

TOWN OF BRANDON, VERMONT
FINANCIAL & COMPLIANCE REPORTS
JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Town of Brandon, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brandon, Vermont, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Brandon, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brandon, Vermont, as of June 30, 2016, and the respective changes in financial position 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 and budgetary comparison information on pages 3–6 and 32–41 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 Brandon, Vermont's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections 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 November 30, 2016, on our consideration of the Town of Brandon, 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 control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Brandon, Vermont's internal control over financial reporting and compliance.



Jeffrey R. Bradley CPA, P.C.
Rutland, Vermont
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November 30, 2016

TOWN OF BRANDON, VERMONT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

The Town of Brandon (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal year ended June 30, 2016.

Financial Highlights

Government-wide Financial Statements

- Assets exceeded liabilities and deferred inflows of resources (*Net Position*) on June 30, 2016 by \$1,502,302. Of this amount, \$314,065 (*Unrestricted Net Position*) may be used by the various funds of the Town to meet the Town's ongoing obligations. Net position attributable to business-type activities increased by \$131,901.

Governmental Fund Financial Statements

- Fund balances of governmental funds increased during fiscal 2015-16 by \$70,881 from \$2,535,355 to \$2,606,237 at June 30, 2016. Much of this increase is attributed to an increase in delinquent tax collections, as well as cost savings in buildings and grounds, public safety and administrative expenses.

Overview of the Town's Financial Statements:

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Brandon's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town of Brandon's assets, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the fiscal year. The *Statement of Activities* reports operations on a full accrual basis (i.e., all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows); whereas the *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds* presents activity of the funds on a modified accrual basis (i.e., revenue is recognized when it becomes measurable and available and expenditures are recognized when the related liability is incurred). Thus, in the *Statement of Activities* revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements combine information from governmental funds (*governmental activities*) which are supported primarily by tax dollars with information from enterprise funds that are supported by user fees and charges (*business-type activities*). The governmental activities of the Town of Brandon include general government, public works, public safety, community development, zoning administration, and recreation. The business-type activities of the Town include the Wastewater Treatment Plant and the associated collection system.

The following are schedules detailing the financial activities of the Town during fiscal year 2015-2016:

	<i>Governmental Fund Types:</i>		<i>Proprietary Fund Type:</i>	
	2016	2015	2016	2015
Current Assets	\$ 2,762,471	\$ 2,881,275	\$ 589,113	\$ 467,611
Other Assets & Deferred Outflows	755,496	883,917	-	-
Capital Assets, net	9,038,834	7,387,641	1,685,676	1,682,900
Total Assets	\$ 12,556,801	\$ 11,152,833	\$ 2,274,789	\$ 2,150,511
Current Liabilities	\$ 320,656	\$ 490,748	\$ 53,734	\$ 44,198
Noncurrent Liabilities	2,180,997	1,938,441	475,342	494,840
Deferred Inflows	911,014	949,911	-	-
Total Liabilities & Deferred Inflows	3,412,667	3,379,100	529,075	539,038
Nonspendable Fixed Assets	7,006,293	5,409,883	1,210,335	1,188,060
Restricted Net Position	1,823,776	2,118,498	535,379	423,413
Unassigned Net Position	314,065	245,353	-	-
Total Net Position	9,144,134	7,773,734	1,745,714	1,611,473
Total Liabilities, Deferred Items and Net Position	\$ 12,556,801	\$ 11,152,834	\$ 2,274,789	\$ 2,150,511

	<i>Governmental Fund Types:</i>		<i>Proprietary Fund Types:</i>	
	2016	2015	2016	2015
<i>Program Revenues:</i>				
Grants and Contributions	\$ 1,564,331	\$ 670,883	\$ -	\$ -
<i>General Revenues:</i>				
Property taxes and related charges	6,884,412	6,736,481	-	-
Fees for Service	254,109	313,407	690,515	678,010
Other	-	-	2,716	69
Interest Earnings	14,060	22,403	23,158	23,158
Total General Revenues	7,152,581	7,072,291	716,388	701,237
Total Revenues	8,716,912	7,743,174	716,388	701,237
<i>Programs:</i>				
General Government Services	2,573,606	2,548,414	-	-
Public Works	863,638	736,793	582,147	627,652
Public Education	3,887,463	3,753,034	-	-
Interest Expense	21,804	12,159	-	-
Total Expenses	7,346,511	7,050,400	582,147	627,652
Change in Net Position	1,370,401	692,774	134,241	73,585
Net Position - Beginning (as adjusted)	7,773,734	7,078,256	1,611,473	1,537,888
Net Position - Ending	\$ 9,144,135	\$ 7,771,030	\$ 1,745,714	\$ 1,611,473

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town has two types of funds: governmental funds and proprietary funds. The proprietary funds of the Town are all enterprise funds.

Notes to the financial statements. The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

Government-wide Financial Analysis

The largest portion of the Town's net position is in its investment in capital assets at 75% for FY16 as compared to 70% for FY15. These assets are used to provide services to its citizens (e.g., land, buildings, equipment and infrastructure). Therefore, these assets are not available for future spending. A portion (21% or \$2,355,155) of the Town's net position is subject to restrictions on how it may be used. The Town's unrestricted net position of \$314,065 may be used to meet its ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the Town's net position by \$70,881 during fiscal year 2015-16. Much of this increase is attributed primarily to an increase in delinquent tax collections.

Business-type activities. Business-type activities increased the Town's net position by \$131,901 in FY 16 as compared to an increase of \$73,675 in FY 2014-15. The Sewer Fund net position increased to \$1,745,714 during the current fiscal year.

The Town's current year depreciation for capital assets for business-type activities exceeded additions by \$4,002.

Financial Analysis of Major Governmental Funds

The General Fund. The General Fund's fund balance increased by \$368,281 to \$782,461 at the end of FY16. The increase is largely due to greater than expected property tax collections as well as cost savings related to less than anticipated law enforcement and administrative expenditures.

Trustees of Public Funds Fund. The Trustees of Public Funds fund balance was \$642,929 as of June 30, 2016. This is a decrease of \$35,036 from its June 30, 2015 fund balance. The decrease is due to less than anticipated investment income as compared to expenditures and transfers out for community programs.

Economic Factors and Next Year's Budgets and Rates

The Town-wide taxable grand list for the Town of Brandon was established to raise \$3,267,219 (a decrease of 0.9% as compared to FY16) to cover the Town's FY17 expenditures. Employees pay 10% of the Blue Cross & Blue Shield Platinum Premium plan, and the Town offers a Health Savings Account to cover employee co-pays.

These factors were taken into consideration when preparing the FY 17 budget adopted in March 2016. The proposed budget was provided in detail in the annual town report. This financial report is designed to provide a general overview of the Town of Brandon, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Manager, Town of Brandon, 49 Center Street, Brandon, VT 05733.

