

TOWN OF BRANDON, VERMONT
FINANCIAL & COMPLIANCE REPORTS
JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Select Board

Town of Brandon, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information Town of Brandon, Vermont as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise 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, business type activities, each major fund, and the aggregate remaining fund information of Town of Brandon, Vermont, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–6 and 33–39 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 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* 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 January 10, 2018, on our consideration of 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.
VT License No. 92-0000515
Essex Junction, Vermont
January 10, 2018

TOWN OF BRANDON, VERMONT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

The Town of Brandon (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal year ended June 30, 2017.

Financial Highlights

Government-wide Financial Statements

- Assets and deferred outflows of the governmental fund types exceeded liabilities and deferred inflows of resources for same (*Net Position*) on June 30, 2017 by \$4,443,237. Of this amount, none of this (*Unassigned Net Position*) may be used by the various funds of the Town to meet the Town's ongoing obligations. The negative unassigned net position in the governmental fund types is due chiefly to FEMA projects completed but not yet reimbursed by the Federal and State governments. This is a timing situation and is temporary. Net position attributable to business-type activities increased by \$207,299.

Governmental Fund Financial Statements

- Fund balances of governmental funds decreased during fiscal 2016-17 by (\$634,404) from \$2,668,450 to \$2,034,047 at June 30, 2017. The decrease in fund balance was due to funding matching grant needs and paying for construction costs ahead of reimbursements. Construction bids came in higher than projected for some projects and required additional local match dollars. Additionally, the Route 7 Segment 6 project began at the end of June and large invoices were paid in anticipation of state and federal reimbursement. Much of this is a temporary timing issue.
- Capital Assets, net of accumulated depreciation, increased during fiscal 2016-17 by \$5,193,049. Asset additions were \$5,869,634 (\$345,158 in equipment and vehicles, \$282,036 in land, \$155,866 in building improvements, \$789,964 in infrastructure, \$4,296,610 in Construction in Progress), while depreciation expense was \$482,645. \$193,940 of assets were disposed of in fiscal 2016-17 of which \$167,790 were fully depreciated.
- Bonds and notes payable have decreased by \$390,484. New bond debt initiated in fiscal year 2017-18 is not included in these financial statements which reflect fiscal 2016-17 activity only. The amount of new bond debt is \$1,334,200 (\$835,200 Governmental funds, \$499,000 Proprietary funds) and will be included in future audit reports. Additionally, the town purchased a dump truck under a capital lease in fiscal 2016-17 financing \$181,695 payable in six installments of \$32,518.

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.

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 of Brandon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Brandon can be divided into two categories: governmental funds and proprietary funds. The proprietary funds of the Town are all enterprise funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations with government-wide statements to assist the reader in understanding the differences between the two.

The Town of Brandon maintains nineteen individual governmental funds, including the General Fund, eleven Special Revenue Funds, three Capital Projects Funds, one Debt Service Fund and one Permanent Fund. Data from the governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Brandon maintains three proprietary funds related to the wastewater operation.

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.

The following are schedules detailing the financial activities of the Town during fiscal year 2016-2017:

	<i>Governmental Fund Types:</i>		<i>Proprietary Fund Type:</i>	
	2017	2016	2017	2016
Current Assets	\$ 3,721,032	\$ 2,762,471	\$ 778,020	\$ 589,114
Other Assets & Deferred Outflows	958,671	755,497	-	-
Capital Assets, net	13,994,442	9,038,835	1,923,116	1,685,676
Total Assets	\$ 18,674,146	\$ 12,556,802	\$ 2,701,137	\$ 2,274,790
Current Liabilities	\$ 1,974,148	\$ 320,657	\$ 291,725	\$ 53,734
Noncurrent Liabilities	2,003,637	2,180,997	456,398	475,342
Deferred Inflows	1,108,989	911,014	-	-
Total Liabilities & Deferred Inflows	5,086,774	3,412,668	748,123	529,075
Nonspendable Fixed Assets	12,328,442	7,006,294	1,466,719	1,210,334
Restricted Net Position	1,413,797	1,935,742	486,295	423,413
Unassigned Net Position	(154,867)	202,098	-	111,968
Total Net Position	13,587,372	9,144,134	1,953,014	1,745,714
Total Liabilities, Deferred Items and Net Position	\$ 18,674,146	\$ 12,556,802	\$ 2,701,137	\$ 2,274,790

	<i>Governmental Fund Types:</i>		<i>Proprietary Fund Types:</i>	
	2017	2016	2017	2016
<i>Program Revenues:</i>				
Grants and Contributions	\$ 4,133,054	\$ 1,564,331	\$ -	\$ -
<i>General Revenues:</i>				
Property taxes and related charges	7,094,380	6,884,412	-	-
Fees for Service	370,836	254,109	708,951	690,515
Other	-	-	351	2,716
Interest Earnings	113,452	14,060	11,969	23,158
Total General Revenues	7,578,668	7,152,581	721,271	716,388
Total Revenues	11,711,722	8,716,912	721,271	716,388
<i>Programs:</i>				
General Government Services	2,691,279	2,573,606	-	-
Public Works	693,492	863,638	513,971	582,147
Public Education	3,849,966	3,887,463	-	-
Interest Expense	33,747	21,804	-	-
Total Expenses	7,268,484	7,346,511	513,971	582,147
Change in Net Position	4,443,238	1,370,401	207,300	134,241
Net Position - Beginning	9,144,134	7,773,733	1,745,714	1,611,473
Net Position - Ending	\$ 13,587,372	\$ 9,144,134	\$ 1,953,014	\$ 1,745,714

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Brandon assets exceeded liabilities by \$13,587,169. The largest portion of the Town's net position is in its investment in capital assets at 74% for FY17 as compared to 72% for FY16. 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 (12% or \$1,899,889) of the Town's net position is subject to restrictions on how it may be used. Generally, the Town's unassigned net position may be used to meet its ongoing obligations, but this balance is negative in fiscal 2016-17, as the Town is awaiting federal and state reimbursement for FEMA projects.

