

**CITY OF BARRE, VERMONT**

**AUDIT REPORT AND REPORTS ON  
COMPLIANCE AND INTERNAL CONTROL**

**JUNE 30, 2017**

CITY OF BARRE, VERMONT  
AUDIT REPORT  
TABLE OF CONTENTS  
JUNE 30, 2017

	<u>Page #</u>
Independent Auditor's Report	1-4
Basic Financial Statements:	
Statement of Net Position	Exhibit A      5
Statement of Activities	Exhibit B      6
Governmental Funds:	
Balance Sheet	Exhibit C      7
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D      8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit E      9
Proprietary Funds:	
Statement of Fund Net Position	Exhibit F      10
Statement of Revenues, Expenses and Changes in Fund Net Position	Exhibit G      11
Statement of Cash Flows	Exhibit H      12
Fiduciary Funds:	
Statement of Fiduciary Net Position	Exhibit I      13
Statement of Changes in Fiduciary Net Position	Exhibit J      14
Notes to the Financial Statements	15-52

CITY OF BARRE, VERMONT  
 AUDIT REPORT  
 TABLE OF CONTENTS  
 JUNE 30, 2017

	<u>Page #</u>
 Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	Schedule 1      53-68
Schedule of Proportionate Share of the Net Pension Liability - VMERS Defined Benefit Plan	Schedule 2      69
Schedule of Contributions - VMERS Defined Benefit Plan	Schedule 3      70
 Other Information:	
Combining Balance Sheet - Non-Major Governmental Funds	Schedule 4      71
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	Schedule 5      72
Combining Balance Sheet - Non-Major Special Revenue Funds	Schedule 6      73
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds	Schedule 7      74
Combining Balance Sheet - Non-Major Capital Projects Funds	Schedule 8      75
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Funds	Schedule 9      76
Combining Schedule of Fiduciary Net Position - Private-Purpose Trust Funds	Schedule 10      77
Combining Schedule of Changes in Fiduciary Net Position - Private-Purpose Trust Funds	Schedule 11      78
Schedule of Expenditures of Federal Awards	Schedule 12      79-80

CITY OF BARRE, VERMONT  
AUDIT REPORT  
TABLE OF CONTENTS  
JUNE 30, 2017

	<u>Page #</u>
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"	81-83
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	84-85
Summary Schedule of Prior Audit Findings	86-89
Schedule of Findings and Deficiencies in Internal Control	90-97
Response to Deficiencies in Internal Control	

**Sullivan, Powers & Co., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street  
P.O. Box 947  
Montpelier, VT 05601  
802/223-2352  
[www.sullivanpowers.com](http://www.sullivanpowers.com)

Fred Duplessis, CPA  
Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
Wendy C. Gilwee, CPA  
VT Lic. #92-000180

Independent Auditor's Report

City Council  
City of Barre  
City Hall, 6 North Main Street, Suite 2  
Barre, Vermont 05641

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Barre, Vermont, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Barre, Vermont's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit 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 City'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 City'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.

***Basis for Qualified Opinions***

The City has not completed reconciling the amounts due to the State of Vermont for the City's share of a large public works project administered by the State of Vermont and the related capital assets and depreciation and has not capitalized certain improvements and, therefore, has not recorded the actual amount due to the State of Vermont and the related capital assets and depreciation in the Water Fund, the Sewer Fund and the Capital Improvement Fund has not capitalized certain improvements in the Water Fund. The amounts by which this departure would affect the City's assets, liabilities, expenses and fund balance/net position has not been determined.

***Qualified Opinions***

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the Governmental Activities, the Business-Type Activities, the Water Fund, the Sewer Fund and the Capital Improvement Fund of the City of Barre, 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.

***Unmodified Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the General Fund, the Special Fund and the aggregate remaining fund information of the City of Barre, Vermont as of June 30, 2017 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Correction of Errors***

As described in Note III.B. to the financial statements, certain errors were corrected by management during the current year. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability for the City's participation in VMERS on Schedule 2 and the Schedule of Contributions for the City's participation in VMERS on Schedule 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

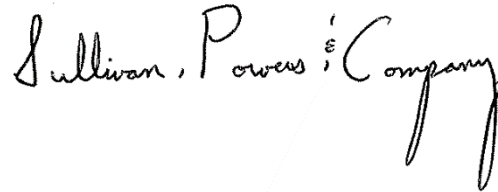
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Barre, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by "Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by “Government Auditing Standards”***

In accordance with “Government Auditing Standards”, we have also issued our report dated March 29, 2018 on our consideration of the City of Barre, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 City of Barre, Vermont’s internal control over financial reporting and compliance.

March 29, 2018  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the typed address information.



CITY OF BARRE, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash	\$ 893,914	\$ 400	\$ 894,314
Restricted Cash	499,226	0	499,226
Investments	1,946,627	0	1,946,627
Receivables (Net of Allowance for Uncollectibles)	682,317	1,554,394	2,236,711
Internal Balances	(1,243,535)	1,243,535	0
Prepaid Expenses	312,493	13,002	325,495
Inventory	56,189	274,075	330,264
Capital Assets:			
Land	3,094,381	293,111	3,387,492
Works of Art	272,184	0	272,184
Construction in Progress	333,258	80,301	413,559
Other Capital Assets, (Net of Accumulated Depreciation)	31,213,879	24,894,827	56,108,706
<b>Total Assets</b>	<b>38,060,933</b>	<b>28,353,645</b>	<b>66,414,578</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows of Resources Related to the City's Participation in VMERS	1,583,848	233,324	1,817,172
<b>Total Deferred Outflows of Resources</b>	<b>1,583,848</b>	<b>233,324</b>	<b>1,817,172</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	619,690	1,011,523	1,631,213
Accrued Payroll and Benefits Payable	143,552	17,904	161,456
Unearned Revenue	13,547	0	13,547
Due to Fiduciary Funds	768	0	768
Due to Others	8,659	0	8,659
Accrued Interest Payable	44,868	42,637	87,505
Noncurrent Liabilities:			
Due within One Year	711,246	444,126	1,155,372
Due in More than One Year	8,997,924	9,249,707	18,247,631
<b>Total Liabilities</b>	<b>10,540,254</b>	<b>10,765,897</b>	<b>21,306,151</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows of Resources Related to the City's Participation in VMERS	16,573	2,441	19,014
<b>Total Deferred Outflows of Resources</b>	<b>16,573</b>	<b>2,441</b>	<b>19,014</b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	28,943,349	16,622,551	45,565,900
Restricted:			
Non-Expendable - Cemetery	800,000	0	800,000
Expendable:			
Bike Path and Non-Operating Expenditures	1,021,953	0	1,021,953
Cemetery	207,440	0	207,440
TIF District	188,854	0	188,854
Other Purposes	90,146	0	90,146
Unrestricted/(Deficit)	(2,163,788)	1,196,080	(967,708)
<b>Total Net Position</b>	<b>\$ 29,087,954</b>	<b>\$ 17,818,631</b>	<b>\$ 46,906,585</b>

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

CITY OF BARRE, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 2,451,014	\$ 509,578	\$ 503,508	\$ 42,200	\$ (1,395,728)	\$ 0	\$ (1,395,728)
Public Safety	6,002,279	1,217,968	443,324	61,116	(4,279,871)	0	(4,279,871)
Public Works	2,602,299	0	158,961	133,268	(2,310,070)	0	(2,310,070)
Culture and Recreation	1,044,131	255,933	87,033	0	(701,165)	0	(701,165)
Community Development	370,814	0	276,898	0	(93,916)	0	(93,916)
Cemetery	262,152	157,112	0	0	(105,040)	0	(105,040)
Interest on Long-term Debt	166,060	0	0	0	(166,060)	0	(166,060)
Total Governmental Activities	<u>12,898,749</u>	<u>2,140,591</u>	<u>1,469,724</u>	<u>236,584</u>	<u>(9,051,850)</u>	<u>0</u>	<u>(9,051,850)</u>
Business-type Activities:							
Water	2,115,776	2,527,994	34,788	91,825	0	538,831	538,831
Sewer	2,182,577	2,010,538	0	0	0	(172,039)	(172,039)
Total Business-type Activities	<u>4,298,353</u>	<u>4,538,532</u>	<u>34,788</u>	<u>91,825</u>	<u>0</u>	<u>366,792</u>	<u>366,792</u>
Total Primary Government	<u>\$ 17,197,102</u>	<u>\$ 6,679,123</u>	<u>\$ 1,504,512</u>	<u>\$ 328,409</u>	<u>(9,051,850)</u>	<u>366,792</u>	<u>(8,685,058)</u>
General Revenues:							
Property Taxes					8,607,519	0	8,607,519
Penalties and Interest on Delinquent Taxes					73,287	0	73,287
Payments in Lieu of Taxes					290,025	0	290,025
Unrestricted Investment Earnings					64,817	1,087	65,904
Other Revenues					2,431	0	2,431
Transfers:					<u>(107,842)</u>	<u>107,842</u>	<u>0</u>
Total General Revenues and Transfers					<u>8,930,237</u>	<u>108,929</u>	<u>9,039,166</u>
Change in Net Position					(121,613)	475,721	354,108
Net Position - July 1, 2016, As Restated					<u>29,209,567</u>	<u>17,342,910</u>	<u>46,552,477</u>
Net Position - June 30, 2017					<u>\$ 29,087,954</u>	<u>\$ 17,818,631</u>	<u>\$ 46,906,585</u>

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

CITY OF BARRE, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Capital Improvement Fund	Special Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 279,538	\$ 40,205	\$ 0	\$ 574,171	\$ 893,914
Restricted Cash	0	0	0	499,226	499,226
Investments	0	0	0	1,946,627	1,946,627
Receivables (Net of Allowance for Uncollectibles)	461,160	2,870	217,937	350	682,317
Due from Other Funds	0	0	166,293	176,948	343,241
Prepaid Expenses	312,493	0	0	0	312,493
Inventory	45,064	11,125	0	0	56,189
Total Assets	<u>\$ 1,098,255</u>	<u>\$ 54,200</u>	<u>\$ 384,230</u>	<u>\$ 3,197,322</u>	<u>\$ 4,734,007</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 290,331	\$ 213,901	\$ 109,208	\$ 6,250	\$ 619,690
Accrued Payroll and Benefits Payable	142,691	0	861	0	143,552
Advances from Other Funds	0	304,154	0	0	304,154
Due to Other Funds	541,124	404,220	0	338,046	1,283,390
Unearned Revenue	580	0	12,967	0	13,547
Due to Others	8,659	0	0	0	8,659
Total Liabilities	<u>983,385</u>	<u>922,275</u>	<u>123,036</u>	<u>344,296</u>	<u>2,372,992</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Property Taxes, Penalties and Interest	176,000	0	0	0	176,000
Unavailable Fees and Fines	5,000	0	0	0	5,000
Unavailable Ambulance Fees	7,500	0	0	0	7,500
Unavailable Grants	19,275	0	156,176	0	175,451
Unavailable Miscellaneous Revenue	20,833	0	0	0	20,833
Total Deferred Inflows of Resources	<u>228,608</u>	<u>0</u>	<u>156,176</u>	<u>0</u>	<u>384,784</u>
<b>FUND BALANCES/(DEFICIT)</b>					
Nonspendable	357,557	11,125	0	800,000	1,168,682
Restricted	0	0	0	2,007,619	2,007,619
Assigned	0	0	105,018	45,407	150,425
Unassigned/(Deficit)	<u>(471,295)</u>	<u>(879,200)</u>	<u>0</u>	<u>0</u>	<u>(1,350,495)</u>
Total Fund Balances/(Deficit)	<u>(113,738)</u>	<u>(868,075)</u>	<u>105,018</u>	<u>2,853,026</u>	<u>1,976,231</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,098,255</u>	<u>\$ 54,200</u>	<u>\$ 384,230</u>	<u>\$ 3,197,322</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:					
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.					34,913,702
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.					384,784
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.					(9,754,038)
Deferred Outflows and Inflows of Resources related to the City's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.					<u>1,567,275</u>
Net Position of Governmental Activities					<u>\$ 29,087,954</u>

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

CITY OF BARRE, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Improvement Fund	Special Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 7,611,341	\$ 834,300	\$ 0	\$ 121,807	\$ 8,567,448
Penalties and Interest on Delinquent Taxes	73,287	0	0	0	73,287
Payments in Lieu of Taxes	290,025	0	0	0	290,025
Intergovernmental	248,116	0	675,461	1,319,395	2,242,972
Charges for Services	2,321,107	70,010	0	9,177	2,400,294
Permits, Licenses and Fees	476,785	0	5,882	1,011	483,678
Fines and Forfeits	79,277	0	0	0	79,277
Investment Income	5,790	162	0	58,865	64,817
Donations	58,768	5,771	28,494	1,600	94,633
Other	1,800	631	0	0	2,431
<b>Total Revenues</b>	<b>11,166,296</b>	<b>910,874</b>	<b>709,837</b>	<b>1,511,855</b>	<b>14,298,862</b>
<b>Expenditures:</b>					
General Government	2,284,718	0	432,013	28,194	2,744,925
Public Safety	5,273,539	48,799	82,331	270,798	5,675,467
Public Works	1,506,538	32,999	61,848	0	1,601,385
Culture and Recreation	968,935	0	5,675	37,722	1,012,332
Community Development	94,618	0	1,248	1,064,948	1,160,814
Cemetery	218,853	0	0	0	218,853
Capital Outlay:					
General Government	0	35,508	42,200	16,736	94,444
Public Safety	0	877,842	50,000	0	927,842
Public Works	175,340	400,035	333,258	0	908,633
Cemetery	0	35,508	0	0	35,508
Debt Service:					
Principal	572,445	0	25,000	88,000	685,445
Interest	156,080	875	2,701	69,049	228,705
<b>Total Expenditures</b>	<b>11,251,066</b>	<b>1,431,566</b>	<b>1,036,274</b>	<b>1,575,447</b>	<b>15,294,353</b>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(84,770)</u>	<u>(520,692)</u>	<u>(326,437)</u>	<u>(63,592)</u>	<u>(995,491)</u>
<b>Other Financing Sources/(Uses):</b>					
Proceeds from Long-term Debt	0	750,000	176,785	0	926,785
Transfers In	246,813	50,875	20,000	58,768	376,456
Transfers Out	<u>(99,643)</u>	<u>(226,813)</u>	<u>0</u>	<u>(50,000)</u>	<u>(376,456)</u>
<b>Total Other Financing Sources/(Uses)</b>	<b>147,170</b>	<b>574,062</b>	<b>196,785</b>	<b>8,768</b>	<b>926,785</b>
Net Change in Fund Balances	62,400	53,370	(129,652)	(54,824)	(68,706)
Fund Balances/(Deficit) - July 1, 2016, As Restated	<u>(176,138)</u>	<u>(921,445)</u>	<u>234,670</u>	<u>2,907,850</u>	<u>2,044,937</u>
Fund Balances/(Deficit) - June 30, 2017	<u>\$ (113,738)</u>	<u>\$ (868,075)</u>	<u>\$ 105,018</u>	<u>\$ 2,853,026</u>	<u>\$ 1,976,231</u>

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

CITY OF BARRE, VERMONT  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

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

Net change in fund balances - total government funds (Exhibit D)	\$ (68,706)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,966,427) is allocated over their estimated useful lives and reported as depreciation expense (\$1,559,815). This is the amount by which capital outlays exceeded depreciation in the current period.	406,612
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.	(4,769)
The City transferred a capital asset to the Sewer Fund during the year. This is the net effect on net position.	(107,842)
The issuance of long-term debt (\$926,785) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$685,445) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	(241,340)
Governmental funds report employer pension contributions as expenditures (\$309,529). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$662,160) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(352,631)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	228,116
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>18,947</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (121,613)</u>

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

CITY OF BARRE, VERMONT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 400	\$ 0	\$ 400
Receivables (Net of Allowance for Uncollectibles)	825,297	729,097	1,554,394
Advances to Other Funds - Current Portion	0	234,154	234,154
Due from Other Funds	931,539	7,842	939,381
Prepaid Expenses	8,093	4,909	13,002
Inventory	236,249	37,826	274,075
Total Current Assets	<u>2,001,578</u>	<u>1,013,828</u>	<u>3,015,406</u>
Noncurrent Assets:			
Advances to Other Funds - Noncurrent Portion	0	70,000	70,000
Capital Assets:			
Land	184,111	109,000	293,111
Construction in Progress	73,890	6,411	80,301
Buildings and Building Improvements	10,194	449,365	459,559
Vehicles, Machinery, Equipment and Furniture	274,611	1,640,554	1,915,165
Distribution and Collection Systems	23,127,302	14,066,362	37,193,664
Less: Accumulated Depreciation	<u>(8,677,395)</u>	<u>(5,996,166)</u>	<u>(14,673,561)</u>
Total Noncurrent Assets	<u>14,992,713</u>	<u>10,345,526</u>	<u>25,338,239</u>
Total Assets	<u>16,994,291</u>	<u>11,359,354</u>	<u>28,353,645</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the City's Participation in VMERS			
	123,931	109,393	233,324
Total Deferred Outflows of Resources	<u>123,931</u>	<u>109,393</u>	<u>233,324</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	346,474	665,049	1,011,523
Accrued Payroll and Benefits Payable	9,821	8,083	17,904
Accrued Interest Payable	35,057	7,580	42,637
Notes Payable - Current Portion	56,290	0	56,290
General Obligation Bonds Payable - Current Portion	259,824	128,012	387,836
Total Current Liabilities	<u>707,466</u>	<u>808,724</u>	<u>1,516,190</u>
Noncurrent Liabilities:			
Compensated Absences Payable	72,970	62,574	135,544
Net Pension Liability	190,109	167,808	357,917
Notes Payable - Noncurrent Portion	498,394	0	498,394
General Obligation Bonds Payable - Noncurrent Portion	6,658,935	1,598,917	8,257,852
Total Noncurrent Liabilities	<u>7,420,408</u>	<u>1,829,299</u>	<u>9,249,707</u>
Total Liabilities	<u>8,127,874</u>	<u>2,638,023</u>	<u>10,765,897</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the City's Participation in VMERS			
	1,297	1,144	2,441
Total Deferred Inflows of Resources	<u>1,297</u>	<u>1,144</u>	<u>2,441</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets			
Unrestricted	8,073,954	8,548,597	16,622,551
	915,097	280,983	1,196,080
Total Net Position	<u>\$ 8,989,051</u>	<u>\$ 8,829,580</u>	<u>\$ 17,818,631</u>