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

	<i>Governmental Activities</i>	<i>Business Type Activities</i>	<i>Totals June 30, 2016</i>	<i>Totals June 30, 2015</i>
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 2,251,830	\$ -	\$ 2,251,830	\$ 2,117,940
Accounts Receivable	242	519,219	519,461	677,508
Prepaid Items	13,011	-	13,011	17,292
Internal Balances	(69,895)	69,895	-	-
Delinquent Taxes Receivable	567,283	-	567,283	536,147
Total Current Assets	2,762,472	589,113	3,351,585	3,348,887
<i>Noncurrent Assets:</i>				
Loan Receivable	600,772	-	600,772	832,337
Capital Assets (Net of Accumulated Depreciation)	9,038,834	1,685,676	10,724,510	9,070,177
<i>Deferred Outflows of Resources:</i>				
Proportional Share of Multi-Employer Pension Plan	154,724	-	154,724	51,580
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 12,556,802	\$ 2,274,789	\$ 14,831,591	\$ 13,302,982
LIABILITIES, DEFERRED INFLOWS & NET POSITION				
<i>Current Liabilities:</i>				
Accrued Expenses	\$ 120,446	\$ 33,937	\$ 154,382	\$ 307,343
Accrued Interest Payable	12,853	-	12,853	-
Current Portion of Leases Payable	32,608	-	32,608	28,775
Current Portion of Long Term Debt	154,750	19,797	174,547	198,829
Total Current Liabilities	320,656	53,734	374,390	534,947
<i>Noncurrent Liabilities:</i>				
Capital Leases	222,692	-	222,692	59,864
Compensated Absences	80,514	-	80,514	81,716
Notes & Bonds Payable	1,877,791	475,342	2,353,132	2,291,701
Total Noncurrent Liabilities	2,180,997	475,342	2,656,338	2,433,281
Total Liabilities	2,501,653	529,075	3,030,729	2,968,228
<i>Deferred Inflows of Resources:</i>				
Net Municipal Pension Liability	263,484	-	263,484	33,210
Proportional Share of Multi-Employer Pension Plan	10,968	-	10,968	16,840
Deferred Revenue	636,562	-	636,562	899,861
Total Deferred Inflows of Resources	911,014	-	911,014	949,911
<i>Net Position:</i>				
Nonspendable General Fixed Assets	7,006,293	1,210,335	8,216,628	6,600,283
Restricted for Specific Purposes	1,823,776	535,379	2,359,155	2,541,911
Unassigned	314,065	-	314,065	242,649
Total Net Position	9,144,134	1,745,714	10,889,849	9,384,843
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 12,556,802	\$ 2,274,789	\$ 14,831,592	\$ 13,302,982

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRANDON, VERMONT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Primary Government			June 30, 2015 Total
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business Type Activities	June 30, 2016 Total	
<i>Governmental Activities:</i>								
General Government	\$ 1,434,923	\$ 197,466	\$ -	\$ -	\$ (1,237,457)	\$ -	\$ (1,237,457)	\$ (1,115,600)
Public Education	3,887,463	3,887,463	-	-	-	-	-	-
Public Safety	746,363	56,643	-	689,720	-	-	-	(517,385)
Public Works	863,638	-	-	874,611	10,973	-	10,973	(177,763)
Recreation & Free Library	225,857	-	-	-	(225,857)	-	(225,857)	(200,305)
Community Development	166,463	-	-	-	(166,463)	-	(166,463)	(289,863)
Interest on Long Term Debt	21,804	-	-	-	(21,804)	-	(21,804)	(12,159)
Total Governmental Activities	7,346,511	4,141,572	-	1,564,331	(1,640,608)	-	(1,640,608)	(2,313,075)
<i>Business Type Activities:</i>								
Sewer Operations	582,147	714,048	-	-	-	106,027	106,027	50,448
Total Expenses	7,928,658	4,855,621	-	1,564,331	(1,640,608)	106,027	(1,534,581)	(2,262,627)
<i>General Revenues:</i>								
Property Taxes and related charges, levied for general purposes					2,996,948	-	2,996,948	2,983,447
Net Investment & Other Earnings					14,060	23,158	37,218	45,560
Miscellaneous					-	2,716	2,716	69
Total General Revenues					3,011,008	25,874	3,036,882	3,029,076
Change in Net Position					1,370,400	131,901	1,502,302	766,449
Net Position - Beginning (As adjusted)					7,773,734	1,613,813	9,387,547	8,621,098
Net Position - Ending					\$ 9,144,134	\$ 1,745,714	\$ 10,889,849	\$ 9,387,547

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRANDON, VERMONT
COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016 AND 2015**

	<i>Governmental Funds</i>		June 30, 2016 Totals	June 30, 2015 Totals
	General Fund	Other Governmental Funds		
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 1,459,913	\$ 791,917	\$ 2,251,830	\$ 2,117,940
Loans & Grants Receivable	-	600,772	600,772	832,337
Accounts Receivable	242	-	242	83,996
Delinquent Taxes Receivable	567,283	-	567,283	536,147
Prepaid Items	13,011	-	13,011	16,912
Due from Other Funds	-	854,772	854,772	1,213,575
TOTAL ASSETS	\$ 2,040,449	\$ 2,247,461	\$ 4,287,910	\$ 4,800,907
LIABILITIES, DEFERRED ITEMS & FUND BALANCES				
<i>Current Liabilities:</i>				
Accrued Expenses	\$ 40,149	\$ 80,297	\$ 120,446	\$ 281,076
Due to Other Funds	912,776	11,891	924,666	1,084,651
Total Liabilities	952,924	92,187	1,045,112	1,365,727
<i>Deferred Inflows of Resources:</i>				
Deferred Property Taxes	305,065	-	305,065	411,029
Deferred Revenue	-	331,498	331,498	488,830
Total Deferred Inflows of Resources	305,065	331,498	636,562	899,859
<i>Fund Balances:</i>				
Restricted for Infrastructure and Other Purposes	-	1,823,776	1,823,776	2,118,498
Nonspendable Prepaid Items	13,011	-	13,011	14,268
Unassigned	769,450	-	769,450	402,554
Total Fund Balances	782,461	1,823,776	2,606,237	2,535,321
TOTAL LIABILITIES, DEFERRED ITEMS & FUND BALANCES	\$ 2,040,450	\$ 2,247,461	\$ 4,287,911	\$ 4,800,907

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANDON, VERMONT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2016

	<i>Governmental Activities</i>	<i>Business Type Activities</i>
Fund Balances - Governmental Fund Types	\$ 2,606,237	\$ 1,745,714
 <i>Amounts reported for Governmental Activities in the Statement of Net Position are different due to the following:</i>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	9,038,834	-
Accrued Interest is not recognized in the fund financial statements, while the Government Wide financial statements require its inclusion as a liability.	(12,853)	-
Pension Related deferred outflows, deferred inflows of resources and Net Pension Liability are reported as governmental activities, but are not current financial resources or uses, and are not reported in the Governmental fund financial statements.	(119,728)	-
Compensated Absences are not recognized in the governmental fund financial statements until paid, while the government wide statements include the entire liability as earned by the employees.	(80,514)	-
Long Term Debt is not recorded in the governmental fund financial statements. However, the government wide financial statements include long term debt.	(2,287,841)	-
<i>Net Position - Government-Wide Financial Statements</i>	\$ 9,144,134	\$ 1,745,714

