

CITY OF BARRE, VERMONT

AUDIT REPORT

JUNE 30, 2018

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 AUDIT REPORT
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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, 2018, 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.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Barre, Vermont as of June 30, 2018 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

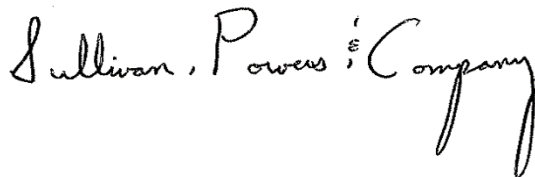
Other Information

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.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated May 13, 2019 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.

May 13, 2019
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 text.

CITY OF BARRE, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 1,382,006	\$ 400	\$ 1,382,406
Restricted Cash Equivalents	449,373	0	449,373
Investments	1,445,820	0	1,445,820
Receivables (Net of Allowance for Uncollectibles)	643,878	1,973,294	2,617,172
Internal Balances	(1,192,164)	1,192,164	0
Due from Fiduciary Funds	270	0	270
Prepaid Expenses	332,212	16,155	348,367
Inventory	35,412	260,399	295,811
Capital Assets:			
Land	3,550,378	319,011	3,869,389
Works of Art	297,184	0	297,184
Construction in Progress	7,100	138,310	145,410
Other Capital Assets, (Net of Accumulated Depreciation)	<u>33,258,818</u>	<u>25,673,414</u>	<u>58,932,232</u>
Total Assets	<u>40,210,287</u>	<u>29,573,147</u>	<u>69,783,434</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the City's Participation in VMERS	<u>1,321,430</u>	<u>151,689</u>	<u>1,473,119</u>
Total Deferred Outflows of Resources	<u>1,321,430</u>	<u>151,689</u>	<u>1,473,119</u>
<u>LIABILITIES</u>			
Accounts Payable	381,326	1,713,728	2,095,054
Accrued Payroll and Benefits Payable	129,505	16,506	146,011
Unearned Revenue	1,530	0	1,530
Accrued Interest Payable	53,693	52,204	105,897
Noncurrent Liabilities:			
Due within One Year	737,578	457,254	1,194,832
Due in More than One Year	<u>8,499,420</u>	<u>8,629,469</u>	<u>17,128,889</u>
Total Liabilities	<u>9,803,052</u>	<u>10,869,161</u>	<u>20,672,213</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	8,000	0	8,000
Deferred Inflows of Resources Related to the City's Participation in VMERS	<u>69,873</u>	<u>8,023</u>	<u>77,896</u>
Total Deferred Outflows of Resources	<u>77,873</u>	<u>8,023</u>	<u>85,896</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	31,382,214	17,717,197	49,099,411
Restricted:			
Non-Expendable:			
Cemetery	804,901	0	804,901
Expendable:			
Bike Path and Non-Operating Expenditures	566,147	0	566,147
Cemetery	225,319	0	225,319
TIF District	129,787	0	129,787
Other Purposes	80,636	0	80,636
Unrestricted/(Deficit)	<u>(1,538,212)</u>	<u>1,130,455</u>	<u>(407,757)</u>
Total Net Position	<u>\$ 31,650,792</u>	<u>\$ 18,847,652</u>	<u>\$ 50,498,444</u>

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

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

	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	\$ 1,759,932	\$ 628,539	\$ 270,524	\$ 0	\$ (860,869)	\$ 0	\$ (860,869)
Public Safety	6,497,316	908,605	545,051	10,960	(5,032,700)	0	(5,032,700)
Public Works	2,963,771	0	225,353	2,221,190	(517,228)	0	(517,228)
Culture and Recreation	829,177	243,833	2,401	330,670	(252,273)	0	(252,273)
Community Development	121,006	0	23,009	0	(97,997)	0	(97,997)
Cemetery	273,506	138,367	150	0	(134,989)	0	(134,989)
Interest on Long-term Debt	243,152	0	0	0	(243,152)	0	(243,152)
Total Governmental Activities	<u>12,687,860</u>	<u>1,919,344</u>	<u>1,066,488</u>	<u>2,562,820</u>	<u>(7,139,208)</u>	<u>0</u>	<u>(7,139,208)</u>
Business-type Activities:							
Water	2,162,974	2,608,250	0	37,204	0	482,480	482,480
Sewer	2,051,884	1,924,196	0	376,411	0	248,723	248,723
Total Business-type Activities	<u>4,214,858</u>	<u>4,532,446</u>	<u>0</u>	<u>413,615</u>	<u>0</u>	<u>731,203</u>	<u>731,203</u>
Total Primary Government	<u>\$ 16,902,718</u>	<u>\$ 6,451,790</u>	<u>\$ 1,066,488</u>	<u>\$ 2,976,435</u>	<u>(7,139,208)</u>	<u>731,203</u>	<u>(6,408,005)</u>
General Revenues:							
Property Taxes					8,637,383	0	8,637,383
Penalties and Interest on Delinquent Taxes					74,556	0	74,556
Payments in Lieu of Taxes					293,838	0	293,838
Unrestricted Investment Earnings					77,179	1,061	78,240
Gain on Sale of Land					35,000	0	35,000
Insurance Proceeds					40,357	0	40,357
Other Revenues					3,775	0	3,775
Total General Revenues					<u>9,162,088</u>	<u>1,061</u>	<u>9,163,149</u>
Change in Net Position					2,022,880	732,264	2,755,144
Net Position - July 1, 2017, As Restated					<u>29,627,912</u>	<u>18,115,388</u>	<u>47,743,300</u>
Net Position - June 30, 2018					<u>\$ 31,650,792</u>	<u>\$ 18,847,652</u>	<u>\$ 50,498,444</u>