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

CITY OF BARRE, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,496,806	\$ 1,996,437	\$ 4,493,243
Interest and Penalties	30,713	14,101	44,814
Other	475	0	475
<b>Total Operating Revenues</b>	<b>2,527,994</b>	<b>2,010,538</b>	<b>4,538,532</b>
Operating Expenses:			
Payroll and Benefits	594,345	536,622	1,130,967
Administrative Costs	426,000	426,000	852,000
Professional Services	18,793	28,661	47,454
Supplies	22,905	18,007	40,912
Utilities	115,492	166,174	281,666
Maintenance	43,383	225,474	268,857
Chemicals	110,109	153,801	263,910
Permits & Testing	37,826	16,812	54,638
Taxes	51,290	0	51,290
Sludge Disposal	0	238,037	238,037
Depreciation	446,924	317,959	764,883
Other Operating Expenses	6,426	810	7,236
<b>Total Operating Expenses</b>	<b>1,873,493</b>	<b>2,128,357</b>	<b>4,001,850</b>
Operating Income/(Loss)	654,501	(117,819)	536,682
Non-Operating Revenues/(Expenses):			
Grant Income - Negative Interest	77,212	0	77,212
Loss on Disposal of Capital Assets	(2,000)	(400)	(2,400)
Investment Income	62	1,025	1,087
Interest Expense	(222,419)	(53,820)	(276,239)
Asset Management Grant Income	19,900	0	19,900
Asset Management Grant Expense	(17,864)	0	(17,864)
Flood Expense Reimbursement	14,888	0	14,888
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>(130,221)</b>	<b>(53,195)</b>	<b>(183,416)</b>
Net Income/(Loss) Before Capital Contributions and Transfers	524,280	(171,014)	353,266
Capital Contributions	14,613	0	14,613
Transfers In	0	107,842	107,842
<b>Total Capital Contributions and Transfers</b>	<b>14,613</b>	<b>107,842</b>	<b>122,455</b>
Change in Net Position	538,893	(63,172)	475,721
Net Position - July 1, 2016, As Restated	8,450,158	8,892,752	17,342,910
Net Position - June 30, 2017	\$ 8,989,051	\$ 8,829,580	\$ 17,818,631

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

CITY OF BARRE, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 2,561,695	\$ 1,743,244	\$ 4,304,939
Payments for Goods and Services	(450,772)	(842,972)	(1,293,744)
Payments for Interfund Services	(426,000)	(426,000)	(852,000)
Payments for Wages and Benefits	(538,507)	(494,147)	(1,032,654)
Net Cash Provided/(Used) by Operating Activities	<u>1,146,416</u>	<u>(19,875)</u>	<u>1,126,541</u>
Cash Flows From Noncapital Financing Activities:			
(Increase)/Decrease in Due from Other Funds	(615,159)	(7,842)	(623,001)
Increase/(Decrease) in Due to Other Funds	0	(145,006)	(145,006)
(Increase)/Decrease in Advances to Other Funds	0	40,000	40,000
Principal Paid on Line of Credit	(1,123,430)	0	(1,123,430)
Interest Paid on Line of Credit	(10,353)	0	(10,353)
Principal Paid on Notes Payable	(55,052)	0	(55,052)
Interest Paid on Notes Payable	(13,719)	0	(13,719)
Asset Management Grant Income	19,900	0	19,900
Asset Management Grant Expense	(17,864)	0	(17,864)
Flood Expense Reimbursement	804,517	0	804,517
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(1,011,160)</u>	<u>(112,848)</u>	<u>(1,124,008)</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from Long-term Debt	146,126	0	146,126
Proceeds from Sale of Capital Assets	10,559	0	10,559
Acquisition and Construction of Capital Assets	(366,172)	(7,359)	(373,531)
Principal Paid on General Obligation Bonds Payable	(281,126)	(124,705)	(405,831)
Interest Paid on General Obligation Bonds Payable	(182,120)	(53,818)	(235,938)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(672,733)</u>	<u>(185,882)</u>	<u>(858,615)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	62	1,025	1,087
Net Cash Provided by Investing Activities	<u>62</u>	<u>1,025</u>	<u>1,087</u>
Net Increase/(Decrease) in Cash	(537,415)	(317,580)	(854,995)
Cash - July 1, 2016	537,815	317,580	855,395
Cash - June 30, 2017	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ 400</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ 654,501	\$ (117,819)	\$ 536,682
Depreciation	446,924	317,959	764,883
(Increase)/Decrease in Receivables	33,701	(267,294)	(233,593)
(Increase)/Decrease in Prepaid Expenses	(8,093)	(4,909)	(13,002)
(Increase)/Decrease in Inventory	(19,932)	5,418	(14,514)
(Increase)/Decrease in Deferred Outflows of Resources Related to the City's Participation in VMERS	(54,452)	(48,065)	(102,517)
Increase/(Decrease) in Accounts Payable	(16,523)	4,295	(12,228)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	9,821	8,083	17,904
Increase/(Decrease) in Compensated Absences Payable	18,423	10,040	28,463
Increase/(Decrease) in Net Pension Liability	82,478	72,799	155,277
Increase/(Decrease) in Deferred Inflows of Resources Related to the City's Participation in VMERS	(432)	(382)	(814)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 1,146,416</u>	<u>\$ (19,875)</u>	<u>\$ 1,126,541</u>

The City recognized a forgiveness of debt as a result of negative interest on two loans in the Water Fund in the amount of \$77,212 from the State of Vermont.

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$14,613.

The Water Fund received \$107,842 of capital assets from the Governmental Activities.

The Water Fund disposed of capital assets with a cost and accumulated depreciation of \$13,669 and \$11,669, respectively.

The Sewer Fund disposed of capital assets with a cost and accumulated depreciation of \$10,000 and \$9,600, respectively.

There was \$85,000 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2017.

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



CITY OF BARRE, VERMONT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2017

	Private-Purpose Trust Funds	Agency Fund  Local Emergency Planning Commission #5 Fund
<u>ASSETS</u>		
Cash	\$ 2,680	\$ 14,596
Investments	106,286	0
Due from Other Funds	0	1,038
Total Assets	\$ 108,966	\$ 15,634
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to Other Funds	\$ 270	\$ 0
Due to Other Organizations	0	15,634
Total Liabilities	270	15,634
Net Position:		
Restricted:		
Held in Trust for Other Purposes	108,696	0
Total Net Position	108,696	0
Total Liabilities and Net Position	\$ 108,966	\$ 15,634

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

CITY OF BARRE, VERMONT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust Funds
Additions:	
Investment Income	\$ <u>200</u>
Total Additions	<u>200</u>
Deductions:	
Miscellaneous	<u>4,061</u>
Total Deductions	<u>4,061</u>
Change in Net Position	(3,861)
Net Position - July 1, 2016	<u>112,557</u>
Net Position - June 30, 2017	<u><u>\$ 108,696</u></u>

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

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

The City of Barre, Vermont, (herein the "City") operates under a City Council/Manager form of government and provides the following services as authorized by its charter: public safety, library, highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, water, wastewater treatment and general administrative services.

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the City of Barre (the "City") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

### **A. The Financial Reporting Entity**

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

### **B. Basis of Presentation**

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the City include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the City as a whole and present a longer-term view of the City's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the City and present a shorter-term view of how operations were financed and what remains available for future spending.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The City reports on the following major governmental funds:

General Fund – This is the City's main operating fund. It accounts for all financial resources of the City except those accounted for in another fund.

Capital Improvement Fund – This fund accounts for the general capital expenditures of the City.

Special Fund – This fund accounts for the City's various grant activities.

The City reports on the following major enterprise funds:

Water Fund – This fund accounts for the operations of the Water Department.

Sewer Fund – This fund accounts for the operations of the Sewer Department.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Additionally, the City reports the following fund types:

Private-Purpose Trust Funds – These funds are used to report trust arrangements under which resources are to be used for the benefit of individuals and organizations. All investment earnings, and in some cases, the principal of these funds may be used to support these activities.

Agency Fund – This fund accounts for resources held by the City in a purely custodial capacity for other governments, private organizations or individuals.

### **C. Measurement Focus**

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

### **D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

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

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

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

#### **E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity**

##### **1. Cash**

Cash balances of City funds are deposited with and invested by the City Treasurer. The City considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**2. Investments**

The City invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

**3. Receivables**

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

**4. Internal Balances**

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

**5. Inventories and Prepaid Expenses**

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the governmental funds consist of vehicle fuel and materials and inventories in the proprietary funds consist of chemicals.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

Reported inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

**6. Pensions**

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

**7. Deferred Outflows/Inflows of Resources**

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

CITY OF BARRE, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

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

**8. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The City has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 1,000	Not Depreciated
Works of Art	\$ 1,000	Not Depreciated
Buildings and Building Improvements	\$ 5,000	40 Years
Vehicles, Machinery, Equipment and Furniture	\$ 3,000	5-20 Years
Infrastructure	\$ 25,000	30-50 Years
Cemetery Developments	\$ 10,000	10-50 Years
Distribution and Collection Systems	\$ 25,000	33-100 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

**9. Compensated Absences**

It is the City’s policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.



CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**10. Long-term Liabilities**

Long-term liabilities include bonds, capital leases and notes payable and other obligations such as compensated absences and the City's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

**11. Fund Equity**

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the City Council's intended use of the resources); and unassigned.

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS**

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds from long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the City's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Budgets are approved at the annual City Meeting in March or at subsequent special meetings if the original budget is not approved. Any budget changes require voter approval. There were no budget amendments during the year.

**B. Restatement of Fund Balances/Net Position**

The net position of the governmental activities and business-type activities were restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Position - June 30, 2016, As Originally Reported	\$ 27,891,371	\$ 17,048,193
Correction of Errors:		
(Overstatement)/Understatement of Cash	(12,216)	0
(Overstatement)/Understatement of Receivables	26,110	382,944
(Overstatement)/Understatement of Deferred Outflows of Resources Related to the City's Participation in VMERS	198,386	130,807
Overstatement/(Understatement) of Accounts Payable/Accrued Expenses	1,068,604	0
Overstatement/(Understatement) of Accrued Payroll and Benefits Payable	9,073	0
Overstatement/(Understatement) of Unearned Revenue	14,239	0
Overstatement/(Understatement) of Long-term Debt	0	(13,139)
Overstatement/(Understatement) of Compensated Absences Payable	(191,895)	0
Overstatement/(Understatement) of Net Pension Liability	202,640	(202,640)
Overstatement/(Understatement) of Deferred Inflows of Resources Related to the City's Participation in VMERS	3,255	(3,255)
	<u>3,255</u>	<u>(3,255)</u>
Net Position - June 30, 2016, As Restated	\$ <u>29,209,567</u>	\$ <u>17,342,910</u>

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

The restatement of the governmental activities was the result of an overstatement of cash, an understatement of receivables, an understatement of deferred outflows of resources related to the City's participation in VMERS, an overstatement of accounts payable and accrued expenses, an overstatement of accrued payroll and benefits payable, an overstatement of deferred revenue, an understatement of compensated absences payable, an overstatement of the net pension liability and an overstatement of deferred inflows of resources related to the City's participation in VMERS. The effect of this restatement on the Statement of Net Position is to increase assets by \$13,894, increase deferred outflows of resources by \$198,386, decrease liabilities by \$1,102,661, decrease deferred inflows of resources by \$3,255 and increase net position by \$1,318,196. The effect on the 2016 Statement of Activities has not been determined.

The restatement of the business-type activities was the result of an understatement of receivables, an understatement of deferred outflows of resources related to the City's participation in VMERS, an understatement of long-term debt, an understatement of the net pension liability and an understatement of deferred inflows of resources related to the City's participation in VMERS. The effect of this restatement on the Statement of Net Position is to increase assets by \$382,944, increase deferred outflows of resources by \$130,807, increase liabilities by \$215,779, increase deferred inflows of resources by \$3,255 and increase net position by \$294,717. The effect on the 2016 Statement of Revenues, Expenditures and Changes in Fund Net Position has not been determined.

The fund balances/net position of the Governmental Funds and Proprietary Funds were restated as follows:

	Governmental Funds				Proprietary Funds	
	General Fund	Capital Improvement Fund	Special Fund	Non-Major Governmental Funds	Water Fund	Sewer Fund
Fund Balances/(Deficit)/Net Position - June 30, 2016, As Originally Reported	\$ (190,558)	\$ (1,974,268)	\$ (125,362)	\$ 3,250,054	\$ 8,261,723	\$ 8,786,470
Correction of Errors:						
(Overstatement)/Understatement of Cash	(12,216)	0	0	0	0	0
(Overstatement)/Understatement of Receivables	8,282	0	360,032	(342,204)	241,455	141,489
(Overstatement)/Understatement of Deferred Outflows of Resources Related to the City's Participation in VMERS	0	0	0	0	69,479	61,328
Overstatement/(Understatement) of Accounts Payable/Accrued Expenses	15,781	1,052,823	0	0	0	0
Overstatement/(Understatement) of Accrued Payroll and Benefits Payable	9,073	0	0	0	0	0
Overstatement/(Understatement) of Long-term Debt	0	0	0	0	(13,139)	0
Overstatement/(Understatement) of Net Pension Liability	0	0	0	0	(107,631)	(95,009)
Overstatement/(Understatement) of Deferred Inflows of Resources Related to Ambulance Fees	(6,500)	0	0	0	0	0
Overstatement/(Understatement) of Deferred Inflows of Resources Related to the City's Participation in VMERS	0	0	0	0	(1,729)	(1,526)
Fund Balances/(Deficit)/Net Position - June 30, 2016, As Restated	<u>\$ (176,138)</u>	<u>\$ (921,445)</u>	<u>\$ 234,670</u>	<u>\$ 2,907,850</u>	<u>\$ 8,450,158</u>	<u>\$ 8,892,752</u>

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

The restatement of the General Fund was the result of an overstatement of cash, an understatement of receivables, an overstatement of accounts payable, an overstatement of accrued payroll and benefits payable and an understatement of deferred inflows of resources related to ambulance fees. The effect of this restatement on the General Fund Balance Sheet is to decrease assets by \$3,934, decrease liabilities by \$24,854, increase deferred inflows of resources by \$6,500 and increase fund balance by \$14,420. The effect on the 2016 Statement of Revenues, Expenditures and Changes in Fund Balance has not been determined.

The restatement of the Capital Improvement Fund was the result of an overstatement of accounts payable and accrued expenses. The effect of this restatement on the Capital Improvement Fund Balance Sheet is to decrease liabilities by \$1,052,823 and increase fund balance by \$1,052,823. The effect on the 2016 Statement of Revenues, Expenditures and Changes in Fund Balance has not been determined.

The restatement of the Special Fund was the result of an understatement of receivables. The effect of this restatement on the Special Fund Balance Sheet is to increase assets by \$360,032 and increase fund balance by \$360,032. The effect on the 2016 Statement of Revenues, Expenditures and Changes in Fund Balance has not been determined.

The restatement of the Non-Major Governmental Funds was the result of an overstatement of receivables. The effect of this restatement on the Non-Major Governmental Funds Balance Sheet is to decrease assets by \$342,204 and decrease fund balance by \$342,204. The effect on the 2016 Statement of Revenues, Expenditures and Changes in Fund Balance has not been determined.

The restatement of the Water Fund was the result of an understatement of receivables, an understatement of deferred outflows of resources related to the City's participation in VMERS, an understatement of long-term debt, an understatement of the net pension liability and an understatement of deferred inflows of resources related to the City's participation in VMERS. The effect of this restatement on the Water Fund Statement of Fund Net Position is to increase assets by \$241,455, increase deferred outflows of resources by \$69,479, increase liabilities by \$120,770, increase deferred inflows of resources by \$1,729 and increase net position by \$188,435. The effect on the 2016 Statement of Revenues, Expenditures and Changes in Fund Net Position has not been determined.

The restatement of the Sewer Fund was the result of an understatement of receivables, an understatement of deferred outflows of resources related to the City's participation in VMERS, an understatement of the net pension liability and an understatement of deferred inflows of resources related to the City's participation in VMERS. The effect of this restatement on the Sewer Fund Statement of Fund Net Position is to increase assets by \$141,489, increase deferred outflows of resources by \$61,328, increase liabilities by \$95,009, increase deferred inflows of resources by \$1,526 and increase net position by \$106,282. The effect on the 2016 Statement of Revenues, Expenditures and Changes in Fund Net Position has not been determined.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The City's cash and investments as of June 30, 2017 consisted of the following:

Restricted Cash:	
Money Market Mutual Fund – U.S. Government Securities	\$ <u>499,226</u>
Unrestricted Cash:	
Deposits with Financial Institutions	723,248
Deposits held by Investment Company	186,937
Cash on Hand	<u>1,405</u>
Total Unrestricted Cash	<u>911,590</u>
Total Cash	<u>1,410,816</u>
Investments:	
Certificates of Deposit	1,123,635
Mutual Funds – Mixed Holdings	<u>929,278</u>
Total Investments	<u>2,052,913</u>
Total Cash and Investments	<u>\$3,463,729</u>

The City has eight (8) certificates of deposit at various banks ranging from \$16,907 to \$244,915 with interest rates ranging from 0.0% to 1.1%. All certificates of deposit mature during fiscal year 2018.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The City does not have any policy to limit the exposure to custodial credit risk. The money market mutual fund and mutual funds are in the name of the City and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the City's cash and certificates of deposit.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$1,487,664	\$1,487,664
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	278,533	1,028,397
Uninsured, Uncollateralized	<u>267,623</u>	<u>492,530</u>
Total	<u>\$2,033,820</u>	<u>\$3,008,591</u>

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

\$409,689 of uninsured, uncollateralized cash could be offset by debt at the respective bank.