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANDON, VERMONT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Other Governmental Funds	TOTALS June 30, 2016	TOTALS June 30, 2015
<i>Revenues:</i>				
Property Taxes - Current Year	\$ 6,639,475	\$ -	\$ 6,639,475	\$ 6,015,386
Property Taxes - Delinquent	111,626	-	111,626	573,045
Interest & Penalties on Delinquent Taxes	85,359	-	85,359	108,304
State Payments in Lieu of Taxes	47,952	-	47,952	39,746
Traffic & Other Ordinance Fines	56,643	-	56,643	52,827
State, Federal Grants & Reimbursements	150,710	1,413,621	1,564,331	670,883
Licenses, Permits & Fees for Services	113,673	-	113,673	174,415
Recording Fees	42,867	-	42,867	33,708
Miscellaneous Reimbursements & Donations	18,875	22,051	40,926	52,457
Net Investment Income	10,251	3,808	14,059	22,403
Total Revenues	<u>7,277,430</u>	<u>1,439,480</u>	<u>8,716,910</u>	<u>7,743,174</u>
<i>Expenditures:</i>				
<i>Public Schools:</i>				
Payments to/on behalf Brandon Town School District	3,887,463	-	3,887,463	3,753,034
<i>Public Safety:</i>				
Law Enforcement	738,131	8,233	746,363	741,644
Total Public Safety	<u>738,131</u>	<u>8,233</u>	<u>746,363</u>	<u>741,644</u>
<i>Community & Municipal Infrastructure:</i>				
Road, Highway & Bridge Infrastructure	790,077	930,198	1,720,275	736,793
Library	85,500	-	85,500	85,500
Recreation	140,357	-	140,357	114,805
Taxes & Assessments to Regional Organizations	70,904	-	70,904	74,248
Appropriated Funds to Local Organizations	95,559	-	95,559	215,615
Total Community Infrastructure	<u>1,182,397</u>	<u>930,198</u>	<u>2,112,595</u>	<u>1,226,961</u>
<i>Administration:</i>				
Selectboard & Town Manager	314,744	65,137	379,882	334,038
Town Clerk & Treasurers Office	189,325	-	189,325	187,052
Listers	26,397	-	26,397	27,718

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANDON, VERMONT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Other Governmental Funds	TOTALS June 30, 2016	TOTALS June 30, 2015
<i>Administration (continued):</i>				
Elections	2,074	-	2,074	4,535
Legal & Professional Fees	38,696	-	38,696	50,977
Municipal Buildings & Grounds	304,513	652,592	957,105	808,942
Planning & Zoning	82,280	-	82,280	41,163
Total Administration	958,030	717,730	1,675,759	1,454,425
<i>Debt Service:</i>				
Interest & Principal	223,848	-	223,848	247,004
Total Expenditures	6,989,869	1,656,160	8,646,029	7,423,068
Excess (Deficiency) of Revenues Over Expenditures	287,561	(216,680)	70,881	320,107
 <i>Designated Fund Transfers:</i>				
Transportation Grant Fund	54,477	(54,477)	-	-
Trustees of Public Funds	26,243	(26,243)	-	-
Total Designated Fund Transfers	80,719	(80,719)	-	-
 Excess of Revenues Over Expenditures and Other Financing Uses	 368,281	 (297,400)	 70,881	 320,107
Fund Balances - Beginning (As adjusted)	414,180	2,121,175	2,535,355	2,215,214
Fund Balances - Ending	\$ 782,461	\$ 1,823,775	\$ 2,606,237	\$ 2,535,321

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRANDON, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<i>Governmental Activities</i>	<i>Business Type Activities</i>	<i>Totals</i>
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances & equity	\$ 70,881	\$ 131,901	\$ 202,782
Changes in the Compensated Absences liability are recognized in the government wide financial statements.	1,202	-	1,202
In the statement of activities, deferred pension expenses are reported as deferred outflows. In the governmental fund statements, expenditures for pension expense is measured by the amount of financial resources used.	(348,596)	-	(348,596)
Repayment of bond principal is not an expense in the Statement of Activities	202,044	-	202,044
In the Statement of Activities, the cost of fixed assets is allocated over their estimated useful lives and reported as depreciation expense annually.	1,444,869	-	1,444,869
Change in Net Position - Statement of Activities	<u>\$ 1,370,400</u>	<u>\$ 131,901</u>	<u>\$ 1,502,301</u>

TOWN OF BRANDON, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUND TYPE
JUNE 30, 2016 and 2015

	<i>June 30, 2016</i>	<i>June 30, 2015</i>
	Wastewater Fund	Wastewater Fund
ASSETS		
<i>Current Assets:</i>		
Accounts Receivable (net of allowance for uncollectible accounts)	\$ 519,219	\$ 593,512
Prepaid Items	-	3,023
Due from Other Funds	69,895	-
<i>Noncurrent Assets:</i>		
Capital Assets (less accumulated depreciation)	1,685,676	1,685,240
TOTAL ASSETS	\$ 2,274,789	\$ 2,281,775
LIABILITIES AND NET POSITION		
<i>Current Liabilities:</i>		
Accrued Expenses	\$ 32,437	\$ 24,767
Current Portion of Long Term Debt	19,797	17,932
Accrued Interest Payable	1,500	1,500
Due to Other Funds	-	128,924
Total Current Liabilities	53,734	173,122
<i>Noncurrent Liabilities:</i>		
Notes Payable	475,342	494,840
Total Liabilities	529,075	667,962
<i>Net Position:</i>		
Restricted for Infrastructure and Other Purposes	1,190,537	1,172,469
Unassigned	555,177	441,344
Total Net Position	1,745,714	1,613,813
TOTAL LIABILITIES & NET POSITION	\$ 2,274,789	\$ 2,281,775

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANDON, VERMONT
Combined Statement of Revenues, Expenses and Changes
In Net Position - Proprietary Fund Type
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	<i>June 30, 2016</i>		<i>June 30, 2015</i>
	Wastewater		Wastewater
	Fund		Fund
<i>Revenues:</i>			
Rents and Usage Charges	\$ 690,515	\$	654,943
Miscellaneous	2,716		-
Interest Revenue	20,818		23,158
Total Revenues	<u>714,048</u>		<u>678,101</u>
<i>Expenses:</i>			
Salaries & Benefits	179,795		170,648
Collection & Disposal Costs	93,723		105,912
Utilities	55,922		61,853
Operating Supplies	33,130		39,965
Plant Maintenance	42,774		38,520
Office Supplies	2,773		1,638
Contracted Services	45,722		34,116
Vehicle Operating Costs	1,968		7,038
Insurance	17,526		21,965
Professional Fees	3,125		8,500
Capital Expenditures	400		3,795
Depreciation	87,292		90,310
Interest Expense	18,000		20,165
Total Expenditures	<u>582,147</u>		<u>604,426</u>
Change in Net Position	131,901		73,675
Net Position - Beginning	1,613,813		1,540,138
Net Position - Ending	<u>\$ 1,745,714</u>	<u>\$</u>	<u>1,613,813</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRANDON, VERMONT
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Wastewater Fund		TOTALS June 30, 2016		TOTALS June 30, 2015
<i>Cash flows from Operating Activities:</i>					
Cash Received from Customers	\$ 690,515	\$	690,515	\$	571,368
Cash Payments to Suppliers for Goods and Services	(472,199)		(472,199)		(491,594)
Net Cash Provided By (For) Operating Activities	218,316		218,316		79,774
<i>Cash Flows from Financing Activities:</i>					
Payments for Debt Service	(19,498)		(19,498)		(20,165)
Net borrowings (to) from other funds	(198,818)		(198,818)		(50,914)
Total Cash Flows from Financing Activities	(218,316)		(218,316)		(71,079)
<i>Cash Flows from Investing Activities:</i>					
Capital Improvement Costs	-		-		(3,795)
Interest Income	-		-		-
Total Cash Flows from Investing Activities	-		-		(3,795)
<i>Net increase (decrease) in Cash</i>					
Cash - Beginning	-		-		-
Cash - Ending	\$ -	\$	-	\$	-
<i>Reconciliation of Operating Income (Loss) to net cash provided by Operating Activities:</i>					
Increase (Decrease) in Retained Earnings	\$ 222,963	\$	222,963	\$	73,675
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:</i>					
<i>Changes in assets and liabilities:</i>					
Decrease (Increase) in Current Assets	3,023		3,023		11,897
(Decrease) Increase in Accrued Expenses	(7,670)		(7,670)		(5,798)
Total Adjustments	(4,647)		(4,647)		6,099
Total Cash Flows from Operating Activities	\$ 218,316	\$	218,316	\$	79,774

The accompanying notes are an integral part of these financial statements.