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

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

	General Fund	Capital Improvement Fund	Special Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 845,456	\$ 0	\$ 0	\$ 536,550	\$ 1,382,006
Restricted Cash Equivalents	0	0	0	449,373	449,373
Investments	0	0	0	1,445,820	1,445,820
Receivables (Net of Allowance for Uncollectibles)	382,847	197,256	60,246	3,529	643,878
Due from Other Funds	0	0	378,493	169,976	548,469
Prepaid Expenses	332,212	0	0	0	332,212
Inventory	33,312	2,100	0	0	35,412
Total Assets	<u>\$ 1,593,827</u>	<u>\$ 199,356</u>	<u>\$ 438,739</u>	<u>\$ 2,605,248</u>	<u>\$ 4,837,170</u>
LIABILITIES					
Accounts Payable	\$ 314,192	\$ 41,482	\$ 7,549	\$ 18,103	\$ 381,326
Accrued Payroll and Benefits Payable	128,644	0	861	0	129,505
Advances from Other Funds	0	264,154	0	0	264,154
Due to Other Funds	761,460	429,174	0	285,575	1,476,209
Unearned Revenue	1,230	0	300	0	1,530
Total Liabilities	<u>1,205,526</u>	<u>734,810</u>	<u>8,710</u>	<u>303,678</u>	<u>2,252,724</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid Property Taxes	8,000	0	0	0	8,000
Unavailable Property Taxes, Penalties, Interest and Related Fees	179,558	0	0	0	179,558
Unavailable Fees and Fines	5,000	0	0	0	5,000
Unavailable Ambulance Fees	8,600	0	0	0	8,600
Unavailable Grants	1,227	7,747	50,533	0	59,507
Unavailable Miscellaneous Revenue	2,029	0	0	0	2,029
Total Deferred Inflows of Resources	<u>204,414</u>	<u>7,747</u>	<u>50,533</u>	<u>0</u>	<u>262,694</u>
FUND BALANCES/(DEFICIT)					
Nonspendable	365,524	2,100	0	804,901	1,172,525
Restricted	0	0	0	1,451,262	1,451,262
Assigned	0	0	379,496	45,407	424,903
Unassigned/(Deficit)	<u>(181,637)</u>	<u>(543,301)</u>	<u>0</u>	<u>0</u>	<u>(726,938)</u>
Total Fund Balances/(Deficit)	<u>183,887</u>	<u>(543,201)</u>	<u>379,496</u>	<u>2,301,570</u>	<u>2,321,752</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,593,827</u>	<u>\$ 199,356</u>	<u>\$ 438,739</u>	<u>\$ 2,605,248</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.					37,113,480
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.					254,694
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.					(9,290,691)
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>1,251,557</u>
Net Position of Governmental Activities					<u>\$ 31,650,792</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, 2018

	General Fund	Capital Improvement Fund	Special Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 8,207,152	\$ 337,564	\$ 0	\$ 89,109	\$ 8,633,825
Penalties and Interest on Delinquent Taxes	74,556	0	0	0	74,556
Payments in Lieu of Taxes	293,838	0	0	0	293,838
Intergovernmental	348,639	0	869,500	392,577	1,610,716
Charges for Services	2,422,228	43,944	0	9,901	2,476,073
Permits, Licenses and Fees	280,502	0	12,787	0	293,289
Fines and Forfeits	56,206	0	0	0	56,206
Investment Income	30,830	4	0	46,345	77,179
Donations	58,864	6,916	81,220	150	147,150
Other	3,652	123	0	0	3,775
Total Revenues	11,776,467	388,551	963,507	538,082	13,666,607
Expenditures:					
General Government	2,291,206	0	236,057	0	2,527,263
Public Safety	5,564,981	12,906	79,688	377,932	6,035,507
Public Works	1,392,093	65,776	14,704	0	1,472,573
Culture and Recreation	664,650	0	16,354	23,707	704,711
Community Development	99,226	0	0	21,780	121,006
Cemetery	253,995	0	0	0	253,995
Capital Outlay:					
General Government	5,234	0	19,900	97,896	123,030
Public Safety	0	197,737	0	0	197,737
Public Works	293,267	356,625	479,577	0	1,129,469
Culture and Recreation	60,754	0	195,962	427,734	684,450
Debt Service:					
Principal	595,171	0	21,429	88,000	704,600
Interest	161,630	950	3,573	68,174	234,327
Total Expenditures	11,382,207	633,994	1,067,244	1,105,223	14,188,668
Excess/(Deficiency) of Revenues Over Expenditures	<u>394,260</u>	<u>(245,443)</u>	<u>(103,737)</u>	<u>(567,141)</u>	<u>(522,061)</u>
Other Financing Sources/(Uses):					
Proceeds from Long-term Debt	0	0	323,215	0	323,215
Proceeds from Sale of Land	0	0	35,000	0	35,000
Insurance Proceeds	0	40,357	0	0	40,357
Transfers In	23,179	60,950	20,000	58,864	162,993
Transfers Out	(119,814)	0	0	(43,179)	(162,993)
Total Other Financing Sources/(Uses)	(96,635)	101,307	378,215	15,685	398,572
Net Change in Fund Balances	297,625	(144,136)	274,478	(551,456)	(123,489)
Fund Balances/(Deficit) - July 1, 2017, As Restated	<u>(113,738)</u>	<u>(399,065)</u>	<u>105,018</u>	<u>2,853,026</u>	<u>2,445,241</u>
Fund Balances/(Deficit) - June 30, 2018	<u>\$ 183,887</u>	<u>\$ (543,201)</u>	<u>\$ 379,496</u>	<u>\$ 2,301,570</u>	<u>\$ 2,321,752</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, 2018