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$ 723,248
Cash – Deposits held by Investment Company	186,937
Investments – Certificates of Deposit	<u>1,123,635</u>
Total	<u>\$2,033,820</u>

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have any policy to limit the exposure to interest rate risk. The City's certificates of deposit are exempt from interest rate risk disclosure. The City's money market mutual fund and mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

### **Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The City does not have any policy to limit the exposure to credit risk. The City's certificates of deposit are exempt from the credit risk disclosure. The City's money market mutual fund and mutual funds are open-ended and, therefore, are also exempt from credit risk disclosure.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**Concentration of Credit Risk**

Concentration of credit risk is the risk that a large percentage of the City's investments are held within one security. The City does not have any limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer, other than mutual funds, that represent more than 5% of total investments.

**Restricted Cash**

In 2015, the City received a \$2.2 million bond from the Vermont Municipal Bond Bank for TIF District improvements. Unspent bond proceeds and the interest earned are restricted for TIF District projects or may be used to pay down the bond. The amount restricted as of June 30, 2017 is \$499,226.

**B. Receivables**

Receivables as of June 30, 2017, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 275,409	\$ 0	\$ 275,409
Penalties and Interest Receivable	74,817	10,653	85,470
Tax Sale Receivable	1,242	0	1,242
Ambulance Receivable	123,939	0	123,939
Parking Tickets Receivable	302,447	0	302,447
Grants Receivable	234,450	199,780	434,230
Due from Other Entities	32,280	250,238	282,518
Billed Services	31,516	395,356	426,872
Unbilled Services	0	696,282	696,282
Miscellaneous Receivables	62,226	4,785	67,011
Allowance for Doubtful Accounts - Taxes	(89,000)	0	(89,000)
Allowance for Doubtful Accounts - Ambulance	(58,000)	0	(58,000)
Allowance for Doubtful Accounts - Parking Tickets	(289,009)	0	(289,009)
Allowance for Doubtful Accounts - Cemetery Fees	(20,000)	0	(20,000)
Allowance for Doubtful Accounts - Water/Sewer	0	(2,700)	(2,700)
	<u>\$ 682,317</u>	<u>\$ 1,554,394</u>	<u>\$ 2,236,711</u>

**C. Notes Receivable**

Notes receivable as of June 30, 2017 are as follows:

Note Receivable, Highgate Housing Limited Partnership, Interest at 1%, Deferred until July 31, 2042 at which Time all Principal and Interest is Due, Secured by Property and Building, Secured by Second Mortgage Subordinate to Only Senior Encumbrances \$ 657,500

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Note Receivable, Highgate Housing Limited Partnership, Interest at 0%, Deferred until July 31, 2034 at which Time all Principal is Due, Secured by Property and Building, Secured by Second Mortgage Subordinate to Only Senior Encumbrances	\$ 649,900
Note Receivable, Lincoln House, Interest at 4.5%, Principal and Interest Due Monthly Beginning December 1, 2028 Through December 1, 2058, Secured by Second Mortgage Subordinate to Only Senior Encumbrances	600,000
Note Receivable, 28 Granite Street Limited Liability Company, Interest at 0%, Deferred until Sale of Property Or Change in Use, Secured by Building, Secured by Second Mortgage Subordinate to Only Senior Encumbrances	294,820
Note Receivable, Summer Street Housing Limited Partnership, Interest at 0%, Deferred Until August 3, 2046 at Which Time All Principal is Due, Secured by Real Property	<u>790,000</u>
Total	2,992,220
Less: Allowance for Doubtful Notes Receivable	<u>(2,992,220)</u>
Reported Value as of June 30, 2017	\$ <u><u>0</u></u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,435,110	\$ 58,936	\$ 14,130	\$ 3,479,916
Works of Art	272,184	0	0	272,184
Construction in Progress	<u>0</u>	<u>333,258</u>	<u>0</u>	<u>333,258</u>
Total Capital Assets, Not Being Depreciated	<u>3,707,294</u>	<u>392,194</u>	<u>14,130</u>	<u>4,085,358</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	8,820,617	0	78,000	8,742,617
Vehicles, Machinery, Equipment and Furniture	7,371,737	1,122,269	731,569	7,762,437
Infrastructure	26,249,083	451,964	0	26,701,047
Cemetery Developments	<u>823,929</u>	<u>0</u>	<u>0</u>	<u>823,929</u>
Totals	<u>43,265,366</u>	<u>1,574,233</u>	<u>809,569</u>	<u>44,030,030</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,533,859	157,834	75,001	2,616,692
Vehicles, Machinery, Equipment and Furniture	4,401,971	373,886	636,087	4,139,770
Infrastructure	5,121,167	1,015,350	0	6,136,517
Cemetery Developments	<u>295,962</u>	<u>12,745</u>	<u>0</u>	<u>308,707</u>
Totals	<u>12,352,959</u>	<u>1,559,815</u>	<u>711,088</u>	<u>13,201,686</u>
Total Capital Assets, Being Depreciated	<u>30,912,407</u>	<u>14,418</u>	<u>98,481</u>	<u>30,828,344</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,619,701</u>	<u>\$ 406,612</u>	<u>\$ 112,611</u>	<u>\$ 34,913,702</u>



CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 303,670	\$ 0	\$ 10,559	\$ 293,111
Construction in Progress	19,035	63,164	1,898	80,301
Total Capital Assets, Not Being Depreciated	<u>322,705</u>	<u>63,164</u>	<u>12,457</u>	<u>373,412</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	459,559	0	0	459,559
Vehicles, Machinery, Equipment and Furniture	1,822,402	132,453	39,690	1,915,165
Distribution and Collection Systems	36,806,597	387,067	0	37,193,664
Totals	<u>39,088,558</u>	<u>519,520</u>	<u>39,690</u>	<u>39,568,388</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	399,516	4,833	0	404,349
Vehicles, Machinery, Equipment and Furniture	1,411,077	36,844	26,410	1,421,511
Distribution and Collection Systems	12,124,495	723,206	0	12,847,701
Totals	<u>13,935,088</u>	<u>764,883</u>	<u>26,410</u>	<u>14,673,561</u>
Total Capital Assets, Being Depreciated	<u>25,153,470</u>	<u>(245,363)</u>	<u>13,280</u>	<u>24,894,827</u>
Business-type Activities Capital Assets, Net	<u>\$ 25,476,175</u>	<u>\$ (182,199)</u>	<u>\$ 25,737</u>	<u>\$ 25,268,239</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 196,436	Water	\$ 446,924
Public Safety	230,547	Sewer	<u>317,959</u>
Public Works	1,100,844		
Culture and Recreation	14,276		
Cemetery	<u>17,712</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 1,559,815</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 764,883</u>

**E. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 541,124
Capital Improvement Fund	0	404,220
Special Fund	166,293	0
Non-Major Governmental Funds	176,948	338,046
Water Fund	931,539	0
Sewer Fund	7,842	0
Private-Purpose Trust Funds	0	270
Agency Fund	<u>1,038</u>	<u>0</u>
	<u>\$ 1,283,660</u>	<u>\$ 1,283,660</u>

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

The composition of advances to/from other funds as of June 30, 2017 are as follows:

Fund	Advances to Other Funds	Advances from Other Funds
Sewer Fund	\$ 304,154	\$ 0
Capital Improvement Fund	0	304,154
	\$ 304,154	\$ 304,154

The purpose of the interfund loans were to finance a fire truck and the purchase of land and a building at Enterprise Aly. The terms of the fire truck loan requires annual payments of \$35,000 plus interest for nine years beginning December 31, 2010 through December 31, 2019. The balance of the loan is \$105,000. The terms of the land and building purchase required annual payments of \$5,000 plus interest for four years beginning December 31, 2011 through December 31, 2015. The balance of the loan is \$199,154 and is currently due and payable. Interest is calculated on all the loans at the rate the Sewer Fund would have earned for that year. During 2017, interest was 0.25%.

Interfund transfers during the year ended June 30, 2017 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Improvement Fund	\$ 40,875	Fund Debt Service
General Fund	Semprebon Fund	58,768	Transfer Annuity Earnings
Capital Improvement Fund	General Fund	226,813	Fund Debt Service
Community Development Fund	Capital Improvement Fund	10,000	Return Unused Funds
Semprebon Fund	Special Fund	20,000	Fund Semprebon Project Expenses
Cemetery Trust Fund	General Fund	20,000	Transfer Interest Earnings
Total		\$ 376,456	

During the year, the City transferred a truck with a net book value of \$107,842 from the governmental activities to the Sewer Fund.

**F. Deferred Outflows of Resources**

Deferred outflows of resources in the governmental activities consists of \$49,911 from the difference between the expected and actual experience, \$390,186 from changes in assumptions, \$787,792 from the difference between the projected and actual investment earnings and \$46,430 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$309,529 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$1,583,848.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Deferred outflows of resources in the business-type activities consists of \$7,352 from the difference between the expected and actual experience, \$57,480 from changes in assumptions, \$116,054 from the difference between the projected and actual investment earnings and \$6,840 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$45,598 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$233,324.

Deferred outflows of resources in the Water Fund consists of \$3,905 from the difference between the expected and actual experience, \$30,531 from changes in assumptions, \$61,642 from the difference between the projected and actual investment earnings and \$3,633 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$24,220 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Water Fund is \$123,931.

Deferred outflows of resources in the Sewer Fund consists of \$3,447 from the difference between the expected and actual experience, \$26,949 from changes in assumptions, \$54,412 from the difference between the projected and actual investment earnings and \$3,207 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$21,378 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Sewer Fund is \$109,393.

#### **G. Unearned Revenue**

Unearned revenue in the General Fund consists of \$580 of pool fees received in advance.

Unearned revenue in the Special Fund consists of \$12,967 of grant revenue received in advance.

#### **H. Deferred Inflows of Resources**

Deferred inflows of resources in the governmental activities consists of \$16,573 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the business-type activities consists of \$2,441 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the General Fund consists of \$176,000 of delinquent property taxes, penalties and interest on those taxes, \$5,000 of fees and fines, \$7,500 of ambulance fees, \$19,275 of grant revenue and \$20,833 of miscellaneous revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund is \$228,608.

Deferred inflows of resources in the Special Fund consists of \$156,176 of grant revenue not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities.

CITY OF BARRE, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

Deferred inflows of resources in the Water Fund consists of \$1,297 from changes in the City’s proportional share of contributions related to the City’s participation in the Vermont Municipal Employee’s Retirement System (VMERS).

Deferred inflows of resources in the Sewer Fund consists of \$1,144 from changes in the City’s proportional share of contributions related to the City’s participation in the Vermont Municipal Employee’s Retirement System (VMERS).

**I. Line of Credit**

The City had a line of credit with Community Bank. The terms and activity were as follows:

Business-type Activities/Water Fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Line of Credit, Community Bank, Spillway Repairs, Interest at 1.95%, Due and Paid October, 2016	\$ <u>1,123,430</u>	\$ <u>0</u>	\$ <u>1,123,430</u>	\$ <u>0</u>

**J. Long-term Liabilities**

The City issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

The City enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the City does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

The City has other notes payable to finance various capital projects and purchase through local banks.

The United States Department of Agriculture (USDA) offers a number of low interest loan programs for various purposes. The City has borrowed money from the USDA, in the form of a note, for building improvements.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

The State of Vermont offers a number of negative interest revolving loan programs to utilize for predetermined purposes. The City has borrowed money from the Vermont Special Environmental Revolving Fund for water projects.

It is the policy of the City to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

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

Long-term liabilities outstanding as of June 30, 2017 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Library Improvements, Principal Payments of \$25,000 Payable on December 1 Annually, Interest Rates Ranging from 3.55% to 5.16% Payable on June 1 and December 1, Due December, 2018	\$ 75,000	\$ 0	\$ 25,000	\$ 50,000
Bond Payable, Vermont Municipal Bond Bank, Civic Center Improvements, Principal Payments Ranging from \$30,000 to \$35,000 Payable on December 1 Annually, Interest Rates Ranging from 2.80% to 5.18% Payable on June 1 and December 1, Due December, 2021	180,000	0	30,000	150,000
Bond Payable, Vermont Municipal Bond Bank, Public Safety Building, Principal Payments of \$195,000 Payable on December 1 Annually, Interest Rates Ranging from 3.835% to 4.665% Payable on June 1 and December 1, Due December, 2026	2,145,000	0	195,000	1,950,000

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, BOR Improvements, Principal Payments Ranging from \$150,000 to \$200,000 Payable on November 15 Annually, Interest Rates Ranging from 1.391% to 3.861% Payable on May 15 and November 15, Due November, 2019	\$ 625,000	\$ 0	\$ 175,000	\$ 450,000
Bond Payable, Vermont Municipal Bond Bank, North Main Street Improvements, Principal Payments Ranging from \$85,000 to \$90,000 in Total, Payable on November 15 Annually, Interest Rates Ranging from 0.80% to 4.66% Payable on May 15 and November 15, Due November, 2031. This is the Governmental Activities Portion of the Bond.	595,715	0	38,573	557,142
Note Payable, United States Department of Agriculture, City Hall Roof Construction, Principal Payments of \$3,250 Payable on August 20 Annually, Interest at 4.375% Payable on February 20 and August 20, Due August, 2029	45,500	0	3,250	42,250
Capital Lease Payable, Municipal Leasing Credit Corporation, Fire Truck, Interest at 3.3%, Principal and Interest Payments of \$50,552 Payable September 1 Annually, Due September, 2021	271,150	0	41,604	229,546
Note Payable, Community National Bank, Parking Meters, Principal and Interest Payments of \$26,907 Payable on December 20 Annually, Interest at 2.5%, Due December, 2018	75,000	0	23,144	51,856
Bond Payable, Vermont Municipal Bond Bank, TIF District Bond, Principal Payments of \$88,000 Payable on November 1 Annually, Interest Ranging from 0.83% to 4.40% Payable on May 1 and November 1, Due November, 2040	2,200,000	0	88,000	2,112,000

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Northfield Savings Bank, Aerial Fire Truck, Principal Payments of \$37,500 Plus Interest Payable on November 2 Annually, Interest at 2.75%, Due November, 2036	\$ 0	\$750,000	\$ 0	\$ 750,000
Bond Anticipation Note, Union Bank, Flood Mitigation Project, Interest at 0.83%. This Note was Refinanced with Union Bank on October 25, 2017, Principal Payments of \$25,000 Plus Interest Payable on October 25 Annually, Interest at 3.36%, Due October, 2037	<u>0</u>	<u>176,785</u>	<u>0</u>	<u>176,785</u>
Total Governmental Activities	<u>\$6,212,365</u>	<u>\$926,785</u>	<u>\$619,571</u>	<u>\$6,519,579</u>

Business-type Activities:

Water Fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Water System Construction, Principal Payments Ranging from \$206,236 to \$412,764 Payable on November 15 Annually, Interest at 3.93% Payable on May 15 and November 15, Due November, 2034	\$5,667,925	\$ 0	\$206,236	\$5,461,689
Bond Payable, State of Vermont Special Environmental Revolving Fund, Deep Rock Water System, Principal Payments of \$7,389 Payable on December 1 Annually, Interest at -3.0%, Due December, 2035. The City will Recognize Grant Income Annually for the Amount of Forgiven Principal as a Result of the Negative Interest.	206,633	0	13,589	193,044

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, North Main Street Improvements, Principal Payments Ranging from \$85,000 to \$90,000 in Total, Payable on November 15 Annually, Interest Rates Ranging from 0.80% to 4.66% Payable on May 15 and November 15, Due November, 2031. This is the Water Fund Portion of the Bond.	\$ 231,932	\$ 0	\$ 15,017	\$ 216,915
Bond Payable, State of Vermont Special Environmental Revolving Fund, Hydro Power Turbine, Authorized to \$515,949 but Eligible for \$51,595 Subsidy, Principal Payments of \$9,490 Payable on July 1 Annually, Interest at -3.0%, Due July, 2044. The City Recognized the Remaining Subsidy of \$14,613 During the Year. The City will Recognize Grant Income Annually for the Amount of Forgiven Principal as a Result of the Negative Interest.	332,840	146,126	83,498	395,468
Bond Payable, State of Vermont Special Environmental Revolving Fund, Trestle Project, Principal Payments of \$13,778 Payable on November 1 Annually Interest at -3.0%, Due November, 2045. The City will Recognize Grant Income Annually for the Amount of Forgiven Principal as a Result of the Negative Interest.	706,254	0	54,611	651,643
Note Payable, Community National Bank, Orange Reservoir Spillway, Principal and Interest Payments of \$68,771 Payable on October 14 Annually, Interest at 2.25%, Due October, 2025	<u>609,736</u>	<u>0</u>	<u>55,052</u>	<u>554,684</u>
Total Water Fund	<u>7,755,320</u>	<u>146,126</u>	<u>428,003</u>	<u>7,473,443</u>



CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Sewer Fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Sewer System Construction, Principal Payments Ranging from \$59,980 to \$117,692 Payable on November 15 Annually, Interest at 3.93% Payable on May 15 and November 15, Due November, 2034	\$1,135,593	\$ 0	\$ 80,045	\$1,055,548
Bond Payable, Vermont Municipal Bond Bank, North Main Street Improvements, Principal Payments Ranging from \$85,000 to \$90,000 in Total, Payable on November 15 Annually, Interest Rates Ranging from 0.80% to 4.66% Payable on May 15 and November 15, Due November, 2031. This is the Sewer Fund Portion of the Bond.	562,353	0	36,410	525,943
Bond Payable, Vermont Municipal Bond Bank, Sewer Treatment Plant HVAC Project, Interest at 2%, Principal and Interest Payments of \$11,319 Payable on February 1 Annually, Due February, 2032	<u>153,688</u>	<u>0</u>	<u>8,250</u>	<u>145,438</u>
Total Sewer Fund	<u>1,851,634</u>	<u>0</u>	<u>124,705</u>	<u>1,726,929</u>
Total Business-type Activities	<u>\$9,606,954</u>	<u>\$146,126</u>	<u>\$552,708</u>	<u>\$9,200,372</u>

Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 5,820,715	\$ 176,785	\$ 551,573	\$ 5,445,927	\$ 529,821
Notes Payable	120,500	750,000	26,394	844,106	63,111
Capital Lease Payable	271,150	0	41,604	229,546	50,552
Due to the Vermont Granite Museum	367,572	0	65,874	301,698	67,762
Compensated Absences Payable	414,598	43,698	0	458,296	0
Net Pension Liability	<u>1,375,534</u>	<u>1,054,063</u>	<u>0</u>	<u>2,429,597</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 8,370,069</u>	<u>\$ 2,024,546</u>	<u>\$ 685,445</u>	<u>\$ 9,709,170</u>	<u>\$ 711,246</u>

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
General Obligation Bonds Payable	\$ 8,997,218	\$ 146,126	\$ 497,656	\$ 8,645,688	\$ 387,836
Notes Payable	609,736	0	55,052	554,684	56,290
Compensated Absences Payable	107,080	28,464	0	135,544	0
Net Pension Liability	202,637	155,280	0	357,917	0
Total Business-type Activities					
Long-term Liabilities	\$ <u>9,916,671</u>	\$ <u>329,870</u>	\$ <u>552,708</u>	\$ <u>9,693,833</u>	\$ <u>444,126</u>

The Due to the Vermont Granite Museum originated from a Memorandum of Understanding dated July 12, 2001 which details the City's contribution to the capital improvements of the museum. This City makes monthly principal and interest payments of \$6,286 with an interest rate of 2.83%. This bond is being paid by the General Fund and matures in September, 2021.