TOWN OF BRANDON, VERMONT NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of significant accounting policies The Town of Brandon, Vermont (the Town) operates under a Manager/Select Board form of government and provides the following services as authorized by state statute: public safety (police), highways and streets, waste disposal, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, sewer, and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units.

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

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

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

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds, if any, are summarized in a single column.

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

The Town reports the following major governmental funds: *General Fund* is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund. *Other Governmental Funds* used to account for the assets and activity of monies left to the Town through trust and grant agreements, or capital project expenditures incurred for specific Town infrastructure projects.

The Town reports the following major proprietary fund, the Sewer Fund for its operating and capital activities of the Town.

Measurement focus and basis of accounting - Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of significant accounting policies (continued)

incurred, regardless of the timing of related cash flows.

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

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

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

Budgets and budgetary accounting - The Town approves a budget for the General Fund at an annual Town Meeting. The tax rate is determined by the Select Board based on the education and municipal grand lists and the approved operating budget. The accounting method used for budgetary presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year for the General Fund. The Town does not legally adopt budgets for other governmental funds. All budgeted amounts lapse at year end.

Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st of the preceding fiscal year. The Assessor establishes a grand list of all property and the Board sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes are payable in four installments due on the 15th day of August, November, February and May of the fiscal year assessed. Interest is assessed at 1% per month and an 8% penalty is assessed when the taxes become delinquent on May 16th. The Town bills and collects its own property taxes, education taxes for the State of Vermont and taxes for the Brandon Fire District No. 1.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; environmental liability; and natural disasters. The Town manages these risks through participation in the Vermont League of Cities and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.

**TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - Summary of significant accounting policies (continued)

Cash, cash equivalents and investments - The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair market value.

Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial useful life of one year or greater and an initial individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired or constructed infrastructure assets as of June 30, 2006. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Equipment and furniture	3 - 20 years
Vehicles	3 - 10 years
Buildings and improvements	15 -150 years
Infrastructure	20 - 75 years

Compensated absences - Employees are entitled to certain compensated absences based on their length of employment. Sick leave accumulates and is paid upon illness during employment and the cumulative liability is not included in these financial statements. Vacation accrues for annual use.

Long-term obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statements of net position. In the fund financial statements, governmental fund types recognize the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds may report five categories of fund balances: non-spendable, restricted, committed, assigned and unassigned.

Non-spendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity. *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. *Committed* fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Meetings. *Assigned* fund balance includes amounts that are intended to be used by the Town for specific purposes, as authorized by the Select Board. *Unassigned* fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in another classification. Deficits are also classified as unassigned. The Town's policy is to apply expenditures to fund balance in the order of restricted, committed, assigned and unassigned. The Town maintains separate governmental funds to account for donor specified amounts (restricted), voter approved amounts (committed), and amounts set aside by management. Any residual fund balance amounts are reported as unassigned fund balance in the General Fund.

**TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - Summary of significant accounting policies (continued)

Deferred Inflows and Outflows

In addition to assets and liabilities, deferred outflows of resources (previously reported as assets) and deferred inflows of resources (previously reported as liabilities), if applicable, will be reported as separate sections in the statement of net position and the governmental funds balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period. The Town does not currently report any deferred outflows of resources. The Town reports deferred property taxes and deferred revenue as deferred inflows of resources.

Deferred property taxes are property taxes and related penalties and interest which have not been collected within 60 days following year end and are not considered available for current year operations in the governmental funds. Grant funds loaned for community development projects in the Other Governmental Funds are recorded as deferred revenue because they are not considered current resources.

NOTE 2 - Deposits and investments

As of June 30, 2016, the Town's deposit accounts were fully insured or collateralized.

Custodial credit risk - deposits and investments - Custodial credit risk is the risk that in the event of a financial institution failure, the Town will not be able to recover its deposits or investments or will not be able to recover collateral securities that are in the possession of an outside party. The Town addresses this risk by requiring each institution to provide deposit insurance and/or proof of collateralization. The Town Treasurer is required to determine the types of collateralization after consultation with the Board. The classification and fair value of investments held at June 30, 2016 are as follows:

Fair Value	
Exchange traded funds - equities	\$181,902
Mutual funds (Bonds, Domestic & International Equities)	459,938
Total	\$641,840

Investments are carried at market value. Any unrealized gains or losses are recognized annually. *Credit risk* is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Town addresses credit risk by limiting the types of investments the Treasurer can make to bank deposit accounts, collateralized repurchase agreements and U.S. Treasury obligations. The Trustees of Public Funds Fund investment in corporate bonds is subject to credit risk. *Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2016, the Town does not hold more than 5% of its investments in any one issuer.

The investments of the Trustees of Public Funds Fund are subject to the following policies: Operating cash - The total operating cash will generally be 5% to 10% of the endowment portfolio, but shall not exceed 15%. The Trustees of Public Funds (the Committee) shall have the discretion to change or modify benchmarks as deemed appropriate. There shall be no investments in non-marketable securities.

**TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - Inter-fund receivable and payable balances

Inter-fund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as decisions concerning the portfolio's assets; however, it shall not necessarily be bound solely. Inter-fund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Transfers from Other Governmental Funds to the General Fund were to cover expenses that had been incurred on their behalf.

Fund	General Fund	Other Governmental	Wastewaster Fund
Revolving Loan Funds	(78,669)	78,669	-
Reappraisal Reserve	(182,163)	182,163	-
Transportation Grant	(526,026)	526,026	-
Equipment & Infrastructure	(56,195)	56,195	-
Town Office Funds	4,536	(4,536)	-
Public Safety	(2,223)	2,223	-
Other Grants	(2,142)	2,142	-
Wastewaster Fund	(69,895)	-	69,895
Totals	(912,776)	842,881	69,895

NOTE 4 - Loans receivable

The Town, through various federal programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as loans receivable in the governmental funds. Until repaid, loans of federal awards are offset by deferred revenue, which is taken into operating revenue as payments are received in a future period. Upon receipt, the repayment of these loans is placed in the Town's Brandon Grant Fund and is available for future loans.

Borrower	Principal	Interest Rate	Terms
11 Center Street Ventures, LLC	\$29,869	1.50%	\$562 received monthly through February 2021
Park Village Partners, LLC	42,338	1.25%	\$327 received monthly through January 2018, balloon payment February 2018 \$37,194; Secured with real estate
Neshobe River Winery	28,550	1.25%	\$339 received monthly through October 2018, balloon payment \$19,748 November 2018; Secured with real estate
Swan & Stone, LLC	30,346	1.25%	\$355 received monthly through June 2019, \$19,748 balloon payment \$20,980 due July 2019
Common Ground Restaurant and Pub, LLC	58,835	1.25%	\$372 received monthly - \$21,979 balloon payment due November 2025
Rutland County Community Land Trust Grant Fund (net of loan discounts)	141,560	1.0%	\$1,278 received monthly beginning July 10, 2030 through 2060, secured by mortgage
TOTAL	\$331,498		

**TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – Debt

Governmental Funds Long-term as of June 30, 2016 is as follows:

Vermont Municipal Bond Bank 2006 Series 1, for resurfacing and infrastructure improvements due December 2026, payable in annual principal payments, plus interest at rates ranging from 3.835% to 4.665%. Principal paid fiscal year ending June 30, 2016 \$140,000.