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)	\$	(123,489)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$2,134,686) is allocated over their estimated useful lives and reported as depreciation expense (\$1,775,207). This is the amount by which capital outlays exceeded depreciation in the current period.		359,479
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(189,042)
The effect of a capital grant for the construction of City roads by the State of Vermont is to increase net position.		1,976,426
The issuance of long-term debt (\$323,215) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$704,600) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		381,385
Governmental funds report employer pension contributions as expenditures (\$364,951). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$614,323) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(249,372)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(130,090)
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>15,616</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>2,040,913</u></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, 2018

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 400	\$ 0	\$ 400
Receivables (Net of Allowance for Uncollectibles)	870,324	1,102,970	1,973,294
Advances to Other Funds - Current Portion	0	229,154	229,154
Due from Other Funds	1,175,924	0	1,175,924
Prepaid Expenses	5,912	10,243	16,155
Inventory	222,181	38,218	260,399
Total Current Assets	<u>2,274,741</u>	<u>1,380,585</u>	<u>3,655,326</u>
Noncurrent Assets:			
Advances to Other Funds - Noncurrent Portion	0	35,000	35,000
Capital Assets:			
Land	210,011	109,000	319,011
Construction in Progress	131,899	6,411	138,310
Buildings and Building Improvements	10,194	449,365	459,559
Vehicles, Machinery, Equipment and Furniture	284,131	2,036,357	2,320,488
Distribution and Collection Systems	23,666,545	14,730,391	38,396,936
Less: Accumulated Depreciation	<u>(9,142,968)</u>	<u>(6,360,601)</u>	<u>(15,503,569)</u>
Total Noncurrent Assets	<u>15,159,812</u>	<u>11,005,923</u>	<u>26,165,735</u>
Total Assets	<u>17,434,553</u>	<u>12,386,508</u>	<u>29,821,061</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the City's Participation in VMERS			
	<u>77,893</u>	<u>73,796</u>	<u>151,689</u>
Total Deferred Outflows of Resources	<u>77,893</u>	<u>73,796</u>	<u>151,689</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	516,217	1,197,511	1,713,728
Accrued Payroll and Benefits Payable	8,920	7,586	16,506
Due to Other Funds	0	247,914	247,914
Accrued Interest Payable	43,085	9,119	52,204
Notes Payable - Current Portion	57,557	0	57,557
General Obligation Bonds Payable - Current Portion	<u>268,247</u>	<u>131,450</u>	<u>399,697</u>
Total Current Liabilities	<u>894,026</u>	<u>1,593,580</u>	<u>2,487,606</u>
Noncurrent Liabilities:			
Compensated Absences Payable	42,207	54,074	96,281
Net Pension Liability	139,635	131,730	271,365
Notes Payable - Noncurrent Portion	440,875	0	440,875
General Obligation Bonds Payable - Noncurrent Portion	<u>6,353,483</u>	<u>1,467,465</u>	<u>7,820,948</u>
Total Noncurrent Liabilities	<u>6,976,200</u>	<u>1,653,269</u>	<u>8,629,469</u>
Total Liabilities	<u>7,870,226</u>	<u>3,246,849</u>	<u>11,117,075</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the City's Participation in VMERS			
	<u>4,128</u>	<u>3,895</u>	<u>8,023</u>
Total Deferred Inflows of Resources	<u>4,128</u>	<u>3,895</u>	<u>8,023</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,345,189	9,372,008	17,717,197
Unrestricted/(Deficit)	<u>1,292,903</u>	<u>(162,448)</u>	<u>1,130,455</u>
Total Net Position	<u>\$ 9,638,092</u>	<u>\$ 9,209,560</u>	<u>\$ 18,847,652</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, 2018

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,573,604	\$ 1,910,643	\$ 4,484,247
Interest and Penalties	34,276	13,541	47,817
Other	370	12	382
Total Operating Revenues	2,608,250	1,924,196	4,532,446
Operating Expenses:			
Payroll and Benefits	571,728	475,733	1,047,461
Administrative Costs	438,780	438,780	877,560
Professional Services	4,359	7,787	12,146
Supplies	17,480	16,555	34,035
Utilities	136,410	210,941	347,351
Maintenance	157,953	117,762	275,715
Chemicals	90,506	107,877	198,383
Permits & Testing	39,357	16,058	55,415
Taxes	52,786	0	52,786
Sludge Disposal	0	273,288	273,288
Depreciation	444,985	330,542	775,527
Other Operating Expenses	2,415	1,691	4,106
Total Operating Expenses	1,956,759	1,997,014	3,953,773
Operating Income/(Loss)	651,491	(72,818)	578,673
Non-Operating Revenues/(Expenses):			
Grant Income - Negative Interest	37,204	0	37,204
Investment Income	65	996	1,061
Interest Expense	(206,215)	(54,870)	(261,085)
Total Non-Operating Revenues/(Expenses)	(168,946)	(53,874)	(222,820)
Net Income/(Loss) Before Capital Contributions	482,545	(126,692)	355,853
Capital Contributions	0	376,411	376,411
Change in Net Position	482,545	249,719	732,264
Net Position - July 1, 2017, As Restated	9,155,547	8,959,841	18,115,388
Net Position - June 30, 2018	\$ 9,638,092	\$ 9,209,560	\$ 18,847,652