Governmental activities. Governmental activities increased the Town's net position by \$4,443,237 during fiscal year 2016-17. Much of this increase is attributed to capital improvements in the Town's infrastructure.

Business-type activities. Business-type activities increased the Town's net position by \$207,299 in FY 17 as compared to an increase of \$134,241 in FY 2015-16. The Sewer Fund net position increased to \$1,953,012 during the current fiscal year. Investments in infrastructure contributed to the increase in net position, primarily from rebuilding the Champlain Street Pump Station.

Financial Analysis of Major Governmental Funds

The General Fund. The General Fund's fund balance decreased by (\$162,212) to \$620,249 at the end of FY17. The decrease is largely due to an increased need for project matching funds. Several project bids came in higher than anticipated creating a need for additional matching funds.

Trustees of Public Funds Fund. The Trustees of Public Funds fund balance was \$705,662 as of June 30, 2017. This is an increase of \$62,733 from its June 30, 2016 fund balance. The increase is due to greater 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 \$2,509,066 (an increase of 0.89% as compared to FY17) to cover the Town's FY18 budgeted expenditures of \$2,999,986.

These factors were taken into consideration when preparing the FY 18 budget adopted in March 2017. 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, 2017 AND 2016

	<i>Governmental Activities</i>	<i>Business Type Activities</i>	<i>Totals</i> <i>June 30, 2017</i>	<i>Totals</i> <i>June 30, 2016</i>
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 3,694,207	\$ -	\$ 3,694,207	\$ 2,251,830
Accounts Receivable	3,146	466,255	469,401	519,461
Prepaid Items	13,006	-	13,006	13,011
Internal Balances	(311,971)	311,766	(205)	-
Delinquent Taxes Receivable	322,645	-	322,645	567,283
Total Current Assets	3,721,033	778,020	4,499,053	3,351,585
<i>Noncurrent Assets:</i>				
Loan Receivable	721,364	-	721,364	600,772
Capital Assets (Net of Accumulated Depreciation)	13,994,442	1,923,116	15,917,559	10,724,510
<i>Deferred Outflows of Resources:</i>				
Proportional Share of Multi-Employer Pension Plan	237,307	-	237,307	154,724
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 18,674,146	\$ 2,701,137	\$ 21,375,283	\$ 14,831,592
LIABILITIES, DEFERRED INFLOWS & NET POSITION				
<i>Current Liabilities:</i>				
Accrued Expenses	\$ 303,935	\$ 235,906	\$ 539,841	\$ 154,382
Accrued Interest Payable	4,321	-	4,321	12,853
Bond Anticipation Notes	1,462,784	35,355	1,498,139	-
Current Portion of Leases Payable	43,358	-	43,358	32,608
Current Portion of Long Term Debt	159,750	20,464	180,214	174,547
Total Current Liabilities	1,974,149	291,725	2,265,874	374,390
<i>Noncurrent Liabilities:</i>				
Capital Leases	394,786	-	394,786	222,692
Compensated Absences	102,601	-	102,601	80,514
Notes & Bonds Payable	1,506,250	456,398	1,962,648	2,353,132
Total Noncurrent Liabilities	2,003,637	456,398	2,460,035	2,656,338
Total Liabilities	3,977,786	748,123	4,725,909	3,030,729
<i>Deferred Inflows of Resources:</i>				
Net Municipal Pension Liability	459,489	-	459,489	263,484
Proportional Share of Multi-Employer Pension Plan	7,868	-	7,868	10,968
Deferred Revenue	641,632	-	641,632	636,562
Total Deferred Inflows of Resources	1,108,989	-	1,108,989	911,014
<i>Net Position:</i>				
Nonspendable General Fixed Assets	12,328,442	1,466,719	13,795,161	8,216,628
Restricted for Specific Purposes	1,413,797	486,295	1,900,092	2,359,155
Unrestricted	(154,867)	-	(154,867)	314,066
Total Net Position	13,587,372	1,953,014	15,540,386	10,889,849
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 18,674,146	\$ 2,701,137	\$ 21,375,284	\$ 14,831,592

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, 2017 and 2016**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>June 30, 2016 Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>			
					<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>June 30, 2017 Total</u>	
<i>Governmental Activities:</i>								
General Government	\$ 1,242,452	\$ 316,886	\$ -	\$ -	\$ (925,565)	\$ -	\$ (925,565)	\$ (1,237,457)
Public Education	3,849,966	3,849,966	-	-	-	-	-	-
Public Safety	759,629	53,949	-	689,720	(15,959)	-	(15,959)	-
Public Works	693,492	-	-	3,443,334	2,749,841	-	2,749,841	10,973
Recreation & Free Library	278,226	-	-	-	(278,226)	-	(278,226)	(225,857)
Community Development	410,973	-	-	-	(410,973)	-	(410,973)	(166,463)
Interest on Long Term Debt	33,747	-	-	-	(33,747)	-	(33,747)	(21,804)
Total Governmental Activities	7,268,484	4,220,802	-	4,133,054	1,085,371	-	1,085,371	(1,640,608)
<i>Business Type Activities:</i>								
Sewer Operations	513,971	708,951	-	-	-	194,980	194,980	106,027
Total Expenses	7,782,456	4,929,753	-	4,133,054	1,085,371	194,980	1,280,351	(1,534,581)
<i>General Revenues:</i>								
Property Taxes and related charges, levied for general purposes					3,244,414	-	3,244,414	2,996,948
Net Investment & Other Earnings					113,452	11,969	125,421	37,218
Miscellaneous					-	349	349	2,716
Total General Revenues					3,357,866	12,318	3,370,184	3,036,883
Change in Net Position					4,443,237	207,299	4,650,536	1,502,302
Net Position - Beginning					9,144,134	1,745,715	10,889,849	9,387,547
Net Position - Ending					\$ 13,587,372	\$ 1,953,014	\$ 15,540,386	\$ 10,889,849