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities			Business-type Activities	
	Principal	Interest	Capital Lease	Principal	Interest
2018	\$ 592,932	\$ 199,017	\$ 50,552	\$ 444,126	\$ 251,465
2019	618,566	185,098	50,552	457,254	234,949
2020	567,321	166,235	50,552	470,874	263,338
2021	417,321	145,912	50,552	485,003	247,309
2022	417,321	140,089	50,552	499,661	230,634
2023-2027	1,877,680	481,922	0	2,655,142	881,058
2028-2032	819,392	269,308	0	2,213,075	408,264
2033-2037	627,500	139,289	0	1,336,993	2,100
2038-2042	352,000	30,974	0	115,378	0
2043-2046	0	0	0	73,706	0
Total	6,290,033	1,757,844	252,760	8,751,212	2,519,117
Less: Imputed Interest	0	0	(23,214)	0	0
Plus: Principal to be Forgiven (To be Converted to Grant)	0	0	0	449,160	0
Total	\$ <u>6,290,033</u>	\$ <u>1,757,844</u>	\$ <u>229,546</u>	\$ <u>9,200,372</u>	\$ <u>2,519,117</u>

**K. Fund Balances**

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the City Council's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The City does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The City does not have any minimum fund balance policies.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the City's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Major Funds

General Fund:

Nonspendable Prepaid Expenses	\$ 312,493
Nonspendable Inventory	<u>45,064</u>
Total General Fund	357,557

Capital Improvement Fund:

Nonspendable Inventory	<u>11,125</u>
------------------------	---------------

Non-Major Funds

Permanent Fund:

Nonspendable Cemetery Trust Fund Principal – Estimated	<u>800,000</u>
Total Nonspendable Fund Balances	<u>\$1,168,682</u>

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

The fund balances in the following funds are restricted as follows:

Non-Major Funds

Special Revenue Funds:

Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	\$ 3,541
Restricted for Drug Forfeiture Expenditures by Agreement (Source of Revenue is Grant Revenue)	86,605
Restricted for Semprebon Fund for the Bike Path and Other Non-Operating Expenditures by Bequest (Source of Revenue is Donations)	<u>1,021,953</u>
Total Special Revenue Funds	<u>1,112,099</u>

Capital Projects Funds:

Restricted for TIF District Projects by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	499,226
Restricted for TIF District Debt Service by Statute (Source of Revenue is Property Taxes)	<u>188,854</u>
Total Capital Projects Funds	<u>688,080</u>

Permanent Fund:

Restricted for Cemetery Trust Fund Expenditures by Endowments and Trust Agreements	<u>207,440</u>
Total Restricted Fund Balances	<u>\$2,007,619</u>

The fund balances in the following funds are assigned as follows:

Major Fund

Special Fund:

Assigned for Reappraisal Expenses	<u>\$105,018</u>
-----------------------------------	------------------

Non-Major Funds

Special Revenue Funds:

Assigned for Special Recreation Program Expenses	23,055
--	--------

Capital Projects Funds:

Assigned for Shade Tree Improvement Expenditures	<u>22,352</u>
--	---------------

Total Non-Major Funds	<u>45,407</u>
-----------------------	---------------

Total Assigned Fund Balances	<u>\$150,425</u>
------------------------------	------------------

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

The unassigned deficit of \$471,295 in the General Fund will be funded with future property tax revenue.

The unassigned deficit of \$879,200 in the Capital Improvement Fund will be funded with future property tax revenue.

**L. Restricted and Designated Net Position**

The restricted net position of the City as of June 30, 2017 consisted of the following:

Governmental Activities:

Restricted for Community Development by Grant Agreements	\$ 3,541
Restricted for Drug Forfeiture Expenditures by Agreement	86,605
Restricted for Semprebon Fund for the Bike Path and Other Non-Operating Expenditures by Bequest	1,021,953
Restricted for TIF District Debt Service by Charter	188,854
Restricted for Cemetery Trust Fund Expenditures by Endowments and Trust Agreements – Non-Expendable Portion - Estimated	800,000
Restricted for Cemetery Trust Fund Expenditures by Endowments and Trust Agreements – Expendable Portion	<u>207,440</u>
Total Governmental Activities	<u>\$2,308,393</u>

The designated net position of the City as of June 30, 2017 consisted of the following:

Business-type Activities:

Water Fund:	
Designated for Water Fund Expenditures	\$ 445,921
Designated for Water Fund Capital Expenditures	<u>469,176</u>
Total Water Fund	915,097
Sewer Fund:	
Designated for Sewer Fund Expenditures	<u>280,983</u>
Total Business-type Activities	<u>\$1,196,080</u>

The net position held in trust for various purposes in the City’s Private-Purpose Trust Funds as of June 30, 2017 consisted of the following:

Private-Purpose Trust Funds:

Restricted for Keith Fund by Donations	\$ 16,637
Restricted for Brusa Fund by Bequest	<u>92,059</u>
Total Private-Purpose Trust Funds	<u>\$108,696</u>

## **V. OTHER INFORMATION**

### **A. BENEFIT PLANS**

#### **Defined Benefit Plan**

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

#### **Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2017, the retirement system consisted of 441 participating employers.

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

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

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

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

As of June 30, 2016, the measurement date selected by the State of Vermont, VMERS was funded at 80.95% and had a plan fiduciary net position of \$547,015,114 and a total pension liability of \$675,711,281 resulting in a net position liability of \$128,696,167. As of June 30, 2017, the City's proportionate share of this was 2.1660% resulting in a net pension liability of \$2,787,514. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. As of June 30, 2016, the City's proportion of 2.1660% was an increase of 0.1190 from its proportion measured as of June 30, 2015.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

For the year ended June 30, 2017, the City recognized pension expense of \$759,705.

As of June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 57,263	\$ 0
Changes in assumptions	447,666	0
Difference between projected and actual investment earnings on pension assets	903,846	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,270	19,014
City's required employer contributions made subsequent to the measurement date	355,127	0
	\$ 1,817,172	\$ 19,014

The deferred outflows of resources resulting from the City's required employer contributions made subsequent to the measurement date in the amount of \$355,127 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2018	\$ 380,507
2019	380,507
2020	526,070
2021	155,947
Total	\$1,443,031

**Summary of System Provisions**

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

Creditable Service – Service as a member plus purchased service.

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

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Service Retirement Allowance:

Eligibility – Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Group C – Age 55 with five (5) years of service.

Amount – Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC.

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

Early Retirement Allowance:

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

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

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

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

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

Refund of Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions are refunded.



CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% for Groups B and C.

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

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

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

**Significant Actuarial Assumptions and Methods**

The actuarial assumptions regarding the incidence of mortality, terminations, retirements and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Interest Rate: 7.95% per annum.

Salary increases: 5% per year.

Deaths: Groups B and C – RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 60% Blue collar and 40% White collar adjustment. The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

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

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

Actuarial Cost Method: Projected benefit cost method. The unfunded accrued liability is amortized in installments increasing 5% per year.

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

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

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

CITY OF BARRE, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

Long-term Expected Rate of Return:

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$4,627,552	\$2,787,514	\$1,246,861

**Additional Information**

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

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**Defined Contribution Plan**

The City provides its employees a defined contribution pension plan. The City Pension Plan and Trust (the Plan) is administered by the City. Employees are eligible after reaching the age of 18 and completing two years of service. The Plan may be amended at any time, however, Plan assets may not be used for any other purpose and amendments may not cause any reduction in the amount credited to employee's accounts. The City's required contribution rate for fiscal year 2017 was 6% for employees with less than ten years of service, 8% for employees with more than ten but less than twenty years of service, and 12% for employees with more than twenty years of service. Employees are allowed to contribute after-tax earnings. Additionally, the City will contribute a match of one half of employee contributions up to a maximum of 4%. The City's total payroll was \$6,507,367 while its covered payroll for this plan was \$451,313. During the year ended June 30, 2017, the City contributed \$57,405 to the Plan. Employees are 20% percent vested after two years of services and the vested portion increases 20% each year until fully vested after six years of service. All of the investments are self-directed by each employee.

**Deferred Compensation Plan**

The City also offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The City is the administrator of the plan. 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 City 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.

**B. RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this coverage in any of the past three fiscal years. The City must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

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

CITY OF BARRE, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

**C. SHORT-TERM DEBT**

Annually, the City borrows monies in anticipation of taxes. The activity during fiscal year 2017 was as follows:

Short-term Debt – July 1, 2016	\$	0
Proceeds of Tax Anticipation Note		800,000
Repayment of Tax Anticipation Note		<u>(800,000)</u>
Short-term Debt – June 30, 2017	\$	<u>0</u>

**D. PROPERTY TAXES**

The City is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected four (4) times per year. During the tax year ended June 30, 2017, property taxes became due and payable on August 15, 2016, November 15, 2016, February 15, 2017 and May 15, 2017. The City assesses a 3% penalty when each installment becomes delinquent and an additional 5% penalty if any or all of the account remains delinquent after thirty days and interest is assessed at 1% per month or part thereof. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2017 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.2211	1.4925
Municipal	1.7585	1.7585
Local Agreement	<u>.0274</u>	<u>.0274</u>
Total	<u>3.0070</u>	<u>3.2784</u>

**E. RELATED PARTY TRANSACTIONS**

The City Manager is a stockholder at an engineering firm that the City utilizes for services. The amount paid to his engineering firm for the fiscal year ending June 30, 2017 was \$158,077.

**F. GIFT ANNUITY**

The City receives an annual payment of approximately \$50,000 in perpetuity from a gift annuity established by the late Charles Semprebton through the Vermont Community Foundation. The City is the sole beneficiary of the annuity which there is a preference, but it is not limited, to be spent on improvements to infrastructure such as public roads, bridges and buildings.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**G. LEASES RECEIVABLE**

The City has three agreements to lease a portion of the municipal auditorium facility for the purpose of installation and operation of a telecommunications transmitter site. The leases were initially for five years with options to extend varying from a total of eight years to fifteen years. Lease revenue totaled \$126,068 for the year ended June 30, 2017. Subsequent to year-end, the leases were combined and renewed from April 7, 2018 to April 16, 2023. The terms of the lease require payments of 30% of the gross monthly revenue.

**H. CONTINGENT LIABILITIES**

The City is a participating member in the Central Vermont Solid Waste District. The City could be subject to a portion of the District's debt if the District experiences financial problems.

The City participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**I. TAX INCREMENT FINANCING DISTRICT**

The City Council approved the establishment of a Tax Increment Financing (TIF) District on August 27, 2012 which was later approved by the Vermont Economic Progress Council (VEPC) on December 13, 2012. The TIF District will allow the City to undertake and pay for infrastructure improvements that will allow for increased economic and community development. The City cannot incur any new TIF District debt until each project or group of projects is approved by VEPC and then by the voters. The City approved TIF District projects totaling \$2,200,000 on November 5, 2013. TIF District debt will be paid by TIF revenue, however, is a general obligation of the City if TIF District revenues are not sufficient. With a TIF District, the value of properties within the District are frozen at the time the District is created. All property taxes generated by the original base continue to go to the municipal General Fund and the State Education Fund. For twenty (20) years from first debt incursion, the municipal and education property taxes generated by any "new" development are shared with 75% going to finance TIF District infrastructure debt and 25% going to the municipal General Fund and State Education Fund.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**J. PROPERTY TAX STABILIZATION AGREEMENTS**

STATEMENT OF PURPOSE

The primary objective of the Barre City Tax Stabilization Policy (the "Policy") is to promote the vitality and growth of the local economy while expanding the property tax base of the City for the long term public benefit of all residents and all taxpayers of the City of Barre. Tax stabilization is one method that can be utilized to help achieve this objective; and to this end, industrial and commercial enterprises and expanded multi-family residential real estate projects should be encouraged.

AUTHORITY

The City Council has the authority to adopt this Policy and has general authority to approve tax stabilization contracts relating to eligible projects involving the development of or renovations to industrial and commercial enterprises and expanded multi-family residential property (the "Project or "Projects") as application is made as a result of an action taken by the voters of the City of Barre at the Annual City Meeting held on March 3, 1987 and on March 1, 2005. Authority is further granted by the City of Barre Charter, Article II, Section 322, and by Vermont State Law Title 24 V.S.A. Ch. 75 §2741 et. seq.

GENERAL CRITERIA

- A. Tax stabilization contracts (hereinafter referred to as the "Stabilization Agreement" or the "Agreement") will be awarded only to eligible Projects that substantially advance the purpose of the Policy after thorough consideration by the City Assessor and the City Manager and City Council of the municipal benefits of a Project as presented by an Applicant.
- B. In the event that an Applicant wants to have an Agreement go into effect on July 1st of the upcoming fiscal year, then a written application must be filed on or before April 1st in order to consummate an Agreement by June 1st. Applications will be accepted at any time during the year.
- C. Applications *must be received and approved* before construction can commence on the property.
- D. All Projects shall be reviewed by the City Council and shall substantially meet the following criteria where applicable to the particular property or Project:

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

1. Creation of new jobs or retention of existing jobs. Greater weight will be given to jobs with higher quality wages and benefits;
2. Creation of new and improved multi-family residential housing units;
3. Elimination of blight, improvement of aesthetics, and preservation of historic structure;
4. Removal of environmental hazards such as hazardous waste, noise, dust or odor;
5. Impact on municipal services;
6. The Project shall be consistent with the municipal plan.

CONTRACT TERMS

- A. Stabilization Agreements are negotiable, may be awarded at the discretion of the City Council, and shall be based on an incremental increase in taxes based on the increase in assessed value due to the project pursuant to a formula established by the City Assessor *as presented below and as may be amended from time to time* and approved by the City Council in order to carry out the intent of this Policy.
- B. An approved Stabilization Agreement shall be for a specified number of years based on the amount of provable investment in the Project and shall adhere to the following schedule:
  - 1: 1 to 3 years for \$50,000-\$99,999 improvements;
  - 2: 4 years for \$100,000-\$199,999 improvements;
  - 3: 5-10 years for a project involving improvements of \$200,000 or more with the length of time to be determined at the discretion of the City Council after consideration of the recommendation of the City Assessor and City Manager.
- C. The tax Stabilization Agreement will include all of the municipal portion of the taxes and a percentage of between 0 and 100 percent of the education portion of property taxes. Where appropriate, the Applicant will be encouraged to apply to the Vermont Economic Progress Council (VEPC) for abatement of the education portion of the tax stabilization for projects.
- D. The City Council reserves the right to identify City prioritized areas and can thus award a bonus percentage of the education position of the taxes to the Applicant's Project.

CITY OF BARRE, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

- E. A termination and rollback clause shall be included in the Stabilization Agreement providing for termination of the Stabilization Agreement by the City Council and repayment of all taxes that would have been due in the absence of a Stabilization Agreement plus applicable penalties and interest proscribed below, required to be repaid effective as of the date of final determination made by the City Council hereunder. This termination and rollback clause may be invoked by the City Council upon the recommendation of the City Assessor or Barre City Manager in the event that during the term of the Stabilization Agreement:
1. There is a material change in the use of the property or in the nature of the Project;
  2. The property or Project is sold or transferred to any person other than the original Applicant or Applicants, is abandoned, moved, or the Applicant files for bankruptcy;
  3. The Project does not comply with the terms of the Agreement, or the Project is not completed as it was presented during the application process;
  4. Property tax payments on the property become delinquent;
  5. The Project fails to comply with any zoning, building, plumbing, electrical, life safety codes or ordinances;
  6. The Agreement is terminated at the request of the Project owner/Applicant.