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, 2018

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 2,443,471	\$ 1,685,625	\$ 4,129,096
Payments for Goods and Services	(476,536)	(766,994)	(1,243,530)
Payments for Interfund Services	(438,780)	(438,780)	(877,560)
Payments for Wages and Benefits	(604,997)	(482,460)	(1,087,457)
Net Cash Provided/(Used) by Operating Activities	<u>923,158</u>	<u>(2,609)</u>	<u>920,549</u>
Cash Flows From Noncapital Financing Activities:			
(Increase)/Decrease in Due from Other Funds	(277,377)	7,842	(269,535)
Increase/(Decrease) in Due to Other Funds	0	166,820	166,820
(Increase)/Decrease in Advances to Other Funds	0	40,000	40,000
Principal Paid on Notes Payable	(56,252)	0	(56,252)
Interest Paid on Notes Payable	(12,519)	0	(12,519)
Flood Expense Reimbursement	186,427	888	187,315
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(159,721)</u>	<u>215,550</u>	<u>55,829</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from Capital Grants	0	363,211	363,211
Acquisition and Construction of Capital Assets	(318,009)	(395,803)	(713,812)
Principal Paid on General Obligation Bonds Payable	(259,825)	(128,014)	(387,839)
Interest Paid on General Obligation Bonds Payable	(185,668)	(53,331)	(238,999)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(763,502)</u>	<u>(213,937)</u>	<u>(977,439)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	65	996	1,061
Net Cash Provided by Investing Activities	<u>65</u>	<u>996</u>	<u>1,061</u>
Net Increase in Cash	0	0	0
Cash - July 1, 2017	400	0	400
Cash - June 30, 2018	<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)	\$ 651,491	\$ (72,818)	\$ 578,673
Depreciation	444,985	330,542	775,527
(Increase)/Decrease in Receivables	(164,779)	(238,571)	(403,350)
(Increase)/Decrease in Prepaid Expenses	2,181	(5,334)	(3,153)
(Increase)/Decrease in Inventory	14,068	(392)	13,676
(Increase)/Decrease in Deferred Outflows of Resources Related to the City's Participation in VMERS	46,038	35,597	81,635
Increase/(Decrease) in Accounts Payable	8,481	(9,309)	(828)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(901)	(497)	(1,398)
Increase/(Decrease) in Compensated Absences Payable	(30,763)	(8,500)	(39,263)
Increase/(Decrease) in Net Pension Liability	(50,474)	(36,078)	(86,552)
Increase/(Decrease) in Deferred Inflows of Resources Related to the City's Participation in VMERS	2,831	2,751	5,582
Net Cash Provided/(Used) by Operating Activities	<u>\$ 923,158</u>	<u>\$ (2,609)</u>	<u>\$ 920,549</u>

The City recognized a forgiveness of debt as a result of negative interest on three loans in the Water Fund in the amount of \$37,204 from the State of Vermont.

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, 2018

	Private-Purpose Trust Funds	Agency Fund Local Emergency Planning Commission #5 Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 92,128	\$ 1,791
Investments	17,096	0
Total Assets	\$ 109,224	\$ 1,791
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Due to Other Funds	\$ 270	\$ 0
Due to Other Organizations	0	1,791
Total Liabilities	270	1,791
Net Position:		
Restricted:		
Held in Trust for Other Purposes	108,954	0
Total Net Position	108,954	0
Total Liabilities and Net Position	\$ 109,224	\$ 1,791

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, 2018

	Private-Purpose Trust Funds
Additions:	
Investment Income	\$ <u>276</u>
Total Additions	<u>276</u>
Deductions:	
Miscellaneous	<u>18</u>
Total Deductions	<u>18</u>
Change in Net Position	258
Net Position - July 1, 2017	<u>108,696</u>
Net Position - June 30, 2018	<u><u>\$ 108,954</u></u>

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

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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 Net Position

The net position of the governmental activities has been restated as a result of an understatement of receivables, an understatement of capital assets, an overstatement of accounts payable and an understatement of internal balances. The effect of this restatement on the Statement of Net Position is to increase assets by \$374,543, decrease liabilities by \$165,415 and increase net position by \$539,958. The effect on the 2017 Statement of Activities has not been determined. The net position of the governmental activities has been restated from \$29,087,954 to \$29,627,912.

The net position of the business-type activities has been restated as a result of an understatement of receivables, an overstatement of internal balances, an understatement of capital assets and an understatement of accounts payable. The effect of this restatement on the Statement of Net Position is to increase assets by \$1,084,790, increase liabilities by \$788,033 and increase net position by \$296,757. The effect on the 2017 Statement of Activities has not been determined. The net position of the business-type activities has been restated from \$17,818,631 to \$18,115,388.