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

**TOWN OF BRANDON, VERMONT
COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017 AND 2016**

	<i>Governmental Funds</i>		June 30, 2017 Totals	June 30, 2016 Totals
	General Fund	Other Governmental Funds		
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 2,964,725	\$ 729,482	\$ 3,694,207	\$ 2,251,830
Due from Other Funds	-	2,045,590	2,045,590	854,772
Accounts Receivable	3,146	-	3,146	242
Delinquent Taxes Receivable	322,645	-	322,645	567,283
Prepaid Items	13,006	-	13,006	13,011
Total Current Assets	3,303,521	2,775,072	6,078,594	3,687,138
<i>Noncurrent Assets:</i>				
Loans & Grants Receivable	-	721,364	721,364	600,772
TOTAL ASSETS	\$ 3,303,521	\$ 3,496,436	\$ 6,799,957	\$ 4,287,910
LIABILITIES, DEFERRED ITEMS & FUND BALANCES				
<i>Current Liabilities:</i>				
Accrued Expenses	\$ 62,750	\$ 241,185	\$ 303,935	\$ 120,446
Bond Anticipation Notes	-	1,462,784	1,462,784	-
Due to Other Funds	2,357,561	-	2,357,561	924,666
Total Liabilities	2,420,311	1,703,970	4,124,280	1,045,112
<i>Deferred Inflows of Resources:</i>				
Deferred Property Taxes	262,962	-	262,962	306,065
Deferred Revenue	-	378,670	378,670	331,498
Total Deferred Inflows of Resources	262,962	378,670	641,632	637,562
<i>Fund Balances:</i>				
Restricted for Infrastructure and Other Purposes	-	1,413,797	1,413,797	1,885,990
Nonspendable Prepaid Items	13,006	-	13,006	13,011
Unassigned	607,243	-	607,243	706,236
Total Fund Balances	620,249	1,413,797	2,034,045	2,605,237
TOTAL LIABILITIES, DEFERRED ITEMS & FUND BALANCES	\$ 3,303,522	\$ 3,496,436	\$ 6,799,958	\$ 4,287,910

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, 2017

	<i>Governmental Activities</i>	<i>Business Type Activities</i>
Fund Balances - Governmental Fund Types	\$ 2,034,045	\$ 1,953,014
 <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.	13,994,442	-
Accrued Interest is not recognized in the fund financial statements, while the Government Wide financial statements require its inclusion as a liability.	(4,321)	-
Pension Related Deferred Outflows, 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.	(230,050)	-
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.	(102,601)	-
Long Term Debt is not recorded in the governmental fund financial statements. However, the government wide financial statements include long term debt.	(2,104,144)	-
<i>Net Position - Government-Wide Financial Statements</i>	\$ 13,587,371	\$ 1,953,014

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, 2017 and 2016

	General Fund	Other Governmental Funds	TOTALS June 30, 2017	TOTALS June 30, 2016
Revenues:				
Property Taxes - Current Year	\$ 6,881,803	\$ -	\$ 6,881,803	\$ 6,639,475
Property Taxes - Delinquent	22,352	-	22,352	111,626
Local Options Tax	72,842	-	72,842	-
Interest & Penalties on Delinquent Taxes	66,092	-	66,092	85,359
State Payments in Lieu of Taxes	51,291	-	51,291	47,952
Traffic & Other Ordinance Fines	53,949	-	53,949	56,643
State, Federal Grants & Reimbursements	151,386	3,981,668	4,133,054	1,564,331
Licenses, Permits & Fees for Services	202,557	-	202,557	113,673
Recording Fees	43,429	-	43,429	42,867
Miscellaneous Reimbursements & Donations	48,072	22,829	70,900	40,926
Net Investment Income	2,392	111,059	113,451	14,059
Total Revenues	<u>7,596,165</u>	<u>4,115,556</u>	<u>11,711,721</u>	<u>8,716,910</u>
Expenditures:				
<i>Public Schools:</i>				
Payments to/on behalf Brandon Town School District	3,849,966	-	3,849,966	3,887,463
<i>Public Safety:</i>				
Law Enforcement	758,592	1,037	759,629	746,363
Total Public Safety	<u>758,592</u>	<u>1,037</u>	<u>759,629</u>	<u>746,363</u>
<i>Community & Municipal Infrastructure:</i>				
Road, Highway & Bridge Infrastructure	840,728	4,836,504	5,677,232	1,720,275
Library	85,500	-	85,500	85,500
Recreation	173,119	10,036	183,155	140,357
Taxes & Assessments to Regional Organizations	338,214	-	338,214	70,904
Appropriated Funds to Local Organizations	69,259	-	69,259	95,559
Total Community Infrastructure	<u>1,506,820</u>	<u>4,846,541</u>	<u>6,353,360</u>	<u>2,112,595</u>
<i>Administration:</i>				
Selectboard & Town Manager	305,873	70,000	375,873	379,882
Town Clerk & Treasurers Office	197,250	-	197,250	189,325
Listers	27,632	-	27,632	26,397

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, 2017

	General Fund	Other Governmental Funds	TOTALS June 30, 2017	TOTALS June 30, 2016
<i>Administration (continued):</i>				
Elections	4,685	-	4,685	2,074
Legal & Professional Fees	39,810	-	39,810	38,696
Municipal Buildings & Grounds	408,600	10,529	419,129	957,105
Planning & Zoning	82,520	-	82,520	82,280
Total Administration	1,066,370	80,529	1,146,899	1,675,759
<i>Debt Service:</i>				
Interest & Principal	236,271	-	236,271	223,848
Total Expenditures	7,418,018	4,928,106	12,346,124	8,646,029
Excess (Deficiency) of Revenues Over Expenditures	178,147	(812,551)	(634,404)	70,881
<i>Designated Fund Transfers:</i>				
Capital Improvements	(340,359)	340,359	-	-
Total Designated Fund Transfers	(340,359)	340,359	-	-
Excess of Revenues Over Expenditures and Other Financing Uses	(162,211)	(472,192)	(634,404)	70,881
Fund Balances - Beginning	782,460	1,885,990	2,668,450	2,597,569
Fund Balances - Ending	\$ 620,249	\$ 1,413,797	\$ 2,034,047	\$ 2,668,450