During the fiscal year ended June 30, 2017, the City has six (6) stabilization contracts. The total amount of municipal taxes that were reduced as a result of these contracts during fiscal year 2017 was approximately \$52,000.

#### **K. SUBSEQUENT EVENTS**

The City obtained a tax anticipation note with Community National Bank on July 3, 2017 for \$800,000. Interest is at 2.79% and is due June 30, 2018.

On March 6, 2018, the voters of the City of Barre authorized the City to borrow \$1,150,000 for infrastructure projects, facility improvements and the purchase of new equipment. The terms of the loan have not been determined.



CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
General Tax Revenue:			
General Taxes	\$ 7,447,689	\$ 7,429,330	\$ (18,359)
Washington County Tax	37,610	37,610	0
Voter Approved Assistance	144,401	144,401	0
Total General Tax Revenue	<u>7,629,700</u>	<u>7,611,341</u>	<u>(18,359)</u>
Business Licenses:			
Liquor Licenses	3,400	3,560	160
Miscellaneous Licenses	1,700	1,578	(122)
Restaurant Licenses	3,000	3,825	825
Taxicab and Taxidriver Licenses	600	1,080	480
Theater Licenses	250	240	(10)
Trucking, Rubbish and Waste	4,300	4,145	(155)
Entertainment	3,500	3,770	270
Video Machines	1,350	1,241	(109)
Total Business Licenses	<u>18,100</u>	<u>19,439</u>	<u>1,339</u>
Payment in Lieu of Taxes:			
VHFA	4,000	0	(4,000)
Capstone	20,000	20,591	591
Barre Housing	51,000	59,571	8,571
State of Vermont	170,000	209,863	39,863
Total Payment in Lieu of Taxes	<u>245,000</u>	<u>290,025</u>	<u>45,025</u>
Fees and Franchises:			
Animal Control Licenses	6,700	10,326	3,626
Act 68 Administration Revenue	12,000	13,738	1,738
Building and Zoning Fees	60,000	74,082	14,082
Vehicle Registrations	600	372	(228)
Delinquent Tax Collector Fee	40,000	42,088	2,088
Parking Meters	110,000	116,424	6,424
Green Mountain Passports	100	48	(52)
Parking Permits	50,000	72,449	22,449
Marriage Licenses	800	670	(130)
Miscellaneous Income	5,000	1,800	(3,200)
Police Department Fees	4,000	5,070	1,070
Recording Fees	56,000	61,635	5,635
Recreation Fees	1,000	186	(814)
Swimming Pool Admissions	16,000	16,165	165
Concession Fees	2,500	2,191	(309)
Vault Fees	1,500	936	(564)
Cell Tower Fees	110,760	126,068	15,308

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Fees and Franchises/(Cont'd):</b>			
Fire Alarm Maintenance Fees	\$ 9,000	\$ 10,650	\$ 1,650
Rental Property Registration	70,000	86,702	16,702
Delinquent Rental Permits	1,000	1,991	991
Burn Permits	3,000	3,840	840
Credit Card Processing Fees	1,200	2,078	878
FD Public Report Fee	400	1,720	1,320
EV Charging Station	100	137	37
<b>Total Fees and Franchises</b>	<b>561,660</b>	<b>651,366</b>	<b>89,706</b>
<b>Fines and Penalties:</b>			
City Ordinance Violations	3,000	2,092	(908)
Penalties and Interest on Miscellaneous Fines	500	4,627	4,127
Delinquent Tax Interest	35,000	31,199	(3,801)
Traffic Court	5,000	1,233	(3,767)
Parking Tickets	75,000	60,993	(14,007)
Inspection Fine & Penalty	100	6	(94)
<b>Total Fines and Penalties</b>	<b>118,600</b>	<b>100,150</b>	<b>(18,450)</b>
<b>Federal and State Aid:</b>			
Highway Aid	137,000	137,000	0
Police Grants	4,300	30,280	25,980
VIC Grant	20,833	8,333	(12,500)
State SIU Grant	60,000	44,235	(15,765)
ODV Circle Grant	34,000	28,268	(5,732)
<b>Total Federal and State Aid</b>	<b>256,133</b>	<b>248,116</b>	<b>(8,017)</b>
<b>Rents and Leases:</b>			
Auditorium	60,000	46,708	(13,292)
Pro Shop Rent	760	735	(25)
Alumni Rental/lease	17,000	15,548	(1,452)
BOR Rents and Leases	210,000	168,135	(41,865)
Special Projects - Custodial Fees	9,500	10,857	1,357
Special Projects - Fire	0	2,275	2,275
Miscellaneous Rents	500	5,875	5,375
<b>Total Rents and Leases</b>	<b>297,760</b>	<b>250,133</b>	<b>(47,627)</b>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Charges for Services:</b>			
Williston FD	\$ 25,000	\$ 23,417	\$ (1,583)
Montpelier Ambulance Billing	0	2,910	2,910
First Branch Ambulance Billing	5,000	7,967	2,967
White River Ambulance Billing	30,000	36,060	6,060
East Montpelier Ambulance Billing	4,000	6,650	2,650
Ambulance Inc - Lift Assist	675,000	623,274	(51,726)
Enterprise Funds	852,000	852,000	0
City Report - School	2,500	2,500	0
Operation/Maintenance - Jail	18,000	16,100	(1,900)
Dispatch Services	62,990	62,990	0
School Resource Officers	130,000	110,700	(19,300)
Special Projects - Police Detail	15,000	38,693	23,693
Special Projects - Fire Detail	24,000	4,975	(19,025)
	<u>1,843,490</u>	<u>1,788,236</u>	<u>(55,254)</u>
<b>Total Charges for Services</b>			
<b>Cemetery Revenue:</b>			
Rents	4,000	4,200	200
Trust Fund Interest	20,000	20,000	0
Entombments	1,600	2,175	575
Foundations	9,000	8,740	(260)
Interments	80,000	101,940	21,940
Liners/Cremation Vaults	1,000	975	(25)
Markers/Post	2,500	1,360	(1,140)
Tent Setups	1,500	1,000	(500)
Lot Sales	20,000	20,891	891
Tours/DVD Sales	2,200	1,651	(549)
	<u>141,800</u>	<u>162,932</u>	<u>21,132</u>
<b>Total Cemetery Revenue</b>			
<b>Miscellaneous Revenue:</b>			
Interest Income	4,500	5,790	1,290
Transfer from Capital Improvements Fund	226,813	226,813	0
Semprebon Annuity	50,000	58,768	8,768
	<u>281,313</u>	<u>291,371</u>	<u>10,058</u>
<b>Total Miscellaneous Revenue</b>			
<b>Total Revenues</b>	<u>11,393,556</u>	<u>11,413,109</u>	<u>19,553</u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Expenditures:			
Administrative and General:			
Personnel Services	\$ 8,000	\$ 5,058	\$ 2,942
FICA	612	467	145
City Council's Expenses	10,000	7,784	2,216
Telephone	100	182	(82)
Office Machines Maintenance	3,500	3,274	226
Annual Audit	30,000	27,450	2,550
City Report	5,000	4,896	104
Dues/Membership Fees	25,000	23,364	1,636
Holiday Observance	0	1,088	(1,088)
Postage Meter Contract	1,500	1,433	67
Advertising/Printing	8,800	9,548	(748)
Building/Grounds Supplies	0	63	(63)
Office Machines Supplies	4,300	2,799	1,501
Postage For Meter	15,600	16,586	(986)
Email Licenses	0	1,731	(1,731)
	<u>112,412</u>	<u>105,723</u>	<u>6,689</u>
Total Administrative and General			
Assessor:			
Personnel Services	48,571	50,828	(2,257)
FICA	3,792	3,888	(96)
Training and Development	250	135	115
Telephone	600	664	(64)
Equipment Purchase	4,500	5,025	(525)
Advertising/Printing	400	313	87
Glasses	190	0	190
Office Supplies	1,000	810	190
Computer/Equipment Software	0	809	(809)
Contracted Services	43,860	41,000	2,860
	<u>103,163</u>	<u>103,472</u>	<u>(309)</u>
Total Assessor			
Legal Expenses:			
Professional Services - City Attorney	20,000	12,203	7,797
Professional Services - Labor	2,500	6,199	(3,699)
Contract Negotiations	5,000	13,576	(8,576)
Court Costs	250	106	144
	<u>27,750</u>	<u>32,084</u>	<u>(4,334)</u>
Total Legal Expenses			

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
City Manager:			
Personnel Services	\$ 187,894	\$ 188,322	\$ (428)
Finance Assistant	20,800	0	20,800
FICA	15,965	14,246	1,719
IT Contract	6,000	7,279	(1,279)
Website Vendor Maintenance	700	5,700	(5,000)
Network Expenses	0	7,100	(7,100)
Special Projects Manager	5,000	0	5,000
Training/Development	2,000	2,203	(203)
Manager's Expenses	2,000	847	1,153
Secure Shred	0	678	(678)
Telephone	1,750	2,475	(725)
Dues/Memberships	750	1,797	(1,047)
Advertising/Printing	750	396	354
Car Maintenance and Supplies	2,369	0	2,369
Glasses	570	419	151
Office Supplies/Equipment	3,000	4,438	(1,438)
Computer Equipment/Software	1,000	2,031	(1,031)
<b>Total City Manager</b>	<b>250,548</b>	<b>237,931</b>	<b>12,617</b>
Administrative Services:			
Office Supplies/Equipment	0	27	(27)
Computer Equipment/Software	0	295	(295)
<b>Total Administrative Services</b>	<b>0</b>	<b>322</b>	<b>(322)</b>
Finance:			
Personnel Services	132,841	119,931	12,910
Overtime Allowance	4,000	19,247	(15,247)
FICA	10,468	10,367	101
Consultant Fees	0	8,733	(8,733)
Training/Development	300	426	(126)
Travel/Meals	50	135	(85)
Telephone	1,000	701	299
Equipment Purchase Contract	1,300	1,377	(77)
Advertising/Printing	750	0	750
Computer Maintenance	750	629	121
Glasses	570	541	29
Computer Supplies	500	1,070	(570)
Computer Forms	3,000	830	2,170
Office Supplies	2,000	1,473	527
Computer Equipment/Software	2,750	2,554	196
Annual Disaster Recovery	0	515	(515)
<b>Total Finance</b>	<b>160,279</b>	<b>168,529</b>	<b>(8,250)</b>
Elections:			
Personnel Services	4,000	5,436	(1,436)
Program Materials	6,500	4,850	1,650
BCA Expenses	500	226	274
<b>Total Elections</b>	<b>11,000</b>	<b>10,512</b>	<b>488</b>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Clerk's Office:			
Personnel Services	\$ 134,499	\$ 149,048	\$ (14,549)
Delinquent Ticket Admin Clerk	13,305	9,014	4,291
Overtime Allowance	1,000	745	255
FICA	11,384	12,393	(1,009)
Training/Development	400	155	245
Travel/Meals	100	131	(31)
Telephone	900	1,244	(344)
Maintenance of Office Machines	150	0	150
Recording of Records	12,000	13,907	(1,907)
Meter Coin Handling fee	0	573	(573)
Advertising (Taxes)	4,000	2,162	1,838
Credit Card Expenses	1,200	2,896	(1,696)
Glasses	620	409	211
Office Supplies/Equipment	3,000	1,995	1,005
Program Materials	4,500	4,025	475
Computer Equipment/Software	2,000	2,408	(408)
	<u>189,058</u>	<u>201,105</u>	<u>(12,047)</u>
Total Clerk's Office			
Animal Control:			
Personnel Services	0	552	(552)
FICA	0	42	(42)
Professional Services	4,000	485	3,515
Humane Society Fees	5,000	3,700	1,300
	<u>9,000</u>	<u>4,779</u>	<u>4,221</u>
Total Animal Control			
Fire Department:			
Regular Salaries	1,107,334	1,235,764	(128,430)
Overtime Salaries	183,000	196,637	(13,637)
Part-Time Employees	20,000	13,766	6,234
Incentive Pay	25,873	29,199	(3,326)
FICA	106,020	108,604	(2,584)
Consulting Fees	500	919	(419)
Legal Claims Deductibles	1,000	500	500
Ambulance Revenue Tax	0	19,437	(19,437)
Training/Development	5,000	4,361	639
Travel/Meals	1,000	1,082	(82)
Telephone	4,200	4,057	143
Cell Phones	3,000	1,503	1,497
Dues/Membership Fees	1,500	2,319	(819)
Physicals	3,000	7,180	(4,180)
Breathing Apparatus	5,000	8,938	(3,938)
Fire Hose	3,000	842	2,158
Radios/Pagers	6,000	2,560	3,440

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department/(Cont'd):			
Car and Truck Maintenance	\$ 35,000	\$ 41,897	\$ (6,897)
Radio Repair	3,000	7,173	(4,173)
Fire Alarm Maintenance	3,500	0	3,500
Secure Vacant Property	1,000	0	1,000
Fuel Oil	500	0	500
Vehicle Fuel	27,000	16,290	10,710
Clothing	8,000	5,503	2,497
Safety Equipment	15,000	18,622	(3,622)
Footwear	3,800	830	2,970
Glasses	3,990	1,314	2,676
Dry Cleaning	900	732	168
Office Supplies	7,000	4,537	2,463
Medical Supplies and Equipment	30,000	30,662	(662)
Oxygen	3,000	3,315	(315)
Training Supplies	1,000	0	1,000
Defibulator Preventative Maintenance	7,000	8,411	(1,411)
Fire Prevention Program	750	360	390
Fire Investigation Materials	1,000	0	1,000
Computer Software/Office Equipment	17,500	21,170	(3,670)
Computer Replacement	2,000	2,888	(888)
Office Equipment Leases	4,500	372	4,128
	<u>1,650,867</u>	<u>1,801,744</u>	<u>(150,877)</u>
Total Fire Department			
City Hall Maintenance:			
Personnel Services	19,584	20,003	(419)
Overtime	0	417	(417)
FICA	1,495	1,376	119
Professional Services	0	1,692	(1,692)
City Hall Electricity	13,000	7,518	5,482
City Hall Solar Project	0	6,843	(6,843)
Rubbish Removal	2,500	2,535	(35)
Water Bills	2,500	3,203	(703)
City Hall Improvements/Repairs	25,000	22,324	2,676
Fuel Oil	41,500	38,611	2,889
Clothing	340	523	(183)
Footwear	95	95	0
Glasses	95	0	95
Custodial Supplies	2,500	2,695	(195)
Building/Grounds Supplies	1,500	2,956	(1,456)
	<u>110,109</u>	<u>110,791</u>	<u>(682)</u>
Total City Hall Maintenance			

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Meters:			
Personnel Services	\$ 59,484	\$ 53,912	\$ 5,572
FICA	4,550	3,707	843
Electricity - Merchant's Row	600	231	369
Electricity - Pearl	800	289	511
EVCS Maintenance	1,120	1,120	0
Advertising/Printing	500	288	212
Parking Lot Permit Printing	500	0	500
Meter Maintenance	2,000	4,871	(2,871)
Meter Coin Handling	1,200	416	784
Clothing	1,000	0	1,000
Footware	175	105	70
Glasses	185	0	185
Office Supplies	0	34	(34)
Meter Supplies	3,200	5,593	(2,393)
Meter Systems - Software	3,900	3,582	318
Program Materials	500	1,539	(1,039)
Meter Replacements	0	1,399	(1,399)
	<u>79,714</u>	<u>77,086</u>	<u>2,628</u>
Total Meters			
Police Department:			
Regular Salaries	1,203,921	1,192,501	11,420
Overtime	152,000	210,051	(58,051)
Incentive Pay	3,800	4,200	(400)
Training Payroll	13,000	16,148	(3,148)
Part-Time Employees	40,000	45,516	(5,516)
FICA	107,869	109,182	(1,313)
Professional Services - Legal	1,000	959	41
Consultant Fees	1,000	200	800
Training and Development	2,000	1,377	623
Travel and Meals	1,000	0	1,000
Telephone	2,200	1,727	473
Computer Access	14,000	5,646	8,354
Office Machines Maintenance	8,000	7,781	219
Advertising	0	2,750	(2,750)
Lock-Up Meals	3,500	2,805	695
Physicals	500	400	100
Pagers	7,300	5,224	2,076
Car Maintenance	31,000	18,496	12,504
Taser Assurance Program	3,900	3,582	318
Bike Maintenance	2,000	1,519	481
Radio Repair	2,000	1,486	514
Vehicle Fuel	36,000	20,812	15,188
Clothing	5,000	6,905	(1,905)

See Disclaimer in Accompanying Independent Auditor's Report.



CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Police Department/(Cont'd):			
Equipment - Safety	\$ 4,000	\$ 3,891	\$ 109
Ammunition	6,000	4,840	1,160
Footwear	4,000	1,949	2,051
Glasses	4,000	2,811	1,189
Dry Cleaning	7,000	5,229	1,771
Office Supplies	1,600	2,775	(1,175)
Training Supplies	1,000	900	100
Juvenile Program	500	0	500
K-9	2,000	190	1,810
Investigations Materials	4,000	5,365	(1,365)
Lock-Up Materials	2,500	2,736	(236)
Digital Media Expense	200	0	200
Computer Equipment/Software	3,500	2,622	878
Machine/Equipment Outlay	2,000	630	1,370
Total Police Department	1,683,290	1,693,205	(9,915)
Dispatch Services:			
Regular Salaries	303,683	324,276	(20,593)
Overtime	96,000	95,850	150
Training Payroll	4,000	1,625	2,375
Dispatcher	2,000	0	2,000
Part-time Dispatchers	0	8,911	(8,911)
FICA	31,532	31,373	159
Training/Development	2,500	49	2,451
Travel/Meals	1,000	48	952
Telephone	3,300	3,378	(78)
Computer Access	8,400	8,632	(232)
Office Machine Maintenance	5,500	2,597	2,903
Radio Maintenance	750	2,586	(1,836)
Glasses	1,110	905	205
Office Supplies/Equipment	2,400	3,994	(1,594)
Machine/Equipment Outlay	2,000	43	1,957
Dispatch Center	1,750	230	1,520
Computers	2,500	2,500	0
Total Dispatch Services	468,425	486,997	(18,572)
Street Lighting:			
Electricity	122,500	126,242	(3,742)
Enterprise Aly Street Lights	0	195	(195)
Total Street Lighting	122,500	126,437	(3,937)
Traffic Control:			
Traffic Light Electricity	9,000	7,082	1,918
Traffic Light Maintenance	5,000	33,718	(28,718)
Total Traffic Control	14,000	40,800	(26,800)

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Aldrich Library:	\$ 197,000	\$ 197,000	\$ 0
Facilities:			
Personnel Services	61,904	58,803	3,101
FICA	4,353	4,178	175
Electricity - 135N Main	300	2,584	(2,284)
Electricity - Pool	1,700	1,791	(91)
Water Bills	5,000	12,845	(7,845)
Car/Truck Maintenance	3,200	4,956	(1,756)
Field Maintenance	3,000	6,873	(3,873)
Pool and Building Maintenance	10,000	25,832	(15,832)
Antique Center Fuel	2,400	141	2,259
Vehicle Fuel	3,200	2,420	780
Clothing	165	380	(215)
Footwear	168	109	59
Glasses	190	0	190
Office Supplies	500	566	(66)
Equipment Outlay	1,500	1,236	264
Total Facilities	97,580	122,714	(25,134)
Auditorium:			
Personnel Services	84,030	76,482	7,548
Overtime	2,000	183	1,817
FICA	6,581	5,526	1,055
Travel/Meals	0	71	(71)
Electricity	25,000	11,846	13,154
Solar Project	0	17,642	(17,642)
Rubbish Removal	2,000	6,797	(4,797)
Telephone	2,000	2,216	(216)
Water Bills	3,750	3,647	103
IT	5,000	3,493	1,507
Building and Grounds Maintenance	20,000	20,569	(569)
Annex Maintenance	5,000	6,364	(1,364)
Fuel Oil	38,700	45,446	(6,746)
Bottled Gas	600	385	215
Clothing	1,318	1,873	(555)
Footwear	336	112	224
Glasses	380	483	(103)
Custodial Supplies	3,500	4,164	(664)
Banner Expense	500	536	(36)
Machines/Equipment Outlay	2,250	2,584	(334)
Total Auditorium	202,945	210,419	(7,474)

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>BOR:</b>			
Personnel Services	\$ 80,090	\$ 87,375	\$ (7,285)
Overtime	3,000	1,914	1,086
FICA	6,396	6,605	(209)
Electricity	47,000	30,441	16,559
Solar Project	0	26,463	(26,463)
Telephone	800	1,292	(492)
Water Bills	10,500	12,869	(2,369)
Civic Center Bond Repayment	15,775	0	15,775
Building/Grounds Maintenance	7,500	24,294	(16,794)
Ceiling Repaint	55,000	67,378	(12,378)
Bottled Gas	12,252	11,102	1,150
Clothing	1,350	2,141	(791)
Footwear	336	185	151
Glasses	380	0	380
Custodial Supplies	2,500	1,579	921
Computer	1,500	0	1,500
Supplies/Equipment	6,500	7,230	(730)
<b>Total BOR</b>	<b>250,879</b>	<b>280,868</b>	<b>(29,989)</b>
<b>Public Safety Building:</b>			
Personnel Services	19,584	19,343	241
FICA	1,495	1,303	192
Electricity	30,000	15,325	14,675
Solar Project	0	17,369	(17,369)
Rubbish Removal	3,200	3,478	(278)
Water Bills	3,100	2,782	318
Buildings and Grounds Maintenance	12,500	34,450	(21,950)
Fuel Oil	500	0	500
Bottled Gas	21,502	20,784	718
Clothing	310	549	(239)
Footwear	98	45	53
Glasses	98	0	98
Custodial Supplies	5,000	4,691	309
<b>Total Public Safety Building</b>	<b>97,387</b>	<b>120,119</b>	<b>(22,732)</b>
<b>Public Health - Training and Development:</b>	<b>100</b>	<b>0</b>	<b>100</b>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Recreation:</b>			
Personnel Services	\$ 63,409	\$ 64,519	\$ (1,110)
Skateguard Personnel	3,000	2,535	465
Pool Personnel	15,000	18,867	(3,867)
FICA	4,851	6,156	(1,305)
Training and Development	750	811	(61)
Travel and Meals	300	117	183
Telephone	1,200	1,118	82
Dues, Memberships and Fees	450	205	245
Advertising/Printing	500	721	(221)
Municipal Pool Supplies/Equipment	2,000	0	2,000
Tennis Court Equipment	1,000	0	1,000
Glasses	190	0	190
Office Supplies	500	604	(104)
Recreation Supplies	1,500	84	1,416
Recreation Programs	1,500	1,100	400
<b>Total Recreation</b>	<b>96,150</b>	<b>96,837</b>	<b>(687)</b>
<b>Sanitary Landfill:</b>			
Property Tax	2,652	2,779	(127)
CVSWMD Assessment	9,250	8,837	413
Main Street Recycling Container	8,750	18,644	(9,894)
<b>Total Sanitary Landfill</b>	<b>20,652</b>	<b>30,260</b>	<b>(9,608)</b>
<b>Engineering:</b>			
Personnel Services	178,039	48,207	129,832
Overtime	1,000	16,412	(15,412)
FICA	13,696	4,491	9,205
Telephone	1,000	1,185	(185)
Office Machines Maintenance	800	369	431
Engineering Equipment	250	30	220
Vehicle Maintenance	1,000	39	961
Radio Maintenance	500	347	153
Footwear	380	0	380
Glasses	570	0	570
Office Supplies/Equipment	1,000	1,648	(648)
Computer Equipment/Software	5,000	619	4,381
<b>Total Engineering</b>	<b>203,235</b>	<b>73,347</b>	<b>129,888</b>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Permitting, Planning and Inspections:			
Personnel Services	\$ 93,404	\$ 87,008	\$ 6,396
Overtime	1,500	2,311	(811)
Contracted Services	10,000	14,864	(4,864)
FICA	7,193	6,323	870
Professional Services	15,000	0	15,000
Training and Development	1,000	798	202
Travel and Meals	250	168	82
Telephone	1,000	886	114
Dues and Memberships	250	40	210
Advertising and Printing	2,500	2,013	487
Glasses	380	443	(63)
Supplies and Equipment	1,500	1,530	(30)
Computer Equipment/Software	5,000	6,639	(1,639)
Total Permitting, Planning and Inspections	<u>138,977</u>	<u>123,023</u>	<u>15,954</u>
Community Development:			
Barre Partnership	45,900	45,000	900
Barre Area Development	49,980	48,865	1,115
Main Street Maintenance	0	753	(753)
Total Community Development	<u>95,880</u>	<u>94,618</u>	<u>1,262</u>
Public Parks and Trees - Maintenance:			
Electricity - Currier	600	659	(59)
Public Parks Tree Maintenance	10,000	8,645	1,355
Total Public Parks and Trees - Maintenance	<u>10,600</u>	<u>9,304</u>	<u>1,296</u>
Street Department - Public Works:			
Personnel Services	614,934	615,579	(645)
FICA	48,802	45,583	3,219
Storm Water Permit	1,800	2,006	(206)
Training/Development	750	474	276
Travel and Meals	0	15	(15)
Electricity	8,200	7,943	257
Rubbish Removal	4,000	3,647	353
Telephone	1,500	1,197	303
Equipment Rental - Snow	0	3,098	(3,098)
Equipment Rental - Streets	5,000	13	4,987
Advertising/Printing	750	3,480	(2,730)
Snow Damage - Vehicles	2,000	1,000	1,000
Snow Damage - Plows	1,500	2,219	(719)
Barricades - Lights	500	53	447
Culverts - Surface Sewer	1,500	34	1,466

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Street Department - Public Works/(Cont'd):			
Guardrails	\$ 5,000	\$ 580	\$ 4,420
Tiles and Grates - Surface Sewer	2,500	1,644	856
Radio Maintenance	500	530	(30)
Building and Grounds Maintenance	8,000	11,732	(3,732)
Equipment Maintenance - Streets	40,000	24,115	15,885
Snow Equipment Maintenance	7,000	3,922	3,078
Truck Maintenance - Streets	30,000	34,083	(4,083)
Bridge Maintenance	2,500	288	2,212
Street Painting	12,500	12,647	(147)
Roadside Mowing	0	4,200	(4,200)
Fuel Oil - Garage	21,400	16,132	5,268
Vehicle Fuel	42,000	43,314	(1,314)
Bottled Gas	500	656	(156)
Vehicle Grease/Oil	5,500	8,311	(2,811)
Clothing	9,000	13,205	(4,205)
Equipment - Safety	1,500	2,191	(691)
Footwear	2,640	1,587	1,053
Glasses	2,622	419	2,203
Office Expense	125	699	(574)
Small Tools	2,000	2,663	(663)
Supplies - Garage	6,000	11,241	(5,241)
Supplies	0	777	(777)
Supplies - Surface Sewer	1,000	10,531	(9,531)
Supplies - Streets	5,000	11,391	(6,391)
Supplies - Snow Removal	11,000	7,878	3,122
Asphalt	0	3,563	(3,563)
Bituminous Hot Mix - Streets	12,000	11,822	178
Bituminous Hot Mix - Surface Sewer	4,000	561	3,439
Concrete - Surface Sewer	0	6,983	(6,983)
Kold Patch - Streets	5,000	0	5,000
Salt	173,000	198,545	(25,545)
Sand	6,500	3,954	2,546
Street Signs	2,500	6,513	(4,013)
Parking Lot	0	6,600	(6,600)
Pocket Park	0	1,076	(1,076)
Computer Equipment/Software	0	619	(619)
	<u>1,112,523</u>	<u>1,151,313</u>	<u>(38,790)</u>
Total Street Department - Public Works			

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cemetery:			
Personnel Services	\$ 142,825	\$ 125,247	\$ 17,578
FICA	10,735	9,581	1,154
Training/Development	100	0	100
Travel/Meals	100	0	100
Telephone	1,200	980	220
Electricity - Office	600	450	150
Veterans Flags	2,325	1,541	784
Advertising/Printing	600	263	337
Car/Truck Maintenance	2,500	3,586	(1,086)
Building Maintenance	1,500	1,317	183
BLDG/GRND Maint Elmwood	2,500	488	2,012
Contracted Services	500	1,198	(698)
Hope Maintenance	6,000	5,880	120
St Monica Maintenance	1,000	105	895
Cremation Vaults	400	0	400
Grounds & Buildings	720	1,770	(1,050)
Equipment Maintenance	5,000	1,246	3,754
Fuel Oil - Office	1,750	450	1,300
Vehicle Fuel	5,000	3,121	1,879
Clothing	179	910	(731)
Equipment - Safety	200	75	125
Footwear	200	299	(99)
Glasses	190	0	190
Office Supplies/Equipment	700	1,056	(356)
Small Tools	1,000	616	384
Cemetery Trust	6,000	5,839	161
Foundations	2,500	3,533	(1,033)
Seeds/Trees/Shrubs/Bulbs	5,000	93	4,907
	<u>201,324</u>	<u>169,644</u>	<u>31,680</u>
Total Cemetery			
Transfer to Capital Improvement Fund:	<u>6,070</u>	<u>5,519</u>	<u>551</u>
Insurance:			
Health Insurance	1,078,102	911,150	166,952
Life Insurance	38,214	35,234	2,980
Dental Insurance	33,434	33,125	309
Consultant Services	<u>0</u>	<u>10,400</u>	<u>(10,400)</u>
Total Insurance	<u>1,149,750</u>	<u>989,909</u>	<u>159,841</u>
City Pension Plan:			
City Pension Plan	380,066	417,095	(37,029)
Consultant Services	<u>0</u>	<u>3,075</u>	<u>(3,075)</u>
Total City Pension Plan	<u>380,066</u>	<u>420,170</u>	<u>(40,104)</u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Debt Service:			
Principal Payments	\$ 756,102	\$ 607,445	\$ 148,657
Interest Expense	<u>182,164</u>	<u>156,436</u>	<u>25,728</u>
Total Debt Service	<u>938,266</u>	<u>763,881</u>	<u>174,385</u>
General Insurance:			
Worker's Compensation	396,543	440,161	(43,618)
Unemployment Insurance	22,720	12,346	10,374
Property and Casualty	<u>444,485</u>	<u>437,084</u>	<u>7,401</u>
Total General Insurance	<u>863,748</u>	<u>889,591</u>	<u>(25,843)</u>
Washington County Tax:	<u>36,770</u>	<u>37,609</u>	<u>(839)</u>
Voter Approved Assistance:	<u>144,401</u>	<u>144,401</u>	<u>0</u>
VC Public Safety Authority:	<u>53,000</u>	<u>53,000</u>	<u>0</u>
Special Projects:			
Special Projects - FICA	2,638	2,526	112
Special Projects - Custodial	9,500	6,974	2,526
Special Projects - Fire	10,000	4,242	5,758
Special Projects - Police	<u>15,000</u>	<u>32,097</u>	<u>(17,097)</u>
Total Special Projects	<u>37,138</u>	<u>45,839</u>	<u>(8,701)</u>
Miscellaneous Expenses:			
Granite Museum Parking Lot	6,000	14,364	(8,364)
Barre Energy Committee	1,000	388	612
City Owned Property	0	2,628	(2,628)
Miscellaneous Expenses	10,000	0	10,000
Flood Expenses	0	28,659	(28,659)
Semprebon VCF Trust Projects	<u>50,000</u>	<u>73,768</u>	<u>(23,768)</u>
Total Miscellaneous Expenses	<u>67,000</u>	<u>119,807</u>	<u>(52,807)</u>
Total Expenditures	<u>11,393,556</u>	<u>11,350,709</u>	<u>42,847</u>
Excess of Revenues Over Expenditures	<u>\$ 0</u>	62,400	<u>\$ 62,400</u>
Fund Balance/(Deficit) - July 1, 2016, As Restated		<u>(176,138)</u>	
Fund Balance/(Deficit) - June 30, 2017		<u>\$ (113,738)</u>	

See Disclaimer in Accompanying Independent Auditor's Report.



CITY OF BARRE, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 JUNE 30, 2017

	2017	2016	2015
Total Plan Net Pension Liability	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
City's Proportion of the Net Pension Liability	2.1660%	2.0470%	2.1321%
City's Proportionate Share of the Net Pension Liability	\$ 2,787,514	\$ 1,578,171	\$ 194,585
City's Covered Employee Payroll	\$ 5,407,251	\$ 5,023,450	\$ 4,477,325
City's Proportionate Share of the Net Pension Liability as a Percentage of City's Covered Employee Payroll	51.5514%	31.4161%	4.3460%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.95%	87.42%	98.32%

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions: The actuarial assumptions regarding the incidence of mortality, terminations, retirements, and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

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

CITY OF BARRE, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 355,127	\$ 329,193	\$ 286,143
Contributions in Relation to the Actuarially Determined Contributions	<u>355,127</u>	<u>329,193</u>	<u>286,143</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Employee Payroll	\$ 5,407,251	\$ 5,023,450	\$ 4,477,325
Contributions as a Percentage of City's Covered Employee Payroll	6.568%	6.553%	6.391%

**Notes to Schedule**

Valuation Date: June 30, 2016

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

CITY OF BARRE, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Trust Fund	Total
<u>ASSETS</u>				
Cash	\$ 334,304	\$ 164,752	\$ 75,115	\$ 574,171
Restricted Cash	0	499,226	0	499,226
Investments	1,118,586	0	828,041	1,946,627
Receivables (Net of Allowance for Uncollectibles)	350	0	0	350
Due from Other Funds	<u>23,055</u>	<u>49,609</u>	<u>104,284</u>	<u>176,948</u>
Total Assets	<u>\$ 1,476,295</u>	<u>\$ 713,587</u>	<u>\$ 1,007,440</u>	<u>\$ 3,197,322</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 3,095	\$ 3,155	\$ 0	\$ 6,250
Due to Other Funds	<u>338,046</u>	<u>0</u>	<u>0</u>	<u>338,046</u>
Total Liabilities	<u>341,141</u>	<u>3,155</u>	<u>0</u>	<u>344,296</u>
Fund Balances:				
Nonspendable	0	0	800,000	800,000
Restricted	1,112,099	688,080	207,440	2,007,619
Assigned	<u>23,055</u>	<u>22,352</u>	<u>0</u>	<u>45,407</u>
Total Fund Balances	<u>1,135,154</u>	<u>710,432</u>	<u>1,007,440</u>	<u>2,853,026</u>
Total Liabilities and Fund Balances	<u>\$ 1,476,295</u>	<u>\$ 713,587</u>	<u>\$ 1,007,440</u>	<u>\$ 3,197,322</u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Trust Fund	Total
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 121,807	\$ 0	\$ 121,807
Intergovernmental	1,319,395	0	0	1,319,395
Charges for Services	0	0	9,177	9,177
Permits, Licenses and Fees	1,011	0	0	1,011
Investment Income	8,330	326	50,209	58,865
Donations	1,600	0	0	1,600
<b>Total Revenues</b>	<b>1,330,336</b>	<b>122,133</b>	<b>59,386</b>	<b>1,511,855</b>
<b>Expenditures:</b>				
General Government	0	28,194	0	28,194
Public Safety	270,798	0	0	270,798
Culture and Recreation	37,722	0	0	37,722
Community Development	1,064,948	0	0	1,064,948
Capital Outlay:				
General Government	0	16,736	0	16,736
Debt Service:				
Principal	0	88,000	0	88,000
Interest	0	69,049	0	69,049
<b>Total Expenditures</b>	<b>1,373,468</b>	<b>201,979</b>	<b>0</b>	<b>1,575,447</b>
Excess/(Deficiency) of Revenues Over Expenditures	(43,132)	(79,846)	59,386	(63,592)
<b>Other Financing Sources/(Uses):</b>				
Transfers In	58,768	0	0	58,768
Transfers Out	(30,000)	0	(20,000)	(50,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>28,768</b>	<b>0</b>	<b>(20,000)</b>	<b>8,768</b>
<b>Net Change in Fund Balances</b>	<b>(14,364)</b>	<b>(79,846)</b>	<b>39,386</b>	<b>(54,824)</b>
Fund Balances - July 1, 2016, As Restated	1,149,518	790,278	968,054	2,907,850
Fund Balances - June 30, 2017	\$ 1,135,154	\$ 710,432	\$ 1,007,440	\$ 2,853,026