State of Vermont Promissory Equipment Note, payable annually with 2% interest from December 2012 through December 2016. Principal paid fiscal year ending June 30, 2016 \$42,294.

Vermont Municipal Bond Bank, Public Building Improvement Bond, 2-5% interest, with annual principal payments through December 2032. Principal paid fiscal year ending June 30, 2015 \$19,750.

Long-term Business-type debt at June 30, 2016 is as follows:

Wastewater System preliminary engineering study, interest at 0%, annual payments of \$1,520 from March 2017 through March 2021.

Vermont Municipal Bond Bank, Public Building Improvement Bond, refinancing USDA Rural Development Loan, semi-annual interest of 2-5%, with annual principal payments from December 2013 through December 2025. Vermont Municipal Bond Bank, Public Building Improvement Bond, refinancing USDA Rural Development Loan, semi-annual interest of 2-5%, with annual principal payments from December 2013 through December 2036.

	<i>Governmental Activities</i>		<i>Business Type Activities</i>	
Fiscal year ending	Principal	Interest	Principal	Interest
June 30, 2017	\$154,750	\$75,500	\$19,797	\$17,345
June 30, 2018	154,750	68,439	20,464	16,666
June 30, 2019	154,750	61,834	21,155	15,962
June 30, 2020	154,750	55,259	21,856	15,261
June 30, 2021	154,750	48,524	22,578	14,539
Thereafter	1,063,124	237,028	389,289	29,222
Totals	\$1,836,874	\$546,584	\$495,139	\$108,995

Long Term Capital Lease at June 30, 2016 is as follows:

Caterpillar Financial Services Corporation, \$255,300 grader purchase, 8 annual payments of \$32,608, imputed interest rate of 2.75% from December 2015 through 2023.

**TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - Landfill closure and Post closure care costs

The Town landfill ceased operation in 1990. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for 20 years after closure and report monitoring results to the state regulatory agency. Since closure, the Town has completed testing and monitoring periodically, as required, and filed the results with the appropriate agency. Management believes that the obligation for future monitoring costs is not reasonably estimable, but that the overall obligation would not be material to these financial statements.

NOTE 7 - Capital Leases

The Town has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, the cost and depreciation of these assets are included with other capital assets of the Town. The cost of the assets acquired by capital leases is the present value of the future lease payments. The amortized lease debt has been included in the long term debt section of these financial statements.

NOTE 8 - Fixed Assets and Depreciation

Depreciation expense in the governmental activities totaling \$309,447 was allocated to the following functions: General government \$22,672; Public works \$286,775. Depreciation expense in the business type activities totaling \$83,725 was allocated to the sewer operations.

	Balance - July 1, 2015	Net Activity	Depreciation	Beginning Accumulated Depreciation	Net Asset Value - June 30, 2016
<i>Governmental Funds:</i>					
Land	\$ 307,084	\$ 28,920	\$ -	\$ -	336,004
Construction in progress	2,976,328	845,654	-	-	3,821,982
Total capital assets, not depreciated	3,283,412	874,574	-	-	4,157,986
Buildings & Improvements	1,452,608	709,591	30,661	437,951	1,693,588
Equipment & Furnishings	289,358	4,456	17,398	155,788	120,628
Vehicles	1,102,798	182,916	83,942	691,174	510,598
Infrastructure	3,616,121	193,105	177,446	1,075,746	2,556,034
Subtotal	9,744,297	1,964,642	309,447	2,360,659	9,038,833
<i>Business Type Activities:</i>					
Construction in Progress	24,164	22,224	-	-	46,388
Buildings & Improvements	2,011,963	48,941	42,844	864,637	1,153,423
Equipment	808,975	9,740	39,458	624,842	154,415
Sewer Lines	452,133	10,847	9,013	122,516	331,451
Subtotal	3,297,235	91,752	91,315	1,611,995	1,685,677
GRAND TOTALS	\$ 13,041,532	\$ 2,056,394	\$ 400,762	\$ 3,972,654	\$ 10,724,510

TOWN OF BRANDON, VERMONT NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Pension plan

Vermont Municipal Employees' Retirement System

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide you with your entities' proportional share of the overall amounts of the VMERS plan. Your portion has been allocated based on your proportional share of employer contributions to the total contributions to VMERS during the fiscal year. The full report containing the schedules of all employers in the VMERS plan is available on the State of Vermont Treasurer's website at: <http://www.vermonttreasurer.gov/retirement/muni-financial-reports>

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/cafr

The Vermont Municipal Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125. 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. Defined Benefit Plan members are required to contribute 2.5% (Group A), 4.625% (Group B) of their annual covered salary, and the Town is required to contribute 4% (Group A), 5.125% (Group B). Defined Contribution Plan members are required to contribute 5% of their annual covered salary and the Town is required to contribute an equal dollar amount.

The Town has elected to participate only in Group A and Group B, and also elected to pay 8.125% for Group B and the full pension contribution of 6.5% for Group A. The Town's contributions to VMERS for the Defined Benefit Plan for the years ended June 30, 2015, 2014 and 2013 were \$47,773, \$46,938, \$46,084, respectively. The amounts contributed were equal to the required contributions for each year. During the fiscal year, it was determined that the net pension liability for the Town's proportionate share of the Vermont Municipal Retirement System underfunded pension liability recognized in these financial statements increased to \$34,610, an unfavorable outcome of \$1,400.

The following is a discussion of the significant assumptions employed in the measurement of the net pension liability: A select and ultimate interest rate set is restarted each year based on the employee's entry date; employee salary increases are estimated at 5% per year; cost of living adjustments are made 1.5% for

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - Pension plan (continued)

Group A members and 1.8% for Groups B, C & D. Inflation rates are consistent with stated assumptions for investment return, salary increases and cost of living adjustments are consistent with a 3% to 3.25% per year.

Assumptions related to the discount rate and the impact on the total pension liability of a 1 percentage point increase would decrease the District's net pension liability to \$43,176 and a 1 percentage point decrease in the discount rate would increase the District net pension liability to \$526,292.

NOTE 10 - Deferred compensation plan

The Town also offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

NOTE 11 - Commitments & Contingencies

The Town is exposed to various risks of loss related to torts; theft, damage and destruction of its assets; injuries. Any claims under these policies have not exceeded coverage in any of the immediately preceding three fiscal years. If the insurance funds noted above should ever become insolvent, the Town could be liable for a proportionate share of the Fund's liabilities.

The Town receives grant support from various State, Local and Federal sources. These programs are subject to financial and compliance audits by these grantors. Management believes that any possible disallowed costs, if any, would be immaterial to these financial statements.

NOTE 12 - Net Position Adjustments

The beginning net position of the Town has been adjusted for minor changes in the carrying value of general fixed assets within the Government Wide Financial Statements for the current fiscal year.

NOTE 13 - Related party transactions

On August 8, 2016, a parcel of land was transferred back to the Town due to the dissolution of Brandon Industrial Corporation. The estimated value of the land is \$50,000 and the cost to the Town upon dissolution was \$62,214. The Revolving Loan fund balance was been reduced for the cost of the loan as well as the carrying value of the related loan receivable and certain deferred revenues as of June 30, 2016.

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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**

To the Board of Directors

Town of Brandon, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brandon, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Brandon, Vermont's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brandon, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Jeffrey R. Bradley CPA, P.C.
Rutland, Vermont
November 30, 2016
VT License No. 092-0000515

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

To the Board of Directors
Town of Brandon, Vermont

Report on Compliance for Each Major Federal Program

We have audited Town of Brandon, Vermont's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Brandon, Vermont's major federal programs for the year ended June 30, 2016. Town of Brandon, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Town of Brandon, Vermont, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Town of Brandon, Vermont, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Brandon, Vermont's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each

major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Brandon, Vermont's internal control over compliance.