The fund balance of the Capital Improvement Fund has been restated as a result of an understatement of receivables, an overstatement of accounts payable and an overstatement of due to other funds. The effect of this restatement on the Capital Improvement Fund Balance Sheet is to increase assets by \$189,509, decrease liabilities by \$279,501 and increase fund balance by \$469,010. The effect on the 2017 Statement of Revenues, Expenditures and Changes in Fund Balance has not been determined. The fund balance of the Capital Improvement Fund has been restated from \$(868,075) to \$(399,065).

The net position of the Water Fund has been restated as a result of an understatement of receivables, an overstatement of due from other funds, an understatement of capital assets and an understatement of accounts payable. The effect of this restatement on the Statement of Fund Net Position is to increase assets by \$412,758, increase liabilities by \$246,262 and increase net position by \$166,496. The effect on the 2017 Statement of Revenues, Expenses and Changes in Fund Net Position has not been determined. The net position of the Water Fund has been restated from \$8,989,051 to \$9,155,547.

CITY OF BARRE, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

The net position of the Sewer Fund has been restated as a result of an understatement of receivables, an understatement of capital assets, an understatement of accounts payable and an understatement of due to other funds. The effect of this restatement on the Statement of Fund Net Position is to increase assets by \$753,126, increase liabilities by \$622,865 and increase net position by \$130,261. The effect on the 2017 Statement of Revenues, Expenses and Changes in Fund Net Position has not been determined. The net position of the Sewer Fund has been restated from \$8,829,580 to \$8,959,841.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City's cash, cash equivalents and investments as of June 30, 2018 consisted of the following:

Restricted Cash Equivalents:

Money Market Mutual Fund – U.S. Government Securities	<u>\$ 449,373</u>
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Unrestricted Cash and Cash Equivalents:

Deposits with Financial Institutions	1,154,835
Deposits held by Investment Company	230,706
Certificate of Deposit	89,379
Cash on Hand	<u>1,405</u>

Total Unrestricted Cash and Cash Equivalents	<u>1,476,325</u>
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Total Cash and Cash Equivalents	<u>1,925,698</u>
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Investments:

Certificates of Deposit	415,773
Mutual Funds – Mixed Holdings	<u>1,047,143</u>

Total Investments	<u>1,462,916</u>
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Total Cash and Investments	<u>\$3,388,614</u>
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The City has four (4) certificates of deposit at various banks ranging from \$17,096 to \$244,134 with interest rates ranging from 0.1% to 2.1%. All certificates of deposit mature during fiscal year 2019.

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 995,160	\$ 995,160
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>895,533</u>	<u>1,281,993</u>
Total	<u>\$1,890,693</u>	<u>\$2,277,153</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,154,835
Cash – Deposits held by Investment Company	230,706
Cash Equivalent – Certificate of Deposit	89,379
Investments – Certificates of Deposit	<u>415,773</u>
Total	<u>\$1,890,693</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.

CITY OF BARRE, VERMONT
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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.

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.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The City has the following fair value measurements as of June 30, 2018:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual Funds - Mixed Holdings	\$ 1,047,143	\$ 1,047,143	\$ 0	\$ 0
Total	\$ 1,047,143	\$ 1,047,143	\$ 0	\$ 0

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, 2018 is \$449,373.

B. Receivables

Receivables as of June 30, 2018, 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	\$ 247,388	\$ 0	\$ 247,388
Penalties and Interest Receivable	51,154	11,878	63,032
Tax Sale Receivable	11,566	157	11,723
Ambulance Receivable	100,281	0	100,281
Parking Tickets Receivable	458,403	0	458,403
Grants Receivable	274,022	215,330	489,352
Due from Other Entities	30,323	250,238	280,561
Billed Services	28,665	734,282	762,947
Unbilled Services	0	731,371	731,371
Miscellaneous Receivables	28,563	32,738	61,301
Allowance for Doubtful Accounts - Taxes	(70,500)	0	(70,500)
Allowance for Doubtful Accounts - Ambulance	(49,000)	0	(49,000)
Allowance for Doubtful Accounts - Parking Tickets	(444,966)	0	(444,966)
Allowance for Doubtful Accounts - Cemetery Fees	(20,000)	0	(20,000)
Allowance for Doubtful Accounts - Miscellaneous Fees	(2,021)	0	(2,021)
Allowance for Doubtful Accounts - Water/Sewer	0	(2,700)	(2,700)
	\$ 643,878	\$ 1,973,294	\$ 2,617,172

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

C. Notes Receivable

Notes receivable as of June 30, 2018 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
Note Receivable, Highgate Housing Limited Partnership, Interest at 0%, Deferred until July 31, 2042 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 February 26, 2060 or Upon Sale of Property or Change in Use at which Time all Principal is Due, 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 July 25, 2046 at which Time all Principal is Due, Secured by Real Property	790,000
Note Receivable, Capstone Community Action, Interest at 0%, Deferred until November 22, 2061 or Upon Sale of Property or Change in Use at which Time all Principal is Due, Secured by Real Property	<u>800,000</u>
Total	3,792,220
Less: Allowance for Doubtful Notes Receivable	<u>(3,792,220)</u>
Reported Value as of June 30, 2018	\$ <u><u>0</u></u>