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, 2017**

	<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	\$ (634,404)	\$ 207,299	\$ (427,104)
Changes in the Compensated Absences liability are recognized in the government wide financial statements.	(22,087)	-	(22,087)
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.	(110,322)	-	(110,322)
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.	5,008,006	-	5,008,006
Change in Net Position - Statement of Activities	<u>\$ 4,443,238</u>	<u>\$ 207,299</u>	<u>\$ 4,650,537</u>

TOWN OF BRANDON, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUND TYPE
JUNE 30, 2017 and 2016

	<u>June 30, 2017</u>		<u>June 30, 2016</u>
	<u>Wastewater</u>		<u>Wastewater</u>
	<u>Fund</u>		<u>Fund</u>
ASSETS			
<i>Current Assets:</i>			
Accounts Receivable (net of allowance for uncollectible accounts)	\$ 466,255	\$	519,219
Due from Other Funds	311,766		69,895
<i>Noncurrent Assets:</i>			
Capital Assets (less accumulated depreciation)	1,923,116		1,685,676
TOTAL ASSETS	\$ 2,701,136	\$	2,274,790
LIABILITIES AND NET POSITION			
<i>Current Liabilities:</i>			
Accrued Expenses	\$ 234,554	\$	32,437
Current Portion of Long Term Debt	20,464		19,797
Accrued Interest Payable	1,352		1,500
Total Current Liabilities	256,370		53,734
<i>Noncurrent Liabilities:</i>			
Bond Anticipation Notes Payable	35,355		-
Notes Payable	456,398		475,341
Total Liabilities	748,123		529,075
<i>Net Position:</i>			
Restricted for Infrastructure and Other Purposes	1,446,254		1,172,469
Unassigned	506,759		573,244
Total Net Position	1,953,014		1,745,714
TOTAL LIABILITIES & NET POSITION	\$ 2,701,137	\$	2,274,789

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, 2017 AND 2016

	<u>June 30, 2017</u>		<u>June 30, 2016</u>
	<u>Wastewater</u>		<u>Wastewater</u>
	<u>Fund</u>		<u>Fund</u>
<i>Revenues:</i>			
Rents and Usage Charges	\$ 708,951	\$	690,515
Miscellaneous	350		2,716
Interest Revenue	11,969		20,818
Total Revenues	<u>721,271</u>		<u>714,048</u>
<i>Expenses:</i>			
Salaries & Benefits	168,570		179,795
Collection & Disposal Costs	87,316		93,723
Utilities	36,253		55,922
Operating Supplies	27,949		33,130
Plant Maintenance	17,567		42,774
Office Supplies	204		2,773
Contracted Services	60,153		45,722
Vehicle Operating Costs	2,010		1,968
Insurance	17,406		17,526
Professional Fees	3,390		3,125
Capital Expenditures	2,008		400
Depreciation	73,801		87,292
Interest Expense	17,345		18,000
Total Expenditures	<u>513,971</u>		<u>582,147</u>
Change in Net Position	207,299		131,901
Net Position - Beginning	1,745,715		1,613,814
Net Position - Ending	<u>\$ 1,953,014</u>	\$	<u>1,745,715</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, 2017 and 2016

	Wastewater Fund		TOTALS June 30, 2017		TOTALS June 30, 2016
<i>Cash flows from Operating Activities:</i>					
Cash Received from Customers	\$ 761,916	\$	761,916	\$	690,515
Cash Payments to Suppliers for Goods and Services	(299,535)		(299,535)		(472,199)
Net Cash Provided By (For) Operating Activities	462,381		462,381		218,316
<i>Cash Flows from Financing Activities:</i>					
Payments for Debt Service	18,944		18,944		(19,498)
Net borrowings (to) from other funds	(241,871)		(241,871)		(198,818)
Total Cash Flows from Financing Activities	(222,927)		(222,927)		(218,316)
<i>Cash Flows from Investing Activities:</i>					
Capital Improvement Costs	(239,454)		(239,454)		-
Interest Income	-		-		-
Total Cash Flows from Investing Activities	(239,454)		(239,454)		-
<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	\$ 207,299	\$	207,299	\$	222,963
<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	52,964		52,964		3,023
(Decrease) Increase in Accrued Expenses	202,118		202,118		(7,670)
Total Adjustments	255,082		255,082		(4,647)
Total Cash Flows from Operating Activities	\$ 462,381	\$	462,381	\$	218,316

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, 2017, 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, 2017 are as follows:

Fair Value:	
Exchange traded funds - equities	\$442,939
Mutual funds (Bonds, Domestic & International Equities)	252,114
Total	\$675,053

Investments are carried at market value. Any unrealized gains or losses are recognized annually. *Credit risk* is the risk that an issuer of 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, 2017, 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	Wastewater Fund
Revolving Loan Funds	(105,547)	105,547	-
Reappraisal Reserve	(206,702)	206,702	-
Transportation Grant	(1,631,432)	1,631,432	-
Equipment & Infrastructure	(97,533)	97,533	-
Town Office Funds	(3,190)	3,190	-
Public Safety	(1,186)	1,186	-
Wastewater Fund	(311,766)	-	311,766
Totals	(2,357,356)	2,045,590	311,766

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	23,526	1.50%	\$562 received monthly through February 2021
Park Village Partners, LLC	38,920	1.25%	\$327 received monthly through January 2018, balloon payment February 2018 \$37,194; Secured with real estate
Neshobe River Winery	24,495	1.25%	\$339 received monthly through October 2018, balloon payment \$19,748 November 2018; Secured with real estate
Swan & Stone, LLC	26,446	1.25%	\$355 received monthly through June 2019, \$19,748 balloon payment \$20,980 due July 2019
Common Ground Restaurant and Pub, LLC	55,087	1.25%	\$372 received monthly - \$21,979 balloon payment due November 2025
Olivia's Crouton, LLC	68,636	1.50%	\$442 received monthly
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	\$378,670		

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

NOTE 5 – Debt

Governmental Funds Long-term as of June 30, 2017 is as follows:

<i>Governmental Activities:</i>	Principal - July 1, 2016	Additions	Reductions	Principal - June 30, 2017	Due Within One Year
Resurfacing/Infrastructure	\$ 1,490,000	\$ -	\$ 140,000	\$ 1,350,000	\$ 140,000
Equipment	21,148	-	21,148	-	-
Public Building Improvements	335,750	-	19,750	316,000	19,750
Subtotal	1,846,898	-	180,898	1,666,000	159,750
<i>Capital Leases:</i>					
Caterpillar Loaders	315,194	-	58,745	256,449	32,608
International Truck	21,570	-	21,570	-	-
Mack Truck	-	199,500	17,805	181,695	17,805
Subtotal	336,764	199,500	98,120	438,144	50,413
Total Long Term Debt	\$ 2,183,662	\$ 199,500	\$ 279,018	\$ 2,104,144	\$ 210,163
<i>Business-Type Activities:</i>					
Water System Study	11,434	-	-	11,434	1,344
VMBB Sewer Improvement	38,755	-	3,290	35,465	3,482
VMBB Sewer Improvement	444,949	-	14,986	429,963	11,840
Total Long Term Debt	495,138	-	18,276	476,862	16,666

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, 2017 \$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, 2017 \$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, 2017 \$19,750.

Long-term Business-type debt at June 30, 2017 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.

Long Term Capital Leases at June 30, 2017 is as follows:

Caterpillar Financial Services Corporation, \$285,300 grader purchase, 8 annual payments of \$32,608, imputed interest rate of 2.75% from December 2015 through 2022. Mack Truck, \$199,500 truck purchase, 10 annual payments, imputed interest rate of 2% from August 2016 to 2025.

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

NOTE 5 - Debt (continued)

Short Term debt at June 30, 2017 is as follows:

Bond Anticipation Note - Merchants Bank, payable March 14, 2018 with 1.8% interest cost on borrowed amounts. Debt incurred at June 30, 2017, \$35,355.

Bond Anticipation Note - Bar Harbor Bank and Trust, payable May 31, 2018 with 1.49% interest cost on borrowed amounts. Debt incurred at June 30, 2017, \$962,784.

Line of Credit (Renewed) - National Bank of Middlebury, due June 30, 2018 with 1.32% interest on borrowed amounts. Debt incurred at June 30, 2017, \$500,000.

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 - Fixed Assets and Depreciation

The following schedule details the Town's investment in general fixed assets as of June 30, 2017:

	Balance - July 1, 2016	Net Activity	Depreciation	Beginning Accumulated Depreciation	Net Asset Value - June 30, 2017
<i>Governmental Funds:</i>					
Land	\$ 336,004	\$ 308,165	\$ -	\$ -	644,169
Construction in progress	3,821,982	3,804,763	-	-	7,626,745
Total capital assets, not depreciated	4,157,986	4,112,928	-	-	8,270,914
Buildings & Improvements	2,162,199	105,856	55,553	468,612	1,743,889
Equipment & Furnishings	293,814	408,122	88,378	173,186	440,372
Vehicles	1,285,714	(213,192)	146,925	775,116	150,481
Infrastructure	3,809,226	1,086,786	254,034	1,253,192	3,388,786
Subtotal	11,708,939	5,500,500	544,890	2,670,106	13,994,442
<i>Business Type Activities:</i>					
Construction in Progress	46,388	296,450	-	-	342,838
Buildings & Improvements	2,060,904	-	42,844	907,482	1,110,578
Equipment	818,715	14,791	21,504	664,300	147,702
Sewer Lines	462,980	-	9,453	131,529	321,998
Subtotal	3,388,987	311,241	73,801	1,703,311	1,923,116
GRAND TOTALS	\$15,097,926	\$ 5,811,741	\$ 618,691	\$ 4,373,417	\$ 15,917,558

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - Fixed Assets and Depreciation (continued)

Depreciation expense was allocated to the above government functions as noted in the following schedule:

<i>Depreciation Allocation by Function:</i>	
<i>Governmental Type Activities:</i>	
General Government	\$ 82,893
Public Safety	81,786
Public Works	367,141
Recreation	13,071
Total	\$ 544,891
<i>Business Type Activities:</i>	
Sewer Operations	\$ 73,801

NOTE 8 - 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, 2016, 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

TOWN OF BRANDON, VERMONT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - Pension plan (continued)

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, 2016, 2015 and 2014 were \$54,264, \$47,773, and \$46,938, 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 \$459,489, an unfavorable outcome of (\$196,005).

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 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 \$762,797 and a 1 percentage point decrease in the discount rate would increase the District net pension liability to \$205,530.

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 9 - 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 10 - Fund Balance Adjustment

On August 8, 2016, a parcel of land was transferred back to the Town due to the dissolution of Brandon Industrial Corporation. The General fund was charged in the current fiscal year for the cost of the loan (\$65,000). The Other Governmental Fund balance has been increased in these financial statements by \$62,214 as it was recognized there in the previous fiscal year's financial statements.

Jeffrey R. Bradley CPA, P.C.

~ Member ~

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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 Select Board

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 Town of Brandon, Vermont, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Brandon, Vermont's basic financial statements, and have issued our report thereon dated January 10, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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.

A handwritten signature in red ink that reads "Jeffrey R. Bradley CPA, P.C." The signature is written in a cursive style.

Jeffrey R. Bradley CPA, P.C.

Essex Junction, Vermont

January 10, 2018

Jeffrey R. Bradley CPA, P.C.

~ Member ~

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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 Select Board
Town of Brandon, Vermont

Report on Compliance for Each Major Federal Program

We have audited the 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 the Town of Brandon, Vermont's major federal programs for the year ended June 30, 2017. 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 the 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 the 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 the Town of Brandon, Vermont's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2017.

Report on Internal Control over Compliance

Management of the 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 the 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 the 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.