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Community Development Fund	Drug Forfeiture Fund	Special Recreation Programs Fund	Semprebou Fund	Justice Center Fund	Total
<u>ASSETS</u>						
Cash	\$ 3,541	\$ 3,711	\$ 0	\$ 327,052	\$ 0	\$ 334,304
Investments	0	101,237	0	1,017,349	0	1,118,586
Receivables (Net of Allowance for Uncollectibles)	0	350	0	0	0	350
Due from Other Funds	<u>0</u>	<u>0</u>	<u>23,055</u>	<u>0</u>	<u>0</u>	<u>23,055</u>
Total Assets	<u>\$ 3,541</u>	<u>\$ 105,298</u>	<u>\$ 23,055</u>	<u>\$ 1,344,401</u>	<u>\$ 0</u>	<u>\$ 1,476,295</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 3,095	\$ 0	\$ 3,095
Due to Other Funds	<u>0</u>	<u>18,693</u>	<u>0</u>	<u>319,353</u>	<u>0</u>	<u>338,046</u>
Total Liabilities	<u>0</u>	<u>18,693</u>	<u>0</u>	<u>322,448</u>	<u>0</u>	<u>341,141</u>
Fund Balances:						
Restricted	3,541	86,605	0	1,021,953	0	1,112,099
Assigned	<u>0</u>	<u>0</u>	<u>23,055</u>	<u>0</u>	<u>0</u>	<u>23,055</u>
Total Fund Balances	<u>3,541</u>	<u>86,605</u>	<u>23,055</u>	<u>1,021,953</u>	<u>0</u>	<u>1,135,154</u>
Total Liabilities and Fund Balances	<u>\$ 3,541</u>	<u>\$ 105,298</u>	<u>\$ 23,055</u>	<u>\$ 1,344,401</u>	<u>\$ 0</u>	<u>\$ 1,476,295</u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Community Development Fund	Drug Forfeiture Fund	Special Recreation Programs Fund	Semprebou Fund	Justice Center Fund	Total
<b>Revenues:</b>						
Intergovernmental	\$ 1,064,050	\$ 0	\$ 0	\$ 0	\$ 255,345	\$ 1,319,395
Permits, Licenses and Fees	0	0	1,011	0	0	1,011
Investment Income	0	3,208	0	5,122	0	8,330
Donations	1,600	0	0	0	0	1,600
<b>Total Revenues</b>	<u>1,065,650</u>	<u>3,208</u>	<u>1,011</u>	<u>5,122</u>	<u>255,345</u>	<u>1,330,336</u>
<b>Expenditures:</b>						
Public Safety	0	15,453	0	0	255,345	270,798
Culture and Recreation	0	0	0	37,722	0	37,722
Community Development	1,064,948	0	0	0	0	1,064,948
<b>Total Expenditures</b>	<u>1,064,948</u>	<u>15,453</u>	<u>0</u>	<u>37,722</u>	<u>255,345</u>	<u>1,373,468</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<u>702</u>	<u>(12,245)</u>	<u>1,011</u>	<u>(32,600)</u>	<u>0</u>	<u>(43,132)</u>
<b>Other Financing Sources/(Uses):</b>						
Transfers In	0	0	0	58,768	0	58,768
Transfers Out	(10,000)	0	0	(20,000)	0	(30,000)
<b>Total Other Financing Sources/(Uses)</b>	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>38,768</u>	<u>0</u>	<u>28,768</u>
<b>Net Change in Fund Balances</b>	(9,298)	(12,245)	1,011	6,168	0	(14,364)
<b>Fund Balances - July 1, 2016, As Restated</b>	<u>12,839</u>	<u>98,850</u>	<u>22,044</u>	<u>1,015,785</u>	<u>0</u>	<u>1,149,518</u>
<b>Fund Balances - June 30, 2017</b>	<u>\$ 3,541</u>	<u>\$ 86,605</u>	<u>\$ 23,055</u>	<u>\$ 1,021,953</u>	<u>\$ 0</u>	<u>\$ 1,135,154</u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2017

	Shade Tree Improvement Fund	TIF Fund	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 164,752	\$ 164,752
Restricted Cash	0	499,226	499,226
Due from Other Funds	<u>22,352</u>	<u>27,257</u>	<u>49,609</u>
Total Assets	<u>\$ 22,352</u>	<u>\$ 691,235</u>	<u>\$ 713,587</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	<u>\$ 0</u>	<u>\$ 3,155</u>	<u>\$ 3,155</u>
Total Liabilities	<u>0</u>	<u>3,155</u>	<u>3,155</u>
Fund Balances:			
Restricted	0	688,080	688,080
Assigned	<u>22,352</u>	<u>0</u>	<u>22,352</u>
Total Fund Balances	<u>22,352</u>	<u>688,080</u>	<u>710,432</u>
Total Liabilities and Fund Balances	<u>\$ 22,352</u>	<u>\$ 691,235</u>	<u>\$ 713,587</u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Shade Tree Improvement Fund	TIF Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Property Taxes	\$ 0	\$ 121,807	\$ 121,807
Investment Income	<u>0</u>	<u>326</u>	<u>326</u>
Total Revenues	<u>0</u>	<u>122,133</u>	<u>122,133</u>
Expenditures:			
General Government	0	28,194	28,194
Capital Outlay:			
General Government	0	16,736	16,736
Debt Service:			
Principal	0	88,000	88,000
Interest	<u>0</u>	<u>69,049</u>	<u>69,049</u>
Total Expenditures	<u>0</u>	<u>201,979</u>	<u>201,979</u>
Net Change in Fund Balances	0	(79,846)	(79,846)
Fund Balances - July 1, 2016	<u>22,352</u>	<u>767,926</u>	<u>790,278</u>
Fund Balances - June 30, 2017	<u>\$ 22,352</u>	<u>\$ 688,080</u>	<u>\$ 710,432</u>

See Disclaimer in Accompanying Independent Auditor's Report.



CITY OF BARRE, VERMONT  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUNDS  
 JUNE 30, 2017

	Keith Fund	Youth Public Safety Fund	Brusa Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,680	\$ 2,680
Investments	<u>16,907</u>	<u>0</u>	<u>89,379</u>	<u>106,286</u>
Total Assets	<u>\$ 16,907</u>	<u>\$ 0</u>	<u>\$ 92,059</u>	<u>\$ 108,966</u>
<u>LIABILITIES AND NET POSITION</u>				
Liabilities:				
Due to Other Funds	\$ <u>270</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>270</u>
Total Liabilities	<u>270</u>	<u>0</u>	<u>0</u>	<u>270</u>
Net Position:				
Restricted	<u>16,637</u>	<u>0</u>	<u>92,059</u>	<u>108,696</u>
Total Net Position	<u>16,637</u>	<u>0</u>	<u>92,059</u>	<u>108,696</u>
Total Liabilities and Net Position	<u>\$ 16,907</u>	<u>\$ 0</u>	<u>\$ 92,059</u>	<u>\$ 108,966</u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Keith Fund	Youth Public Safety Fund	Brusa Fund	Total
Additions:				
Investment Income	\$ <u>113</u>	\$ <u>0</u>	\$ <u>87</u>	\$ <u>200</u>
Total Additions	<u>113</u>	<u>0</u>	<u>87</u>	<u>200</u>
Deductions:				
Miscellaneous	<u>0</u>	<u>4,061</u>	<u>0</u>	<u>4,061</u>
Total Deductions	<u>0</u>	<u>4,061</u>	<u>0</u>	<u>4,061</u>
Change in Net Position	113	(4,061)	87	(3,861)
Net Position - July 1, 2016	<u>16,524</u>	<u>4,061</u>	<u>91,972</u>	<u>112,557</u>
Net Position - June 30, 2017	\$ <u><u>16,637</u></u>	\$ <u><u>0</u></u>	\$ <u><u>92,059</u></u>	\$ <u><u>108,696</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State of Vermont Agency of Commerce and Community Development				
Community Development Block Grant	14.228	07110-IG-2013	\$ 790,000	\$ 791,248
Community Development Block Grant	14.228	07110-SS-2012	273,348	273,348
Passed through Two Rivers - Ottauquechee Regional Commission				
Community Development Block Grant	14.228	07110-DR-IG-2012 TRORC	0	55,597
Total U.S. Department of Housing and Urban Development			1,063,348	1,120,193
<u>U.S. Department of Agriculture</u>				
Direct				
Community Facilities Grant	10.766	RD3570-3	0	50,000
Total U.S. Department of Agriculture			0	50,000
<u>U.S. Department of Justice</u>				
Direct				
Public Safety Partnership and Community Policing Grants	16.710	2013-UMWX0090	0	13,623
Bulletproof Vest Partnership Program	16.607	OMB #1121- 0235 FY17	0	1,676
Total U.S. Department of Justice			0	15,299
<u>U.S. Department of Transportation</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction	20.205	08126-CAO349	0	9,648
Passed through State of Vermont Department of Public Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.616	02140-NH17405C-703B	0	2,504
Total U.S. Department of Transportation			0	12,152
<u>U.S. Environmental Protection Agency</u>				
Passed through State of Vermont Department of Environmental Conservation				
Drinking Water State Revolving Funds	66.468	DWGWPD-AMP-23	0	17,864
Total U.S. Environmental Protection Agency			0	17,864

See Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Homeland Security</u>				
Passed through State of Vermont Department of Public Safety				
Hazard Mitigation Grant Program	97.039	02140-34207-003	\$ 0	\$ 64,998
Hazard Mitigation Grant Program	97.039	02140-34207-004	0	54,831
Hazard Mitigation Grant Program	97.039	02140-34207-005	0	44,020
Hazard Mitigation Grant Program	97.039	02140-34232-003	0	477
Hazard Mitigation Grant Program	97.039	02140-34232-004	0	477
Hazard Mitigation Grant Program	97.039	02140-34000-065	0	4,648
Hazard Mitigation Grant Program	97.039	02140-34000MC-065	0	732
Hazard Mitigation Grant program	97.039	02140-34000-064	0	3,048
Hazard Mitigation Grant Program	97.039	02140-34000MC-064	0	379
Homeland Security Grant	97.067	02140-74262-005	0	8,333
Total U.S. Department of Homeland Security			0	181,943
Total			\$ 1,063,348	\$ 1,397,451

**Note A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Barre, Vermont under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City of Barre, Vermont it is not intended to and does not present the financial position, changes in net assets or cash flows.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Barre, Vermont has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

77 Barre Street  
P.O. Box 947  
Montpelier, VT 05601  
802/223-2352  
[www.sullivanpowers.com](http://www.sullivanpowers.com)

Fred Duplessis, CPA  
Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
Wendy C. Gilwee, CPA  
VT Lic. #92-000180

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"

City Council  
City of Barre  
City Hall, 6 North Main Street, Suite 2  
Barre, Vermont 05641

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Barre, Vermont as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Barre, Vermont's basic financial statements and have issued our report thereon dated March 29, 2018. The report on the financial statements of the governmental activities, the business-type activities, the Water Fund, the Sewer Fund and the Capital Improvement Fund was qualified because the City has not completed reconciling the amounts due to the State of Vermont for the City's share of a large public works project administered by the State of Vermont and the related capital assets and depreciation and has not capitalized certain improvements and, therefore, has not recorded the actual amount due to the State of Vermont and the related capital assets and depreciation in the Water Fund, the Sewer Fund and the Capital Improvement Fund has not capitalized certain improvements in the Water Fund. The amounts by which this departure would affect the City's assets, liabilities, expenses and fund balance/net position has not been determined.

***Internal Control Over Financial Reporting***

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Barre, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2017-01 through 2017-07 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2017-08 through 2017-10 to be significant deficiencies.

### ***Compliance and Other Matters***

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

We also noted certain other matters that we reported to the management of the City of Barre, Vermont in a separate letter dated March 29, 2018.

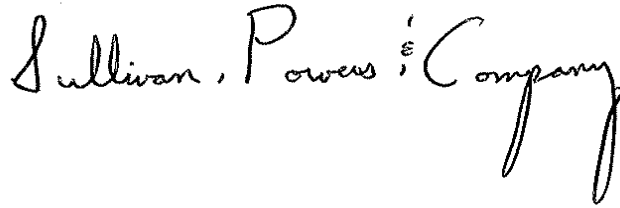
### ***City of Barre, Vermont's Response to Deficiencies in Internal Control***

The City of Barre, Vermont's responses to the deficiencies in internal control identified in our audit are included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The City of Barre, Vermont's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

March 29, 2018  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' at the beginning and a long, sweeping tail on the 'y' of 'Company'.

# Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street  
P.O. Box 947  
Montpelier, VT 05601  
802/223-2352  
[www.sullivanpowers.com](http://www.sullivanpowers.com)

Fred Duplessis, CPA  
Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
Wendy C. Gilwee, CPA  
[VT Lic. #92-000180](#)

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

City Council  
City of Barre  
City Hall, 6 North Main Street, Suite 2  
Barre, Vermont 05641

### ***Report on Compliance for Each Major Federal Program***

We have audited City of Barre, Vermont compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) "Compliance Supplement" that could have a direct and material effect on the City of Barre, Vermont's major federal program for the year ended June 30, 2017. The City of Barre, Vermont's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Deficiencies in Internal Control.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City of Barre, Vermont's major federal program based on our audit of the types of compliance requirements referred to previously.

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 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 previously 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 City of Barre, 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 its major federal program. However, our audit does not provide a legal determination of the City of Barre, Vermont's compliance.



***Opinion on Each Major Federal Program***

In our opinion, the City of Barre, Vermont complied, in all material respects, with the types of compliance requirements referred to previously that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

***Report on Internal Control Over Compliance***

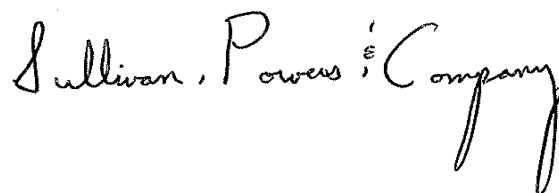
The management of the City of Barre, Vermont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to previously. In planning and performing our audit of compliance, we considered the City of Barre, Vermont's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on the 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 City of Barre, 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 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 significant deficiencies or material weaknesses. 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.

March 29, 2018  
Montpelier, Vermont  
VT Lic. #92-000180



CITY OF BARRE VERMONT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2017

Financial Statement Findings:

**Material Weaknesses**

16-01: Pooled Cash Accounts and Cash Reconciliations (repeat finding)

Condition: The City pools cash accounts across City funds and performs bank statement reconciliations with commingled funds. Further, the City comingles governmental cash assets with fiduciary cash assets - in violation of State statutes.

Criteria: Generally accepted accounting principles require that organizations establish procedures to correctly reconcile all bank statements and keep fiduciary funds separate from governmental funds.

Cause: The City has not established adequate cash management procedures and bank statement reconciliations that allow for governance and management of cash assets. Further, the City's general ledger presents cash accounts which do not represent cash held in financial institutions but rather interfund borrowing and lending between funds.

Effect: Cash balances reported on the City's general ledger are misleading and inaccurate creating understated and overstated equity balances for the involved funds.

Recommendation: The City must separately reconcile each bank statement and clearly label all cash accounts with reconciled balances.

Corrective Action: The City has separated all fiduciary cash assets in separate accounts. The City has implemented controls to reconcile their bank statements, however, they were not able to reconcile the pooled checking account to the general ledger.

16-02: Interfund Borrowing and Lending (repeat finding)

Condition: The City Treasurer executes interfund borrowing/lending between funds without Council approval or oversight and the City has not developed plans to resolve long-standing and material interfund balances.

Criteria: Generally accepted accounting principles, state statute and city policy require that all transactions executed by the Treasurer's office be authorized by the City Council.

Cause: The City has not established procedures to accurately authorize, monitor, or resolve material interfund borrowing and lending between funds.

Recommendation: The City should establish procedures to ensure all interfund borrowing and lending activity is authorized prior to execution and establish plans to resolve outstanding balances.

Corrective Action: Corrective action was taken by the City.

CITY OF BARRE VERMONT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2017

B. Findings -Financial Statement Audit (continued)

16-03: Financial Statement and Budget Management (repeat finding)

Condition: The City has not developed adequate procedures for the management and oversight of its financial statements and financial activity. Revenues and related receivables are not recorded in a timely manner and fiscal year 2016 budget information was not updated in the general ledger until six months after the fiscal year ended. Unrecorded revenues misstate fund balance and incorrectly recorded budgetary information does not allow governance and management to properly assess the status of financial activity.

Criteria: Generally accepted accounting principles require organizations to develop processes to ensure accurate financial information is recorded and available for management's and governance's use in a timely manner.

Cause: The City has not established procedures to ensure the timely recording of revenues and receivables and has not established procedures for the timely recording of budgetary information in the general ledger.

Effect: Governance and management require timely and accurate financial information in order to properly monitor and manage City finances, without this information, accurate financial decision cannot be made.

Corrective Action: Corrective action was taken by the City.