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

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

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



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VT License 092-0000515
November 30, 2016

Town of Brandon, Vermont
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Name of Agency or Department	CFDA Number	Name of Program & Grant	Grant ID Number	Award Amount	Award Expended
<i>Department of Housing and Urban Development</i>					
	14.228	Community Development Block Grant	DR-IG-2012-BRANDON-00068	\$ 500,000	\$ 500,000
<i>US Department of Homeland Security</i>					
	97.039	Hazard Mitigation Grant	02140-34000-092	205,650	120,058
	97.039	Hazard Mitigation Grant	02140-34000-125	116,678	1,331
	97.039	Hazard Mitigation Grant	08131-FE0621	825,534	153,794
		Subtotal		<u>1,147,862</u>	<u>275,183</u>
<i>US Department of Agriculture</i>					
	10.760	Water and Waste Disposal Grant		20,900	17,023
<i>US Department of Transportation</i>					
	20.205	Highway Planning and Construction	08100-CA0439	96,356	22,919
	20.205	Highway Planning and Construction	08126-CA0067	2,709,995	268,542
	20.205	Highway Planning and Construction	08126-CA120	1,268,000	108,237
	20.600	State and Community Highway Safety	08100-GR0564	2,500	2,500
	20.600	State and Community Highway Safety	08100-GR0603	6,000	3,062
	20.600	State and Community Highway Safety	08100-GR0617	4,000	1,115
	20.600	State and Community Highway Safety	08100-GR0811	3,100	682
	20.600	State and Community Highway Safety	08100-GR0907	6,000	2,436
	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	08100-GR0771	3,055	363
		Subtotal		<u>4,099,006</u>	<u>409,856</u>
		Total Federal Awards		<u>\$ 5,767,769</u>	<u>\$ 1,202,063</u>

TOWN OF BRANDON, VERMONT
NOTES FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

Summary of significant accounting policies:

Single Audit Reporting Entity: For purposes of complying with the Single Audit Act of 1984 as amended, the Union includes all funds and programs that are considered part of the primary governmental unit, as described in the basic financial statements as of the fiscal year ended above.

Basis of Presentation:

The information in the accompanying Schedule is presented in accordance with Office of Management and Budget (OMB) Circular A-133 guidance.

Federal award - Pursuant to the Single Audit Act and OMB Circular A-133, federal award is defined as federal financial assistance and cost-reimbursement contracts that non-Federal entities received directly from Federal awarding agencies or indirectly from pass-through entities. The Supervisory Union receives federal awards which are passed through primarily the Vermont Department of Education.

Federal financial assistance - As noted in the above referenced authoritative guidance, is defined as assistance provided by a federal agency, directly or indirectly, in the form of grants, contracts, cooperative agreements, loan guarantees, property, interest subsidies, insurance or direct appropriations.

Major or non-major programs - OMB Circular A-133 establishes risk based criteria for determining major programs and selecting those programs to be tested for compliance with related program requirements. The major programs selected were the following programs:

- Community Development Block Grant
- Hazard Mitigation Grant

Basis of Accounting:

The accompanying schedule was prepared on the basis of accounting required by its grantor agencies, and includes accrued expenditures which may result in deferred revenue from unexpended receipts or accrued grants receivable from expended, unreimbursed program costs.

The Town has not elected to use the 10% de minimis indirect cost rate.

**TOWN OF BRANDON, VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

SUMMARY OF AUDIT RESULTS

Financial Statements:

Audit Report Opinion: Unqualified.

Federal Awards:

Internal Control Over Financial Reporting:

Material Weaknesses: No.

Significant Deficiencies identified not considered to
Be material weaknesses: No.

Noncompliance material to financial statements: Not noted.

Compliance with Requirements for Each Major Program:

Material Weaknesses: No.

Significant Deficiencies identified considered to
be material weaknesses: No.

Noncompliance material to financial statements: Not noted.

Type of opinion issued: Unqualified.

Major Programs:

<u>Program</u>	<u>CFDA #</u>
Community Development Block Grant	14.228
Hazard Mitigation Grant	97.039

Dollar threshold to determine between Type A and Type B programs was \$750,000.

The Town did not qualify as a low risk auditee.

**TOWN OF BRANDON, VERMONT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Revenues:</i>			
Property Taxes - Current Year	\$ 6,628,782	\$ 6,639,475	\$ 10,693
Property Taxes - Delinquent	-	111,626	111,626
Interest & Penalties on Delinquent Taxes	65,000	85,359	20,359
State Payments in Lieu of Taxes	38,000	47,952	9,952
Traffic & Ordinance Fines/Grants	47,600	56,643	9,043
State and Federal Grants	148,000	150,710	2,710
Licenses, Permits & Fees for Services	131,205	113,673	(17,532)
Recording Fees	37,500	42,867	5,367
Miscellaneous Reimbursements	3,400	18,874	15,475
Interest Income	4,000	10,251	6,251
Total Revenues	7,103,487	7,277,430	173,943
<i>Expenditures:</i>			
<i>Public Schools:</i>			
Payments to/on behalf Brandon School District	3,887,463	3,887,463	-
<i>Public Safety:</i>			
Law Enforcement	795,100	738,131	56,969
Total Public Safety	795,100	738,131	56,969
<i>Community & Municipal Infrastructure:</i>			
Road, Highway & Bridge Infrastructure	812,670	790,077	22,593
Library	85,500	85,500	-
Recreation	102,205	140,357	(38,152)
Taxes & Assessments to Regional Organizations	71,700	70,904	796
Appropriated Funds to Local Organizations	95,559	95,559	-
Total Community & Municipal Infrastructure	1,167,634	1,182,397	(14,763)
<i>Administration:</i>			
Selectboard & Town Manager	362,425	314,744	47,681
Town Clerk & Treasurers Office	182,975	189,325	(6,350)
Listers	25,945	26,397	(452)

**TOWN OF BRANDON, VERMONT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Administration (continued):</i>			
Elections	5,000	2,074	2,927
Legal & Professional Fees	44,000	38,696	5,304
Municipal Buildings & Grounds	285,035	304,513	(19,478)
Planning & Zoning	96,405	82,280	14,125
Total Administration	<u>1,001,785</u>	<u>958,030</u>	<u>43,755</u>
<i>Debt Service:</i>			
Interest & Principal	<u>251,505</u>	<u>223,848</u>	<u>27,657</u>
Total Expenditures	<u>7,103,487</u>	<u>6,989,869</u>	<u>113,618</u>
Excess (Deficiency) of Revenues Over Expenditures	-	287,561	287,561
<i>Fund Transfers (to) from Reserve (Other Governmental) Funds:</i>			
Transportation Fund	-	54,477	54,477
Trustees of Public Funds - Capital Items	-	1,993	1,993
Trustees of Public Funds - Culture & Recreation	-	14,000	14,000
Trustees of Public Funds - Public Safety	-	10,250	10,250
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ 368,281</u>	<u>\$ 368,281</u>