Jeffrey R. Bradley CPA, P.C.
VT License No. 92-0000515
Essex Junction, Vermont
January 10, 2018

Town of Brandon, Vermont
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

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>					
	14.269	Disaster Recovery - Hurricane Sandy and Other Disasters	DR-IG-2012-TRORC-00036	\$ 41,632	\$ 41,594
<i>US Department of Homeland Security</i>					
	97.039	Hazard Mitigation Grant	02140-34000-092	1,908,629	1,838,928
	97.039	Hazard Mitigation Grant	02140-34000-125	124,895	123,451
	97.039	Hazard Mitigation Grant	08131-FE0621	825,534	326,438
		Subtotal		<u>2,859,058</u>	<u>2,288,817</u>
<i>US Department of Agriculture</i>					
	10.760	Water and Waste Disposal Grant	USDA Rural Development	\$ 20,900	\$ 3,877
<i>US Department of Transportation</i>					
	20.205	Highway Planning and Construction - Transportation Alternatives Grant	08100-CA0439	\$ 395,449	\$ 3,923
	20.205	Highway Planning and Construction	08126-CA0067	27,752,003	1,262,399
	20.205	Highway Planning and Construction	08126-CA120	137,404	74,865
	20.205	Highway Planning and Construction - AOT Project Development	08126-CA290	1,268,000	11,676
	20.600	State and Community Highway Safety	08100-GR00771/NH16164-104	3,055	508
			08100-GR00811/NH16402-104	3,100	-
	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	08100-GR1053	6,000	827
		Subtotal		<u>29,565,011</u>	<u>1,354,198</u>
		Total Federal Awards		<u>\$ 32,486,601</u>	<u>\$ 3,688,486</u>

TOWN OF BRANDON, VERMONT
NOTES FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

Summary of significant accounting policies:

Single Audit Reporting Entity: For purposes of complying with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Town includes all funds and programs that are considered part of the primary governmental unit, as described in the basic financial statements as of the fiscal year ended above.

Basis of Presentation:

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

Federal award - Pursuant to the preceding, a 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 Town receives federal awards which are passed through various State of Vermont Departments and Agencies.

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 regulation 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:

- Hazard Mitigation Grant

Basis of Accounting:

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Town's financial statements. The Town uses the *modified accrual* basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

Program Costs/Matching Contributions:

The amounts shown as current year expenses represent only the Town's grant portion of the program costs. Entire program costs, including the Town's portion, may be more than shown.

- 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, 2017**

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>
----------------	---------------

Hazard Mitigation Grant	97.039
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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, 2017**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Revenues:</i>			
Property Taxes - Current Year	\$ 6,875,439	\$ 6,881,803	\$ 6,364
Property Taxes - Delinquent	-	22,352	22,352
Interest & Penalties on Delinquent Taxes	45,000	66,092	21,092
Local Option Taxes	-	72,842	72,842
State Payments in Lieu of Taxes	47,174	51,291	4,117
Traffic & Ordinance Fines/Grants	48,100	53,949	5,849
State and Federal Grants	148,400	151,386	2,986
Licenses, Permits & Fees for Services	116,464	202,557	86,093
Recording Fees	39,750	43,429	3,679
Miscellaneous Reimbursements	-	48,071	48,071
Interest Income	15,000	2,392	(12,608)
Total Revenues	7,335,327	7,596,165	260,838
<i>Expenditures:</i>			
<i>Public Schools:</i>			
Payments to/on behalf Brandon School District	3,849,966	3,849,966	-
<i>Public Safety:</i>			
Law Enforcement	793,880	758,592	35,288
Total Public Safety	793,880	758,592	35,288
<i>Community & Municipal Infrastructure:</i>			
Road, Highway & Bridge Infrastructure	839,035	840,728	(1,693)
Library	85,500	85,500	-
Recreation	110,780	173,119	(62,339)
Taxes & Assessments to Regional Organizations	340,440	338,214	2,226
Appropriated Funds to Local Organizations	79,259	69,259	10,000
Total Community & Municipal Infrastructure	1,455,014	1,506,820	(51,806)
<i>Administration:</i>			
Selectboard & Town Manager	334,205	305,873	28,332
Town Clerk & Treasurers Office	194,525	197,250	(2,725)
Listers	30,245	27,632	2,614

**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, 2017**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Administration (continued):</i>			
Elections	5,000	4,685	315
Legal & Professional Fees	43,000	39,810	3,190
Municipal Buildings & Grounds	181,967	408,600	(226,633)
Planning & Zoning	90,425	82,520	7,905
Total Administration	<u>879,367</u>	<u>1,066,370</u>	<u>(187,003)</u>
<i>Debt Service:</i>			
Interest & Principal	<u>256,850</u>	<u>236,271</u>	<u>20,579</u>
Total Expenditures	<u>7,235,077</u>	<u>7,418,018</u>	<u>(182,941)</u>
Excess (Deficiency) of Revenues Over Expenditures	100,250	178,147	77,897
<i>Fund Transfers (to) from Reserve (Other Governmental) Funds:</i>			
Capital Improvement Transfers	(100,250)	(364,961)	(264,711)
Trustees of Public Funds - Culture & Recreation	-	3,500	3,500
Trustees of Public Funds - Public Safety	<u>-</u>	<u>21,102</u>	<u>21,102</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>-</u>	<u>\$ (162,211)</u>	<u>\$ (162,211)</u>