16-04: Segregation of Duties - General Journal Entries (repeat finding)

Condition: General journal entries are recorded without independent review and approval. Prudent management requires that all activity reported through the general ledger be independently reviewed and approved prior to recording.

Criteria: Generally accepted accounting principles require organizations to establish segregation of duties to ensure accuracy and mitigate the risk of error and fraud.

Cause: The City has not established procedures to require independent review and approval.

Effect: Higher risk of error and fraud.

Recommendation: The City should establish procedures that require an independent review and written approval of all general journal entries prior to recording.

Corrective Action: No corrective action was taken.

CITY OF BARRE VERMONT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2017

**Significant Deficiencies**

16-05: Warrants Approved by Council Verbally (repeat finding)

Condition: Disbursement warrants are not retained, not sequential numbered, not signed by Council members when approved, and the amounts authorized in the warrants are not noted in the Council meeting minutes.

Criteria: Generally accepted accounting principles adequate controls over disbursements to prevent or detect and correct misstatements due to fraud and error.

Cause: The City has not established adequate procedures to ensure only authorized disbursements are executed.

Effect: An incomplete assessment of the risks associated with disbursement cycle of financial transactions creates greater risk without increasing financial benefits.

Recommendation: Establish controls that ensure only authorized disbursements occur.

Corrective Action: Corrective action was taken by the City.

16-06: Financial Activity Cut-Off (repeat finding)

Condition: Incomplete recording of financial activity to the correct fiscal period.

Criteria: Generally accepted accounting principles require organizations to recognize revenues and expenses in consonance with their established bases of accounting.

Cause: The City has not established procedures to ensure all financial activity is recorded and reported in the correct fiscal period and in a timely manner.

Effect: Inaccurate reporting of revenues and expenditures by fiscal year affects both fiscal years represented and calculation of federal expenditures for reporting required by OMB Circular A-133.

Recommendation: The City should establish procedures that require the identification of activity by fiscal year by developing cut-off procedures that support the appropriate basis of accounting.

Corrective Action: Corrective action was taken by the City, however, there were still cut-off issues in the current year.

CITY OF BARRE VERMONT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2017

16-07: Restricted Component of Permanent Fund (repeat finding)

Condition: The City has not been able to obtain complete records regarding the permanent and temporarily restricted components of Cemetery revenues.

Criteria: Generally accepted accounting principles require governments to maintain records that demonstrate the nature of any restrictions on revenues collected by the government.

Cause: The City did not establish procedures or effect oversight of activities related to the Cemetery revenues to distinguish between permanently and temporarily restricted revenues.

Effect: The City does not have adequate records to demonstrate compliance with the requirements of the law regarding restrictions on revenues.

Recommendation: The City should treat all current restrictions as permanently restricted to avoid the risk of spending monies that might be permanently restricted.

Corrective Action: Corrective action was taken.

CITY OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2017

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified:

General Fund

Special Fund

Aggregate Remaining Fund Information

Qualified:

Governmental Activities

Business-Type Activities

Capital Improvement Fund

Water Fund

Sewer Fund

Internal Control Over Financial Reporting:

Material Weaknesses identified:

Yes

Significant Deficiencies identified not considered to be material weaknesses:

Yes

Noncompliance material to financial statements:

None noted.

Federal Awards

Internal Control Over Major Programs:

Material Weaknesses identified:

None noted

Significant Deficiencies identified not considered to be material weaknesses:

None noted.

There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

Major Programs:

<u>CFDA #</u>	<u>Program</u>	<u>Federal Agency</u>
14.228	Community Development Block Grant	U.S. Department of Housing and Urban Development

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The auditee did not qualify as a low risk auditee.

CITY OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2017

Financial Statements

Deficiencies in Internal Control:

Material Weaknesses:

2017-01 Timely Reconciliation of Balance Sheet Accounts

*Criteria:*

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

*Condition:*

The City does not have internal controls in place to ensure that timely reconciliations are performed for all balance sheet accounts. Most of the balance sheet accounts were not reconciled to the actual balances at year end or during the year which resulted in various adjustments to revenue and expenses.

*Cause:*

Unknown.

*Effect:*

Most of the City balance sheet account balances were incorrect during the year and at year end.

*Recommendation:*

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

2017-02 Reconciliation of Bank Statements

*Criteria:*

Internal controls should be in place to ensure that all bank accounts are reconciled to the general ledger on a monthly basis.

*Condition:*

The City did not have internal controls in place to ensure that all bank accounts are reconciled to the general ledger. Bank reconciliations for all cash accounts are being completed on a monthly basis however, the bank balances for the City's main pooled cash checking account was not being reconciled to the general ledger. This resulted in variances that were required to be researched and adjusted.

CITY OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2017

*Cause:*

Unknown.

*Effect:*

The City's financial records may not report the true cash position of the City at a given date.

*Recommendation:*

We recommend that the City implement controls to ensure that all bank statements are reconciled to the general ledger on a monthly basis so that errors can be detected and corrected.

2017-03 Netting Revenues and Expenditures

*Criteria:*

Internal controls should be in place to ensure that revenues are not netted with expenditures.

*Condition:*

The City did not have internal controls in place to ensure that revenues are not netted with expenditures. The City netted certain grants with the related expenditures during the year. This nets out the revenue and expenditures as if they did not exist and results in the understatement of both revenue and expenditures. The total amount netted was \$508,990.

*Cause:*

Unknown.

*Effect:*

This resulted in the understatement of revenue and expenditures.

*Recommendation:*

We recommend that the City implement controls to ensure that revenues are not netted with expenditures.



CITY OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2017

2017-04 Due to State of Vermont

*Criteria:*

Internal controls should be in place to reconcile and record the amount due to the State of Vermont for the City's share of any projects managed by the State.

*Condition:*

The amount due to the State of Vermont was not reconciled and recorded at year-end.

*Cause:*

Unknown.

*Effect:*

The City's Water Fund, Sewer Fund and Capital Improvements Fund amounts due to the State of Vermont were inaccurate.

*Recommendation:*

We recommend that the City implement controls to reconcile and record the amount due to the State of Vermont at year-end.

2017-05 Loans Receivable

*Criteria:*

Internal controls should be in place to ensure that all loans receivable and any related allowance for uncollectible loans are recorded

*Condition:*

The City did not have controls in place to ensure that loans receivable and any estimated allowance for uncollectible loans are recorded.

*Cause:*

Unknown.

*Effect:*

The City's loans receivable and allowance for uncollectible loans were understated by \$790,000.

CITY OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2017

*Recommendation:*

We recommend that the City implement controls to ensure that all their loans receivable and appropriate allowances for uncollectible loans are recorded.

2017-06 Due To/From Other Funds

*Criteria:*

Internal controls should be in place to ensure that due to/from other fund accounts are reconciled on a regular basis.

*Condition:*

The City did not have internal controls in place to ensure that due to/from other fund accounts were reconciled on a regular basis.

*Cause:*

Unknown.

*Effect:*

Adjustments were required to correct the due to/from accounts.

*Recommendation:*

We recommend that the City implement controls to ensure all due to/from other funds accounts are reconciled on a regular basis.

2017-07 Short-Term Debt

*Criteria:*

Internal controls should be in place to ensure that all short-term debt is recorded at the correct balance.

*Condition:*

The City did not have internal controls in place to ensure that all short-term debt was recorded at the correct balance.

*Cause:*

Unknown.

CITY OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2017

*Effect:*

The City's carried a short-term debt on the balance sheet of the Capital Improvement Fund that had been paid off a resulting in a prior period adjustment reducing expenses and increasing fund balance in the amount of \$1,161,524.

*Recommendation:*

We recommend that the City implement controls to ensure that all short-term debt is accurately recorded.

Significant Deficiencies:

2017-08 Authorization of General Journal Entries

*Criteria:*

Internal controls should be in place to ensure that all non-standard adjusting period entries are authorized by appropriate officials.

*Condition:*

The City did not have a policy in place all year that required authorization or review of adjustments to the books of original entry.

*Cause:*

Unknown.

*Effect:*

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

*Recommendation:*

We recommend that the City follow their current policy that requires appropriate officials to authorize and review all general journal entries so as not to circumvent the original approval process.

CITY OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2017

2017-09 Net Pension Liability

*Criteria:*

Internal controls should be in place to ensure that the net pension liability and related deferred inflows and outflows of resources are recorded appropriately.

*Condition:*

The City did not have controls in place to ensure that the net pension liability and related deferred inflows and outflows of resources were recorded appropriately.

*Cause:*

Unknown.

*Effect:*

The City's net pension liability and related deferred inflows and outflows of resources were incorrect resulting in prior period adjustments to the net position of the Governmental and Business-type Activities and the Water and Sewer Funds.

*Recommendation:*

We recommend that the City implement controls to ensure that the net pension liability and related deferred inflows and outflows of resources are recorded appropriately.

2017-10 Grants Receivable, Deferred Inflows of Resources and Unearned Grant Revenue

*Criteria:*

Internal controls should be in place to ensure that the City records all of their grants receivable, deferred inflows of resources and unearned grant revenue.

*Condition:*

The City did not have controls in place to ensure that all of its grants receivable, deferred inflows of resources and unearned grant revenue are recorded.

*Cause:*

Unknown.

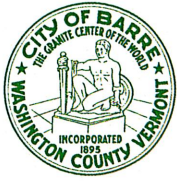
CITY OF BARRE, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2017

*Effect:*

A number of grants receivable, deferred inflows of resources and unspent grant funds were not recorded.

*Recommendation:*

We recommend that the City implement controls to ensure that its grants receivable, deferred inflows of resources and unearned grant revenue are recorded.



# *City of Barre, Vermont*

*“Granite Center of the World”*

Steven E. Mackenzie, P.E.  
City Manager

6 N. Main St., Suite 2  
Barre, VT 05641  
Telephone (802) 476-0240  
FAX (802) 476-0264  
[manager@barrecity.org](mailto:manager@barrecity.org)

March 28, 2018

Mr. Fred Duplessis, CPA  
Sullivan, Powers & Company  
77 Barre Street  
PO Box 947  
Montpelier, Vermont 05601

**SUBJECT: FY2017 Internal Controls Letter**

Dear Mr. Duplessis:

I respond to your FY2017 Audit - Internal Controls Review comments as follows:

**2017-01 Timely Reconciliation of Balance Sheet Accounts**

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

**Condition:** The City does not have internal controls in place to ensure that timely reconciliations are performed for all balance sheet accounts. Most of the balance sheet accounts were not reconciled to the actual balances at year end or during the year which resulted in various adjustments to revenue and expenses.

**Recommendation:** We recommend that all balance sheet accounts be reconciled to supporting documentation on a monthly basis in order to detect and correct errors.

**Response:** *The City has been playing catch-up for the past three years, after the retirement of our long-time senior accountant. This situation was exacerbated by a change in auditors, with the new auditor making significant changes in the way accounts were reconciled. The City has returned to its previous auditor and reconciliation practices, and has added a new senior accounting staff person, which allows for monthly reconciliation of balance sheets and statements.*

## **2017-02 Reconciliation of Bank Statements**

**Criteria:** Internal controls should be in place to ensure that all bank accounts are reconciled to the general ledger on a monthly basis.

**Condition:** The City collects did not have internal controls in place to ensure that all bank accounts are reconciled to the general ledger. Bank reconciliation for all cash accounts are being completed on a monthly basis however, the bank balances for the City's main pooled cash checking account was not being reconciled to the general ledger. This resulted in variances that were required to be researched and adjusted.

**Recommendation:** We recommend that the City implement controls to ensure that all bank statements are reconciled to the general ledger on a monthly basis so that errors can be detected and corrected.

**Response:** *As was mentioned in our response to 2017-01 above, the City has been playing catch-up for the past three years, after the retirement of our long-time senior accountant. This situation was exacerbated by a change in auditors, with the new auditor making significant changes in the way accounts, statements and cash were reconciled. The City has returned to its previous auditor and reconciliation practices, and has added a new senior accounting staff person, which allows for monthly reconciliation of balance sheets and statements.*

## **2017-03 Netting Revenues and Expenditures**

**Criteria:** Internal controls should be in place to ensure that revenues are not netted with expenditures.

**Condition:** The City did not have internal controls in place to ensure that revenues are not netted with expenditures. The City netted certain grants with the related expenditures during the year. This nets out the revenue and expenditures as if they did not exist and results in the understatement of both revenue and expenditures. The total amount netted was \$508,990.

**Recommendation:** We recommend that the City implement controls to ensure that revenues are not netted with expenditures.

**Response:** *The City has set up separate revenue and expenditure accounts for all grants and other such funds, and is correctly accounting for revenues and expenditures going forward.*

## **2017-04 Due to State of Vermont**

**Criteria:** Internal controls should be in place to reconcile and record the amount due to the State of Vermont for the City's share of any projects managed by the State.

**Condition:** The amount due to the State of Vermont was not reconciled and recorded at year-end.

**Recommendation:** We recommend that the City implement controls to reconcile and record the amount due to the State of Vermont at year-end.

*Response: The City is working closely with VTRANS to reconcile the balance due for the North Main Street reconstruction project (“Big Dig”), which is a complicated project with at least a ten (10) year history. There are some discrepancies associated with the local share and reimbursable expenses. We are nearing completion of these reconciliation efforts, and expect to have the work complete and a final number agreed upon by the end of FY18. The City has made significant improvements in recording keeping and accounting with regards to state projects.*

### **2017-05 Loans Receivable**

**Criteria:** Internal controls should be in place to ensure that all loans receivable and any related allowance for uncollectible loans are recorded.

**Condition:** The City did not have controls in place to ensure that loans receivable and any estimated allowance for uncollectible loans are recorded.

**Recommendation:** We recommend that the City implement controls to ensure that all their loans receivable and appropriate allowances for uncollectible loans are recorded.

*Response: This has been past practice for the City, but fell through the cracks with changing accounting department staff. The City will implement controls to ensure that loans receivable and appropriate allowances for uncollectible loans are recorded.*

### **2017-06 Due To/From Other Funds**

**Criteria:** Internal controls should be in place to ensure that due to/from other fund accounts are reconciled on a regular basis.

**Condition:** The City did not have internal controls in place to ensure that due to/from other fund accounts were reconciled on a regular basis.

**Recommendation:** We recommend that the City implement controls to ensure all due to/from other funds accounts are reconciled on a regular basis.

*Response: The City’s due to/due from accounts have been a recent source of consternation. While working with our FY15-FY16 auditor, significant changes were made to the DT/DF system; however, these changes have not provided clarity or accurate reporting of the balances. The City is working to clear up the discrepancies, and to ensure that the NEMRC software is being used correctly to reconcile due to/due from balances as funds shift throughout the fiscal year.*

### **2017-07 Short-Term Debt**

**Criteria:** Internal controls should be in place to ensure that all short-term debt is recorded at the correct balance.



**Condition:** The City did not have internal controls in place to ensure that all short-term debt is recorded at the correct balance.

**Recommendation:** We recommend that the City implement controls to ensure that all short-term debt is accurately recorded.

**Response:** *Accounting practices were changed under the FY16 – FY17 auditor, which led to the erroneous recording or lack of recording of short-term debt. The City has implemented controls to ensure the debt will be accurately recorded, and such debt will be reduced as paid off.*

### **2017-08 Authorization of General Journal Entries**

**Criteria:** Internal controls should be a place to ensure that all non-standard adjusting period entries are authorized by appropriate officials.

**Condition:** The City did not have a policy in place all year that required authorization or review of adjustments to the books of original entry.

**Recommendation:** We recommend that the City follow their current policy that requires appropriate officials to authorize and review all general journal entries so as not to circumvent the original approval process.

**Response:** *The City will continue to follow our current policy that requires appropriate officials to authorize and review all non-standard adjusting period entries.*

### **2017-09 Net Pension Liability**

**Criteria:** Internal controls should be a place to ensure that the net pension liability and related deferred inflows and outflows of resources are recorded appropriately.

**Condition:** The City did not have controls in place to ensure that the net pension liability and related deferred inflows and outflows of resources were recorded appropriately.

**Recommendation:** We recommend that the City implement controls to ensure that the net pension liability and related deferred inflows and outflows of resources are recorded appropriately.

**Response:** *The FY19 budget, approved by the voters at the 2018 Annual Town Meeting elections, allows for hiring of a Finance Director. Addressing the net pension liability and related deferred inflows and outflows will fall under the new FD's purview. The FD will be on board by early FY19.*

### **2017-10 Grants Receivable, Deferred Inflows of Resources and Unearned Grant Revenue**

**Criteria:** Internal controls should be a place to ensure that the City records all of their grants receivable, deferred inflows of resources and unearned grant revenue.

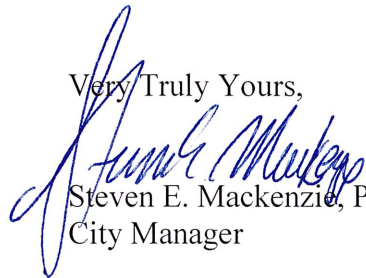
**Condition:** The City did not have controls in place to ensure that all of its grants receivable, deferred inflows of resources and unearned grant revenue are recorded.

**Recommendation:** We recommend that the City implement controls to ensure that its grants receivable, deferred inflows of resources and unearned grant revenue are recorded.

**Response:** *The FY19 budget, as approved by the voters at the 2018 Annual Town Meeting elections, allows for the hiring of a Finance Director. Providing guidance and assistance in recording grants receivable, deferred inflows of resources and unearned grant revenue will fall under the FD's purview. The FD will be on board by early FY19.*

In closing, as City Manager, I will request a separate Audit Debrief Meeting with Sullivan Powers & Company to review in detail each of the above deficiencies, and to identify and establish corrective measures. We will implement corrective measures, to the extent practical for the remainder of FY 2018 and going forward into FY 2019.

Very Truly Yours,



Steven E. Mackenzie, P.E.  
City Manager