**TOWN OF BRANDON, VERMONT
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Public Schools:</i>			
Payments to/on behalf Brandon School District	\$ 3,887,463	\$ 3,887,463	-
Less: Related Property Taxes Assessed	(3,887,463)	(3,887,463)	-
Total Public Schools	-	-	-
<i>Public Safety:</i>			
<i>Law Enforcement</i>			
Salaries & Benefits	639,317	604,536	34,781
Salaries - School Resource Officer	27,148	21,993	5,155
Fuel & Vehicle Maintenance	37,500	28,871	8,629
Occupancy Costs	13,600	8,871	4,729
Insurance	44,635	40,916	3,719
Operating Supplies	5,700	10,003	(4,303)
Professional Development	7,500	4,755	2,745
Communications	7,500	9,099	(1,599)
Computer and Equipment	9,200	7,085	2,115
Animal Control	3,000	2,000	1,000
Total Law Enforcement	795,100	738,131	56,969
<i>Appropriations to Local Organizations</i>			
Brandon 4th of July Committee	6,000	6,000	-
Brandon Area Rescue Squad	20,735	20,735	-
Brandon Chamber of Commerce	1,000	1,000	-
Rutland Senior Volunteers Program	-	-	-
Southwestern Vermont Council On Aging	2,500	2,500	-
Rutland Area Visiting Nurses Association	10,200	10,200	-
Rutland Mental Health Services	6,624	6,624	-
ARC of Rutland	3,500	3,500	-
Brandon Community Health Services	10,000	10,000	-
Foxcroft Farms	15,000	15,000	-
Sidewalk Repairs	20,000	20,000	-
Total Appropriations to Local Organizations	95,559	95,559	-
<i>Road, Highway & Bridge Infrastructure</i>			
Salaries & Benefits	362,485	367,751	(5,266)
Construction Costs	256,620	213,582	43,038
Occupancy Costs	21,550	8,748	12,802
Operating Supplies	750	344	406
Fuel, Materials and Supplies	72,750	46,250	26,500
Insurance	19,515	20,356	(841)
Training	500	70	430
Payments on Leased Equipment	78,500	132,977	(54,477)
Total Road, Highway & Bridge Infrastructure	812,670	790,077	22,593
<i>Library Support</i>	85,500	85,500	-
<i>Recreation</i>			
Salaries & Benefits	57,805	56,566	1,239
Program Activities	35,975	60,025	(24,050)
Occupancy Costs	4,500	4,028	472
Insurance	3,925	3,745	180
Total Recreation	102,205	124,365	(22,160)

**TOWN OF BRANDON, VERMONT
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Taxes & Assessments to Regional Organizations</i>			
Mosquito Control District	29,500	29,500	-
Brandon Senior Citizen Center	13,500	13,500	-
Marble Valley Regional Transit District	3,500	3,500	-
Vermont Green Up Day	300	300	-
Vermont League of Cities & Towns	-	-	-
Rutland Economic Development Corporation	500	500	-
Rutland Regional Planning Commission	900	951	(51)
Rutland County Tax	23,500	22,653	847
	<u>71,700</u>	<u>70,904</u>	<u>796</u>
<i>Selectboard & Town Manager</i>			
Salaries - Selectboard	6,000	4,000	2,000
Salaries - Town Manager	87,915	74,142	13,773
Salaries - Clerical Staff	110,492	89,204	21,288
Salaries - Economic Development	10,344	10,125	219
Salaries - Custodial	6,454	4,338	2,116
Payroll Taxes	19,785	17,115	2,670
Health Insurance	45,540	48,812	(3,272)
Municipal Retirement	11,965	12,958	(993)
Training	19,425	8,630	10,795
Insurance	36,615	32,315	4,300
Workmans Compensation Insurance	7,890	13,105	(5,215)
<i>Selectboard & Town Administrator</i>	<u>362,425</u>	<u>314,744</u>	<u>47,681</u>
<i>Town Clerk & Treasurer's Office</i>			
Salaries & Benefits - Clerks Office	127,995	131,546	(3,551)
Salaries - Board of Civil Authority	1,280	815	465
Vault Maintenance	5,500	20,278	(14,778)
Office Supplies	10,000	8,017	1,983
Postage & Envelopes	8,000	8,040	(40)
Telephone	7,000	5,901	1,099
Supplies	2,200	2,162	38
Town Report	5,000	4,117	883
Computer & Equipment Service	15,000	7,231	7,769
Legal Notices	1,000	1,219	(219)
<i>Town Clerk & Treasurer's Office</i>	<u>182,975</u>	<u>189,325</u>	<u>(6,350)</u>
<i>Listers</i>			
Salaries	8,895	8,339	556
Contracted Services and Supplies	17,050	18,058	(1,008)
<i>Listers</i>	<u>25,945</u>	<u>26,397</u>	<u>(452)</u>
<i>Elections</i>			
	<u>5,000</u>	<u>2,074</u>	<u>2,927</u>
<i>Legal & Professional Fees</i>			
Tax Collector Fees			-
Audit	20,000	12,500	7,500
Legal	24,000	26,196	(2,196)
<i>Legal & Professional Fees</i>	<u>44,000</u>	<u>38,696</u>	<u>5,304</u>

TOWN OF BRANDON, VERMONT
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Municipal Buildings & Grounds</i>			
Town Office	20,500	20,871	(371)
Parks	2,500	9,075	(6,575)
Rentals	7,060	7,176	(116)
Waste Disposal	24,000	13,907	10,093
Insurance	2,000	1,516	484
Occupancy Costs	24,400	33,783	(9,383)
Union Street Project	111,390	111,390	-
Capital Improvements	66,885	81,999	(15,114)
Building Maintenance	26,300	24,796	1,504
Total Municipal Buildings & Grounds	<u>285,035</u>	<u>304,513</u>	<u>(19,478)</u>
<i>Planning & Zoning</i>			
Zoning Administrator	79,605	76,141	3,464
Supplies	11,000	1,550	9,450
Training	2,300	1,754	546
Tax Maps	3,500	2,835	665
<i>Planning & Zoning</i>	<u>96,405</u>	<u>82,280</u>	<u>14,125</u>
<i>Debt Service:</i>			
Interest & Principal	<u>251,505</u>	<u>223,848</u>	<u>27,657</u>
 <i>Total Expenditures</i>	 <u>\$ 3,216,024</u>	 <u>\$ 3,086,413</u>	 <u>\$ 129,611</u>

TOWN OF BRANDON
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE A - Employers' Allocation of Pension Amounts as of June 30, 2014

	Employer Contributions	Employer Proportion	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Disc Rate)	Net Pension Liability 1% Increase (8.95% Disc Rate)
6/30/2014	\$ 46,938	0.36388%	\$ 1,978,226	\$ 1,945,016	\$ 33,210	\$ -	\$ (108,238)	\$ 279,772	\$ (173,649)

SCHEDULE B - Employers' Allocation of Pension Amounts as of June 30, 2015

	Employer Contributions	Employer Proportion	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Disc Rate)	Net Pension Liability 1% Increase (8.95% Disc Rate)
6/30/2015	\$ 47,773	0.34176%	\$ 2,094,997	\$ 1,831,513	\$ 263,484	\$ 111,705	\$ (10,968)	\$ 526,292	\$ 43,176

SCHEDULE C - Employer's Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2015

	Employer Proportion	Net Pension Liability	Difference between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportionate Share and Difference between Employer Contribution and Proportionate Share of Contribution	Total Deferred Inflows	Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportionate Share and Difference Between Employer Contributions and Proportionate Share of Contribution	Total
6/30/2015	0.34176%	\$ 263,484	\$ 8,329	\$ 52,473	\$ -	\$ 50,903	\$ -	\$ 111,705	\$ -	\$ -	\$ -	\$ -	\$ (10,968)	\$ (10,968)	\$ 72,180	\$ (3,107)	\$ 69,073

SCHEDULE D - Employer's Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2015

2016	\$ 18,808
2017	\$ 18,808
2018	\$ 18,808
2019	\$ 44,312
2020	\$ -
Thereafter	\$ -

SCHEDULE E - Contribution History for Fiscal Years 2013 - 2015

FYE 2015	\$ 47,773
FYE 2014	\$ 46,938
FYE 2013	\$ 46,084

TOWN OF BRANDON, VERMONT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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.

