22,192
Total Current Assets	22,192	212,095	234,287
Noncurrent Assets:			
Capital Assets:			
Buildings and Building Improvements	824,677	441,818	1,266,495
Machinery, Equipment and Vehicles	6,603,638	0	6,603,638
Less: Accumulated Depreciation	(4,379,786)	(134,276)	(4,514,062)
Total Noncurrent Assets	3,048,529	307,542	3,356,071
Total Assets	3,070,721	519,637	3,590,358
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	47,639	0	47,639
Total Deferred Outflows of Resources	47,639	0	47,639
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	11,358	2,996	14,354
Accrued Payroll and Benefits Payable	3,509	0	3,509
Due to Other Funds	661,291	0	661,291
Notes Payable - Current Portion	40,000	0	40,000
General Obligation Bonds Payable - Current Portion	181,713	0	181,713
Total Current Liabilities	897,871	2,996	900,867
Noncurrent Liabilities:			
Compensated Absences Payable	16,594	0	16,594
Net Pension Liability	79,717	0	79,717
Notes Payable - Noncurrent Portion	175,000	0	175,000
General Obligation Bonds Payable - Noncurrent Portion	224,620	0	224,620
Total Noncurrent Liabilities	495,931	0	495,931
Total Liabilities	1,393,802	2,996	1,396,798
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	1,491	0	1,491
Total Deferred Inflows of Resources	1,491	0	1,491
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,427,196	307,542	2,734,738
Unrestricted/(Deficit)	(704,129)	209,099	(495,030)
Total Net Position	\$ 1,723,067	\$ 516,641	\$ 2,239,708

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BARRE, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Equipment Fund	Building Maintenance Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,303,669	\$ 57,500	\$ 1,361,169
Other	7,139	18,154	25,293
Total Operating Revenues	1,310,808	75,654	1,386,462
Operating Expenses:			
Salaries and Benefits	216,160	0	216,160
Supplies	285,532	0	285,532
Outside Services	69,428	3,640	73,068
Insurance	42,067	0	42,067
Equipment and Tools	29,032	0	29,032
Buildings and Grounds	50,993	8,936	59,929
Depreciation	405,080	17,564	422,644
Total Operating Expenses	1,098,292	30,140	1,128,432
Operating Income	212,516	45,514	258,030
Non-Operating Revenues/(Expenses):			
Gain on Sale of Equipment	93,619	0	93,619
Interest Expense	(9,617)	0	(9,617)
Total Non-Operating Revenues/(Expenses)	84,002	0	84,002
Change in Net Position	296,518	45,514	342,032
Net Position - July 1, 2017	1,426,549	471,127	1,897,676
Net Position - June 30, 2018	\$ 1,723,067	\$ 516,641	\$ 2,239,708

See Disclaimer in Accompanying Independent Auditor's Report.



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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, 2018 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 March 29, 2019. The report on the financial statements was qualified because the Town's internal service activity is not presented in accordance with accounting principles generally accepted in the United States of America. This activity is presented in Internal Service Funds when it would be more appropriate for it to be in the General Fund and a Capital Project Fund. Accordingly, our opinion is qualified for the General Fund and Aggregate Remaining Fund information.

***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.

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. 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 2018-01 through 2018-04 to be material weaknesses.

### ***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 March 29, 2019.

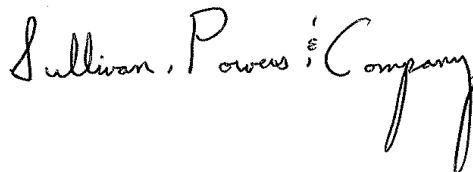
### ***Town of Barre, Vermont's Response to Deficiencies in Internal Control***

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 performed 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.

March 29, 2019  
Montpelier, Vermont  
VT Lic. #92-000180



TOWN OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2018

Deficiencies in Internal Control:

Material Weakness:

2018-01 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.

*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 contract 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:*

A policy was written and given to the Selectboard for adoption.

TOWN OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2018

2018-02 State Accounts Receivable

*Criteria:*

Internal controls should be in place to provide for the recording of revenues and related accounts receivable in the proper period.

*Condition:*

Approximately \$138,000 received from the State of Vermont was recorded in accounts receivable and revenue at year end that pertained to fiscal year 2019. The State makes this payment every July to the Town for that fiscal year homestead property tax adjustment claims.

*Cause:*

Unknown.

*Effect:*

Accounts receivable and revenues were overstated.

*Recommendation:*

We recommend that the Town implement controls to ensure that payments received after the end of the fiscal year are reviewed carefully to determine the correct fiscal year they relate to.

*Management's Response:*

Around the time the fiscal year changes, the Town Clerk-Treasurer will check all revenue received and verify the fiscal year to which the revenue is related. The Town Clerk-Treasurer shall instruct her staff to do the same. Per the Approval of all Adjustments to Books of Original Entry policy the contracted accountant/bookkeeper shall not change the original entry unless written authorization is received from the Town Manager.

2018-03 Capital Lease Proceeds and Capital Expenditures

*Criteria:*

Internal controls should be in place to provide for new debt issuances in the governmental funds (including capital leases) being recorded as Other Financing Sources and the related expenditures as capital expenditures.

TOWN OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2018

*Condition:*

Approximately \$249,000 from two new capital leases which were used to purchase equipment were not recorded as Other Financing Sources or expenditures.

*Cause:*

Unknown.

*Effect:*

Revenues and expenditures were understated.

*Recommendation:*

We recommend that the Town implement controls to ensure that assets purchased with capital leases in governmental funds be recorded as capital expenditures and the related lease proceeds as Other Financing Sources.

*Management's Response:*

Revenues and expenses are not understated after a municipal lease financing purchase. The Town does not receive proceeds from a municipal lease financing like it would after a bond issue. The bank working with the financing company pays the vendor directly.

Town management staff via a memo will make the contracted accountant/bookkeeper aware of all governmental fund debt issuances and municipal lease financings. The contracted accountant/bookkeeper shall be instructed to record all assets purchased with municipal lease financing or other debt issuances as capital expenditures and the related lease or debt proceeds be recorded as Other Financing Sources.

2018-04 Accounts Payable

*Criteria:*

Internal controls should be in place to record all accounts payable at the end of the fiscal year.

*Condition:*

Approximately \$250,000 due to the City of Barre for wastewater treatment plant upgrades was not recorded as a liability for the Town. The liability was not recorded in the accounts payable module with other bills, instead, it was a general journal entry.

*Cause:*

This amount was also due at the end of the previous fiscal year and the Town erroneously reversed the payable against expenses this year, assuming it had been paid.

TOWN OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2018

*Effect:*

Liabilities and expenses were understated.

*Recommendation:*

We recommend that the Town implement controls to ensure that all liabilities due at the end of the fiscal year be recorded in the Town's accounts payable module. This will prevent an erroneous reversal of the liability if it has not been paid.

*Management's Response:*

A memo will be given to the Town Manager's Office staff and all department heads to establish a procedure for maintaining/saving accounts payable that are not ready to be entered into the AP system and be paid. Documentation of the AP items not ready for payment shall be maintained digitally and/or in hard copy. At the end of the fiscal year items in the pending AP file will be submitted to the contracted accountant/bookkeeper to be entered in the accounts payable module.

Department heads will be instructed to turn in the original or copy of any questioned invoice which may require weeks or months to resolve and be outstanding at the end of the fiscal year.