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,479,916	\$ 70,462	\$ 0	\$ 3,550,378
Works of Art	272,184	25,000	0	297,184
Construction in Progress	333,258	0	326,158	7,100
Total Capital Assets, Not Being Depreciated	<u>4,085,358</u>	<u>95,462</u>	<u>326,158</u>	<u>3,854,662</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	8,742,617	98,767	0	8,841,384
Vehicles, Machinery, Equipment and Furniture	7,762,437	760,132	192,726	8,329,843
Infrastructure	26,771,995	3,482,909	0	30,254,904
Cemetery Developments	823,929	0	0	823,929
Totals	<u>44,100,978</u>	<u>4,341,808</u>	<u>192,726</u>	<u>48,250,060</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,616,692	158,733	0	2,775,425
Vehicles, Machinery, Equipment and Furniture	4,139,770	433,651	3,684	4,569,737
Infrastructure	6,136,517	1,189,857	0	7,326,374
Cemetery Developments	308,707	10,999	0	319,706
Totals	<u>13,201,686</u>	<u>1,793,240</u>	<u>3,684</u>	<u>14,991,242</u>
Total Capital Assets, Being Depreciated	<u>30,899,292</u>	<u>2,548,568</u>	<u>189,042</u>	<u>33,258,818</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,984,650</u>	<u>\$ 2,644,030</u>	<u>\$ 515,200</u>	<u>\$ 37,113,480</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 319,011	\$ 0	\$ 0	\$ 319,011
Construction in Progress	80,301	58,009	0	138,310
Total Capital Assets, Not Being Depreciated	<u>399,312</u>	<u>58,009</u>	<u>0</u>	<u>457,321</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	459,559	0	0	459,559
Vehicles, Machinery, Equipment and Furniture	1,915,115	405,373	0	2,320,488
Distribution and Collection Systems	38,231,506	165,430	0	38,396,936
Totals	<u>40,606,180</u>	<u>570,803</u>	<u>0</u>	<u>41,176,983</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	404,349	4,833	0	409,182
Vehicles, Machinery, Equipment and Furniture	1,421,511	34,753	0	1,456,264
Distribution and Collection Systems	12,902,182	735,941	0	13,638,123
Totals	<u>14,728,042</u>	<u>775,527</u>	<u>0</u>	<u>15,503,569</u>
Total Capital Assets, Being Depreciated	<u>25,878,138</u>	<u>(204,724)</u>	<u>0</u>	<u>25,673,414</u>
Business-type Activities Capital Assets, Net	<u>\$ 26,277,450</u>	<u>\$ (146,715)</u>	<u>\$ 0</u>	<u>\$ 26,130,735</u>

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 59,616	Water	\$ 444,985
Public Safety	310,611	Sewer	<u>330,542</u>
Public Works	1,303,700		
Culture and Recreation	100,684		
Cemetery	<u>18,629</u>		
Total Depreciation Expense - Governmental Activities		Total Depreciation Expense - Business-type Activities	
	<u>\$ 1,793,240</u>		<u>\$ 775,527</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2018 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 761,460
Capital Improvement Fund	0	429,174
Special Fund	378,493	0
Non-Major Governmental Funds	169,976	285,575
Water Fund	1,175,924	0
Sewer Fund	0	247,914
Private-Purpose Trust Funds	<u>0</u>	<u>270</u>
	<u>\$ 1,724,393</u>	<u>\$ 1,724,393</u>

The composition of advances to/from other funds as of June 30, 2018 are as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Sewer Fund	\$ 264,154	\$ 0
Capital Improvement Fund	<u>0</u>	<u>264,154</u>
	<u>\$ 264,154</u>	<u>\$ 264,154</u>

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 \$70,000. 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 \$194,154 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 2018, interest was 0.25%.

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Interfund transfers during the year ended June 30, 2018 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Improvement Fund	\$ 40,950	Fund Debt Service
General Fund	Capital Improvement Fund	20,000	Appropriation
General Fund	Semprebon Fund	58,864	Transfer Annuity Earnings
Community Development Fund	General Fund	3,179	Fund Grant Expenses
Semprebon Fund	Special Fund	20,000	Fund Semprebon Project Expenses
Cemetery Trust Fund	General Fund	<u>20,000</u>	Transfer Interest Earnings
Total		<u>\$ 162,993</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$34,379 from the difference between the expected and actual experience, \$393,613 from the difference between the projected and actual investment earnings, \$494,742 from changes in assumptions and \$33,745 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 \$364,951 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$1,321,430.

Deferred outflows of resources in the business-type activities consists of \$3,948 from the difference between the expected and actual experience, \$45,197 from the difference between the projected and actual investment earnings, \$56,810 from changes in assumptions and \$3,875 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 \$41,859 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$151,689.

Deferred outflows of resources in the Water Fund consists of \$2,031 from the difference between the expected and actual experience, \$23,257 from the difference between the projected and actual investment earnings, \$29,232 from changes in assumptions and \$1,994 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 \$21,379 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Water Fund is \$77,893.

Deferred outflows of resources in the Sewer Fund consists of \$1,917 from the difference between the expected and actual experience, \$21,940 from the difference between the projected and actual investment earnings, \$27,578 from changes in assumptions and \$1,881 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 \$20,480 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Sewer Fund is \$73,796.

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

G. Unearned Revenue

Unearned revenue in the General Fund consists of \$1,230 of recreation fees received in advance.

Unearned revenue in the Special Fund consists of \$300 of grant revenue received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$58,503 from the difference between the expected and actual experience and \$11,370 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). It also includes \$8,000 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$77,873.

Deferred inflows of resources in the business-type activities consists of \$6,717 from the difference between the expected and actual experience and \$1,306 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). Total deferred inflows of resources in the business-type activities is \$8,023.