**TOWN OF BRANDON, VERMONT
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Public Schools:</i>			
Payments to/on behalf Brandon School District	\$ 3,849,966	3,849,966	-
Less: Related Property Taxes Assessed	(3,849,966)	(3,849,966)	-
Total Public Schools	-	-	-
<i>Public Safety:</i>			
<i>Law Enforcement</i>			
Salaries & Benefits	661,650	646,650	15,000
Salaries - School Resource Officer	28,000	22,931	5,069
Fuel & Vehicle Maintenance	33,750	20,151	13,599
Legal Fees	3,000	2,848	152
Insurance	37,350	38,582	(1,232)
Operating Supplies	7,450	5,688	1,762
Professional Development	15,000	10,397	4,603
Communications	7,500	11,169	(3,669)
Computer and Equipment	200	177	23
Total Law Enforcement	793,900	758,592	35,308
<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	550	550	-
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	-
Rutland County Humane Society	750	750	-
ARC of Rutland	3,500	3,500	-
Rutland County Boys and Girls Club	10,000	-	10,000
Foxcroft Farms	15,000	15,000	-
Sidewalk Repairs	2,400	2,400	-
Total Appropriations to Local Organizations	79,259	69,259	10,000
<i>Road, Highway & Bridge Infrastructure</i>			
Salaries & Benefits	422,125	412,489	9,636
Construction Costs	201,800	228,282	(26,482)
Occupancy Costs	35,500	5,105	30,395
Operating Supplies	500	448	52
Fuel, Materials and Supplies	63,750	54,869	8,882
Insurance	14,000	13,032	968
Training	350	560	(210)
Equipment Purchase - Mower	35,000	60,430	(25,430)
Payments on Leased Equipment	66,010	65,514	496
Total Road, Highway & Bridge Infrastructure	839,035	840,728	(1,693)
<i>Library Support</i>	85,500	85,500	-
<i>Recreation</i>			
Salaries & Benefits	67,120	68,837	(1,717)
Program Activities	35,874	92,984	(57,110)
Occupancy Costs	5,836	8,231	(2,395)
Insurance	1,950	3,067	(1,117)
Total Recreation	110,780	173,119	(62,339)

**TOWN OF BRANDON, VERMONT
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Taxes & Assessments to Regional Organizations</i>			
Mosquito Control District	33,303	33,305	(2)
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	925	925	-
Rutland Economic Development Corporation	500	500	-
Rutland County Humane Society	750	750	-
Rutland Natural Resources Conservation District	250	-	250
Brandon Fire District	259,412	259,412	-
Rutland County Tax	28,000	26,022	1,978
<i>Taxes & Assessments to Regional Organizations</i>	<u>340,440</u>	<u>338,214</u>	<u>2,226</u>
<i>Selectboard & Town Manager</i>			
Salaries - Selectboard	6,000	6,015	(15)
Salaries - Town Manager	80,000	80,000	-
Salaries - Clerical Staff	109,000	88,943	20,057
Salaries - Economic Development	18,280	18,280	-
Animal Control	4,000	3,000	1,000
Payroll Taxes	19,100	14,947	4,153
Health Insurance	48,600	44,376	4,224
Municipal Retirement	16,700	14,010	2,690
Training	12,625	13,604	(979)
Insurance	13,300	11,929	1,371
Workmans Compensation Insurance	6,600	10,769	(4,169)
<i>Selectboard & Town Administrator</i>	<u>334,205</u>	<u>305,873</u>	<u>28,332</u>
<i>Town Clerk & Treasurer's Office</i>			
Salaries & Benefits - Clerks Office	138,975	139,641	(666)
Salaries - Board of Civil Authority	1,200	1,094	106
Vault Maintenance	3,500	4,555	(1,055)
Office Supplies	10,000	6,926	3,074
Postage & Envelopes	8,000	7,623	377
Telephone	5,000	5,110	(110)
Supplies	6,650	11,407	(4,757)
Town Report	5,000	4,121	879
Computer & Equipment Service	14,000	16,109	(2,109)
Legal Notices	2,200	665	1,535
<i>Town Clerk & Treasurer's Office</i>	<u>194,525</u>	<u>197,250</u>	<u>(2,725)</u>
<i>Listers</i>			
Salaries	9,995	9,795	200
Contracted Services and Supplies	20,250	17,837	2,413
<i>Listers</i>	<u>30,245</u>	<u>27,632</u>	<u>2,614</u>
<i>Elections</i>			
	<u>5,000</u>	<u>4,685</u>	<u>315</u>
<i>Legal & Professional Fees</i>			
Tax Collector Fees			-
Audit	18,000	13,560	4,440
Legal	25,000	26,250	(1,250)
<i>Legal & Professional Fees</i>	<u>43,000</u>	<u>39,810</u>	<u>3,190</u>

**TOWN OF BRANDON, VERMONT
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<i>Original/Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<i>Municipal Buildings & Grounds</i>			
Town Office	28,500	9,989	18,511
Parks	10,000	271	9,729
Rentals	14,570	22,630	(8,060)
Waste Disposal	8,000	12,260	(4,260)
Insurance	15,697	17,018	(1,321)
Occupancy Costs	81,400	91,988	(10,588)
Land - Tax Sale Property Purchase	-	50,122	(50,122)
Land - Economic Development Purchase	-	65,000	(65,000)
Building Improvements - Police & Town Office	-	125,668	(125,668)
Building Maintenance	22,800	13,655	9,145
Total Municipal Buildings & Grounds	181,967	408,600	(226,633)
<i>Planning & Zoning</i>			
Zoning Administrator	81,350	78,296	3,054
Supplies	3,275	1,044	2,231
Training	2,300	530	1,770
Tax Maps	3,500	2,650	850
Planning & Zoning	90,425	82,520	7,905
<i>Debt Service:</i>			
Interest & Principal	256,850	236,271	20,579
Total Expenditures	\$ 3,385,131	\$ 3,568,052	\$ (182,921)
<i>Capital Project Transfers:</i>			
Paving Projects	\$ 100,250	100,250	-
Churchill Bridge, Route 7, Overflow Culvert	-	259,710	(259,710)
Wood Lane	-	20,200	(20,200)
Reappraisal Fund	-	5,000	(5,000)
Total Capital Project Transfers	100,250	385,160	(284,910)
Total Expenditures and Capital Project Transfers	\$ 3,485,381	\$ 3,953,212	\$ (467,831)

TOWN OF BRANDON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE A - EMPLOYERS ALLOCATION 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 (6.95% Disc Rate)	
June 30, 2015 \$	47,773.08	0.34176%	\$ 2,094,997.00	\$ 1,831,513.00	\$ 263,484.00	\$ 111,705.00	\$ (10,968.00)	\$ 526,292.00	\$ 43,176.00

SCHEDULE B - EMPLOYERS ALLOCATION AS OF JUNE 30, 2016

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 (6.95% Disc Rate)	
June 30, 2016 \$	54,263.63	0.35703%	\$ 2,412,517.00	\$ 1,953,028.00	\$ 459,489.00	\$ 237,307.00	\$ (7,862.00)	\$ 762,797.00	\$ 205,530.00