Summary of System Provisions

Membership	Full time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Group A - average annual compensation during highest 5 consecutive years. Groups B and C - average annual compensation during highest 3 consecutive years. Group D - average annual compensation during highest 2 consecutive years.
Service Retirement Allowance	
Eligibility	Group A - The earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B - The earlier of age 62 with 5 years of service or age 55 with 30 years of service. Groups C and D - Age 55 with 5 years of service.
Amount	Group A - 1.4% of AFC x service Group B - 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC Group C - 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC Group D - 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.
Early Retirement Allowance	
Eligibility	Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B members, and payable without reduction to Group D members.
Vested Retirement Allowance	
Eligibility	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" described below.
Disability Retirement Allowance	
Eligibility	5 years of service and disability as determined by Retirement Board.

TOWN OF BRANDON, VERMONT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.
Death Benefit	
Eligibility	Death after 5 years of service.
Amount	For Groups A, 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. For Group D, 70% of the unreduced accrued benefit plus children's benefit.
Optional Benefit and Death after Retirement	For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.
Member Contributions	Group A - 2.5% effective July 1, 2000 (reduced from 3.0%). Group B - 4.75% effective July 1, 2014 (increased from 4.625%). Group C - 9.625% effective July 1, 2014 and 9.75% effective January 1, 2015 (increased from 9.5%). Group D - 11.25% effective July 1, 2014 (increased from 11.25%).
Employer Contributions	Group A - 4.0% Group B - 5.375% (changed from 5.125%) effective July 1, 2014 Group C - 6.875% from July 1, 2014 to December 31, 2014 (changed from 6.625% and then 7.0% effective January 1, 2015) Group D - 9.75% effective July 1, 2014 (increased from 9.625%)
Retirement Stipend	\$25 per month payable at the option of the Board of retirees.

Significant Actuarial Assumptions and Methods

Interest Rate: 7.95% per annum. Through July 1, 2014, a select-and-ultimate rate set was used, as specified below. The interest rate set was restarted every year.

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%

TOWN OF BRANDON, VERMONT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Salary Increases: 5% per year

Deaths:

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

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

Disabled retirees - RP-2000 Disabled Life Tables

Beneficiaries - 1995 Buck Mortality Tables for males and females

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

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants: Assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D.

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

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

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

Long-term expected rate of return

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity	8.61%
Fixed Income	1.91%
Alternatives	6.93%
Multi-strategy	4.88%

TOWN OF BRANDON, VERMONT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Discount rate

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

The following presents the net pension liability, calculated using the discount rate of 7.95%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%) than the current rate:

1% Decrease (6.95%)	Discount Rate (7.95%)	1% Increase (8.95%)
\$526,292	\$263,484	\$43,176

TOWN OF BRANDON, VERMONT
 COMBINED BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Reappraisal Reserve	Revolving Loan Funds	Transportation Grant Funds	Equipment & Infrastructure Fund	Town Office Funds	Public Safety Funds	Town Farm Fund	Other Grant Programs	Trustees of Public Funds	June 30, 2016 Totals	June 30, 2015 Totals
ASSETS											
Cash and Investments	\$ -	\$ -	\$ 1,720	\$ -	\$ 25,610	\$ 203	\$ 113,621	\$ 7,834	\$ 642,929	\$ 791,917	\$ 801,997
Loans & Grants Receivable	-	331,498	207,167	62,108	-	-	-	-	-	600,772	832,372
Due From Other Funds	182,163	86,024	526,026	56,195	-	2,223	-	2,142	\$ -	854,772	1,213,576
TOTAL ASSETS	\$ 182,163	\$ 417,522	\$ 734,913	\$ 118,302	\$ 25,610	\$ 2,426	\$ 113,621	\$ 9,976	\$ 642,929	\$ 2,247,461	\$ 2,847,945
LIABILITIES AND FUND BALANCES											
<i>Liabilities:</i>											
Due To Other Funds	\$ -	\$ -	-	\$ -	11,891	\$ -	\$ -	\$ -	\$ -	\$ 11,891	\$ 99,792
Accounts Payable	-	-	76,930	3,367	-	-	-	-	-	80,297	138,148
Deferred Revenue	-	331,498	-	-	-	-	-	-	-	331,498	488,830
Total Liabilities	-	331,498	76,930	3,367	11,891	-	-	-	-	423,685	726,770
<i>Fund Balances:</i>											
Restricted for Specific Purposes	182,163	86,024	657,983	114,935	13,719	2,426	113,621	9,976	642,929	1,823,776	2,121,175
TOTAL LIABILITIES & FUND BALANCES	\$ 182,163	\$ 417,522	\$ 734,913	\$ 118,302	\$ 25,610	\$ 2,426	\$ 113,621	\$ 9,976	\$ 642,929	\$ 2,247,461	\$ 2,847,945

TOWN OF BRANDON, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND -
 CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Reappraisal Reserve	Revolving Loan Funds	Transportation Grant Funds	Equipment & Infrastructure Fund	Town Office Funds	Public Safety Funds	Town Farm Fund	Other Grant Programs	Trustees of Public Funds	June 30, 2016 Totals	June 30, 2015 Totals
<i>Revenues:</i>											
Net Investment Income	\$ -	\$ 2,098	\$ 6,032	\$ -	\$ -	\$ -	\$ 347	\$ 22	\$ (4,691)	\$ 3,808	\$ 14,327
Donations & Miscellaneous	-	19,453	-	-	2,598	-	-	-	-	22,051	49,268
Federal & State Grants	-	-	439,382	450,135	500,000	551	-	-	-	1,390,067	521,651
State Grants	23,554	-	-	-	-	-	-	-	-	23,554	-
Total Revenue	23,554	21,551	445,414	450,135	502,598	551	347	22	(4,691)	1,439,480	585,246
<i>Expenditures:</i>											
Capital Items	-	-	495,178	435,020	652,592	8,133	-	-	-	1,590,923	579,075
Operations & Maintenance	-	61,035	-	-	-	100	-	-	4,102	65,237	37,462
Total Expenditures	-	61,035	495,178	435,020	652,592	8,233	-	-	4,102	1,656,160	616,537
Excess (Deficiency) of Revenues Over Expenditures	23,554	(39,484)	(49,764)	15,115	(149,994)	(7,682)	347	22	(8,794)	(216,680)	(31,291)
<i>Other Financing Sources (Uses):</i>											
Operating Transfers In (Out)	-	-	-	(54,477)	-	-	-	-	(26,243)	(80,719)	9,044
Excess (Deficiency) of Revenues Over Expenditures	23,554	(39,484)	(49,764)	(39,362)	(149,994)	(7,681)	347	22	(35,036)	(297,400)	(22,247)
Fund Balances - Beginning (As adjusted)	158,609	125,507	707,747	154,297	163,714	10,108	113,274	9,954	677,965	2,121,175	2,143,421
Fund Balances - Ending	\$ 182,163	\$ 86,024	\$ 657,983	\$ 114,935	\$ 13,719	\$ 2,426	\$ 113,621	\$ 9,976	\$ 642,929	\$ 1,823,776	\$ 2,121,175