Deferred inflows of resources in the General Fund consists of \$179,558 of delinquent property taxes, penalties, interest and related fees on those taxes, \$5,000 of fees and fines, \$8,600 of ambulance fees, \$1,227 of grant revenue and \$2,029 of miscellaneous revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$8,000 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$204,414.

Deferred inflows of resources in the Capital Improvement Fund consists of \$7,747 of grant revenue not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Special Fund consists of \$50,533 of grant revenue not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Water Fund consists of \$3,456 from the difference between the expected and actual experience and \$672 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). Total deferred inflows of resources in the Water Fund is \$4,128.

Deferred inflows of resources in the Sewer Fund consists of \$3,261 from the difference between the expected and actual experience and \$634 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). Total deferred inflows of resources in the Sewer Fund is \$3,895.

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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I. 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.

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.

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Long-term liabilities outstanding as of June 30, 2018 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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 and Paid December, 2018	\$ 50,000	\$ 0	\$ 25,000	\$ 25,000
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	150,000	0	30,000	120,000
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	1,950,000	0	195,000	1,755,000
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	450,000	0	150,000	300,000
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.	557,142	0	38,571	518,571

CITY OF BARRE, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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	\$ 42,250	\$ 0	\$ 3,250	\$ 39,000
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	229,546	0	42,978	186,568
Note Payable, Community National Bank, Parking Meters, Principal and Interest Payments of \$26,907 Payable on December 20 Annually, Interest at 2.5%, Due and Paid December, 2018	51,856	0	26,856	25,000
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	2,112,000	0	88,000	2,024,000
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	750,000	0	37,500	712,500
Bond Anticipation Note, Union Bank, Flood Mitigation Project, Interest at 0.83%, Authorized to \$500,000. This Note was Refinanced on October 25, 2017	176,785	175,285	352,070	0
Note Payable, Union Bank, Flood Mitigation Project, Principal Payments of \$25,000 Plus Interest Payable on October 25 Annually Beginning October, 2018, Interest at 3.36%, Due October, 2037	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>500,000</u>
Total Governmental Activities	<u>\$6,519,579</u>	<u>\$675,285</u>	<u>\$989,225</u>	<u>\$6,205,639</u>

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$5,461,689	\$ 0	\$214,342	\$5,247,347
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.	193,044	0	13,180	179,864
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.	216,915	0	15,018	201,897
Bond Payable, State of Vermont Special Environmental Revolving Fund, Hydro Power Turbine, Principal Payments of \$9,298 Payable on July 1 Annually, Interest at -3.0%, Due July, 2044. The City will Recognize Grant Income Annually for the Amount of Forgiven Principal as a Result of the Negative Interest.	395,468	0	21,162	374,306

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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.	\$ 651,643	\$ 0	\$ 33,327	\$ 618,316
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>554,684</u>	<u>0</u>	<u>56,252</u>	<u>498,432</u>
Total Water Fund	<u>7,473,443</u>	<u>0</u>	<u>353,281</u>	<u>7,120,162</u>
 Sewer Fund:				
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	\$1,055,548	\$ 0	\$ 83,192	\$ 972,356
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.	525,943	0	36,412	489,531
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>145,438</u>	<u>0</u>	<u>8,410</u>	<u>137,028</u>
Total Sewer Fund	<u>1,726,929</u>	<u>0</u>	<u>128,014</u>	<u>1,598,915</u>
Total Business-type Activities	<u>\$9,200,372</u>	<u>\$ 0</u>	<u>\$481,295</u>	<u>\$8,719,077</u>

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Changes in long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 5,445,927	\$ 175,285	\$ 878,641	\$ 4,742,571	\$ 526,571
Notes Payable	844,106	500,000	67,606	1,276,500	90,750
Capital Lease Payable	229,546	0	42,978	186,568	50,552
Due to the Vermont Granite Museum	301,698	0	67,445	234,253	69,705
Compensated Absences Payable	458,296	0	24,441	433,855	0
Net Pension Liability	2,429,597	0	66,346	2,363,251	0
Total Governmental Activities					
Long-term Liabilities	<u>\$ 9,709,170</u>	<u>\$ 675,285</u>	<u>\$ 1,147,457</u>	<u>\$ 9,236,998</u>	<u>\$ 737,578</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 8,645,688	\$ 0	\$ 425,043	\$ 8,220,645	\$ 399,697
Notes Payable	554,684	0	56,252	498,432	57,557
Compensated Absences Payable	135,544	0	39,263	96,281	0
Net Pension Liability	357,917	0	86,552	271,365	0
Total Business-type Activities					
Long-term Liabilities	<u>\$ 9,693,833</u>	<u>\$ 0</u>	<u>\$ 607,110</u>	<u>\$ 9,086,723</u>	<u>\$ 457,254</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
2019	\$ 617,321	\$ 195,958	\$ 50,552	\$ 457,254	\$ 234,949
2020	567,321	177,095	50,552	470,874	263,338
2021	417,321	156,772	50,552	485,003	247,309
2022	417,321	150,949	50,552	499,661	230,634
2023	385,179	136,601	0	512,015	213,357
2024-2028	1,730,895	472,717	0	2,607,582	787,445
2029-2033	904,713	275,381	0	2,161,258	304,053
2034-2038	715,000	128,330	0	947,465	(13,433)
2039-2043	264,000	17,424	0	115,379	0
2044-2046	0	0	0	50,630	0
Total	6,019,071	1,711,227	202,208	8,307,121	2,267,652
Less: Imputed Interest	0	0	(15,640)	0	0
Plus: Principal to be Forgiven (To be Converted to Grant)	0	0	0	411,956	0
Total	<u>\$ 6,019,071</u>	<u>\$ 1,711,227</u>	<u>\$ 186,568</u>	<u>\$ 8,719,077</u>	<u>\$ 2,267,652</u>