SCHEDULE C - EMPLOYERS ALLOCATION OF PENSION AMOUNTS AS OF JUNE 30, 2016

Employer Proportionate Share	Net Pension Liability	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	Total Deferred Outflows	Difference Between Expected and Actual Experience	
June 30, 2016	0.35703%	\$ 459,489	\$ 9,439	\$ 73,792	\$ -	\$ 148,988	\$ 5,087	\$ 237,307	\$ -

Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportionate Share and Difference between Employer Contributions and Proportionate Share	Total Deferred Inflows	Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportionate Share	Total
\$ -	\$ -	\$ (7,862)	\$ (7,862)	\$ 122,971	\$ (1,411)	\$ 121,560

For the measurement period ended June 30,

	2016	2015		2016	2015
Town's proportionate share of the net pension liability (asset)	0.3570%	0.34176%	Contractually required contribution	\$ 25,346	\$ 21,622
Town's proportionate share of the net pension liability (asset)	\$ 459,489	\$ 263,484	Contributions in relation to the contractually required contribution	(25,346)	(21,622)
Town's covered-employee payroll	\$ 633,638	\$ 540,556	Contribution deficiency (excess)	\$ -	\$ -
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.52%	48.74%	Town's covered-employee payroll	\$ 633,638	\$ 540,556
Plan fiduciary net position as a percentage of the total pension liability	4.09%	6.37%	Contributions as a percentage of covered-employee payroll	-4.00%	-4.00%

Contribution History for Fiscal Years 2014 - 2016

FYE 2016	\$ 54,263.63
FYE 2015	\$ 47,773.08
FYE 2014	\$ 46,937.89

See accompanying notes to required supplementary information.

TOWN OF BRANDON, VERMONT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Significant Actuarial Assumptions and Methods

Interest Rate: 7.95% per annum.

Salary Increases: 5% per year.

Disabled retirees - RP-2000 Disabled Life Tables

Beneficiaries - 1995 Buck Mortality Tables for males and females

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. 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%. 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	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

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. 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 \$50,825 and a 1 percentage point would decrease the net pension liability to \$13,694.

TOWN OF BRANDON, VERMONT
 COMBINED BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 JUNE 30, 2017

	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, 2017 Totals	June 30, 2016 Totals
ASSETS											
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203	\$ 15,772	\$ 7,845	\$ 705,662	\$ 729,482	\$ 791,917
Loans & Grants Receivable	-	378,670	208,605	134,089	-	-	-	-	-	721,364	662,986
Due From Other Funds	206,702	105,547	1,631,432	97,533	3,190	1,186	-	-	\$ -	2,045,590	854,772
TOTAL ASSETS	\$ 206,702	\$ 484,217	\$ 1,840,037	\$ 231,622	\$ 3,190	\$ 1,389	\$ 15,772	\$ 7,845	\$ 705,662	\$ 3,496,436	\$ 2,309,675
LIABILITIES AND FUND BALANCES											
<i>Current Liabilities:</i>											
Due To Other Funds	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,891
Accounts Payable	-	-	64,379	176,807	-	-	-	-	-	241,185	80,297
Bond Anticipation Notes	-	-	962,784	500,000	-	-	-	-	-	1,462,784	-
Deferred Revenue	-	378,670	-	-	-	-	-	-	-	378,670	331,498
Total Liabilities	-	378,670	1,027,163	676,807	-	-	-	-	-	2,082,639	423,686
<i>Fund Balances:</i>											
Restricted for Specific Purposes	206,702	105,547	812,874	(445,185)	3,190	1,389	15,772	7,845	705,662	1,413,797	1,885,990
TOTAL LIABILITIES & FUND BALANCES	\$ 206,702	\$ 484,217	\$ 1,840,037	\$ 231,622	\$ 3,190	\$ 1,389	\$ 15,772	\$ 7,845	\$ 705,662	\$ 3,496,436	\$ 2,309,675

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, 2017

	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, 2017 Totals	June 30, 2016 Totals
<i>Revenues:</i>											
Net Investment Income	\$ 2,607	\$ 4,481	\$ 8,580	\$ -	\$ -	\$ -	\$ 151	\$ 10	\$ 95,230	\$ 111,059	\$ 3,808
Donations & Miscellaneous	-	22,828	-	-	-	-	-	-	-	22,828	22,051
Federal & State Grants	-	-	1,588,694	2,376,042	-	-	-	-	-	3,964,736	1,390,067
State Grants	16,932	-	-	-	-	-	-	-	-	16,932	23,554
Total Revenue	19,539	27,309	1,597,273	2,376,042	-	-	151	10	95,230	4,115,555	1,439,480
<i>Expenditures:</i>											
Capital Items	-	-	1,650,363	3,186,141	-	-	-	-	-	4,836,504	1,590,923
Operations & Maintenance	-	70,000	-	-	10,529	1,037	-	2,142	7,895	91,602	3,023
Total Expenditures	-	70,000	1,650,363	3,186,141	10,529	1,037	-	2,142	7,895	4,928,106	1,593,947
Excess (Deficiency) of Revenues Over Expenditures	19,539	(42,691)	(53,090)	(810,099)	(10,529)	(1,037)	151	(2,131)	87,335	(812,551)	(154,467)
<i>Other Financing Sources (Uses):</i>											
Operating Transfers In (Out)	5,000	-	207,982	249,979	-	-	(98,000)	-	(24,602)	340,359	(80,719)
Excess (Deficiency) of Revenues Over Expenditures	24,539	(42,691)	154,892	(560,120)	(10,529)	(1,037)	(97,849)	(2,131)	62,733	(472,193)	(235,186)
Fund Balances - Beginning (As adjusted)	182,163	148,238	657,983	114,935	13,719	2,426	113,621	9,976	642,929	1,885,990	2,121,175
Fund Balances (Deficit) - Ending	\$ 206,702	\$ 105,548	\$ 812,874	\$ (445,185)	\$ 3,190	\$ 1,390	\$ 15,772	\$ 7,845	\$ 705,662	\$ 1,413,797	\$ 1,885,990