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

J. 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.

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	\$ 332,212
Nonspendable Inventory	<u>33,312</u>
Total General Fund	<u>365,524</u>

Capital Improvement Fund:

Nonspendable Inventory	<u>2,100</u>
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CITY OF BARRE, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

Non-Major Funds

Permanent Fund:	
Nonspendable Cemetery Trust Fund Principal	\$ <u>804,901</u>
Total Nonspendable Fund Balances	<u>\$1,172,525</u>

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)	\$ 2,839
Restricted for Drug Forfeiture Expenditures by Agreement (Source of Revenue is Grant Revenue)	77,797
Restricted for Semprebbon Fund for the Bike Path and Other Non-Operating Expenditures by Bequest (Source of Revenue is Donations)	<u>566,147</u>
Total Special Revenue Funds	<u>646,783</u>

Capital Projects Funds:	
Restricted for TIF District Projects by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	449,373
Restricted for TIF District Debt Service by Statute (Source of Revenue is Property Taxes)	<u>129,787</u>
Total Capital Projects Funds	<u>579,160</u>

Permanent Fund:	
Restricted for Cemetery Trust Fund Expenditures by Endowments and Trust Agreements	<u>225,319</u>
Total Restricted Fund Balances	<u>\$1,451,262</u>

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

Major Fund

Special Fund:	
Assigned for Reappraisal Expenses	\$ <u>379,496</u>

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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>\$424,903</u>

The unassigned deficit of \$181,637 in the General Fund will be funded with future property tax revenue.

The unassigned deficit of \$545,301 in the Capital Improvement Fund will be funded with future property tax revenue.

K. Restricted and Designated Net Position

The restricted net position of the City as of June 30, 2018 consisted of the following:

Governmental Activities:	
Restricted for Community Development by Grant Agreements	\$ 2,839
Restricted for Drug Forfeiture Expenditures by Agreement	77,797
Restricted for Semprebon Fund for the Bike Path and Other Non-Operating Expenditures by Bequest	566,147
Restricted for TIF District Debt Service by Charter	129,787
Restricted for Cemetery Trust Fund Expenditures by Endowments and Trust Agreements – Non-Expendable Portion – Estimated	804,901
Restricted for Cemetery Trust Fund Expenditures by Endowments and Trust Agreements – Expendable Portion	<u>225,319</u>
Total Governmental Activities	<u>\$1,806,790</u>

The designated net position of the City as of June 30, 2018 consisted of the following:

Business-type Activities:	
Water Fund:	
Designated for Water Fund Expenditures	\$ 823,727
Designated for Water Fund Capital Expenditures	<u>469,176</u>
Total Water Fund	<u>1,292,903</u>
Total Business-type Activities	<u>\$1,292,903</u>

The unrestricted deficit in the Sewer Fund of \$162,448 will be funded in future years with additional revenues.

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

The net position held in trust for various purposes in the City's Private-Purpose Trust Funds as of June 30, 2018 consisted of the following:

Private-Purpose Trust Funds:	
Restricted for Keith Fund by Donations	\$ 16,826
Restricted for Brusa Fund by Bequest	<u>92,128</u>
 Total Private-Purpose Trust Funds	 <u>\$108,954</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, 2018, the retirement system consisted of 423 participating employers.

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

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

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

CITY OF BARRE, VERMONT
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Pension Liability, Pension Expense and Deferred Outflows of Resources

As of June 30, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net position liability of \$121,155,552. As of June 30, 2018, the City's proportionate share of this was 2.1746% resulting in a net pension liability of \$2,634,616. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2017, the City's proportion of 2.1746% was an increase of 0.0086 from the prior year.

For the year ended June 30, 2018, the City recognized pension expense of \$656,847.

As of June 30, 2018, 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	\$ 38,327	\$ 65,220
Difference between projected and actual investment earnings on pension assets	438,810	0
Changes in assumptions	551,552	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,620	12,676
City's required employer contributions made subsequent to the measurement date	406,810	0
	\$ 1,473,119	\$ 77,896

The deferred outflows of resources resulting from the City's required employer contributions made subsequent to the measurement date in the amount of \$406,810 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2019	\$362,402
2020	508,571
2021	137,005
2022	<u>(19,565)</u>
Total	<u>\$988,413</u>

CITY OF BARRE, VERMONT
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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.

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. Groups 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 Groups 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.

CITY OF BARRE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

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

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

Salary increases: 5% per year.

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

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

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

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

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

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

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

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

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

Long-term Expected Rate of Return:

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

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

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

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

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$4,703,933	\$2,634,616	\$918,451

CITY OF BARRE, VERMONT
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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.

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 2018 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 \$6,552,169 while its covered payroll for this plan was \$463,254. During the year ended June 30, 2018, the City contributed \$68,218 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, 2018

C. SHORT-TERM DEBT

Annually, the City borrows monies in anticipation of taxes. The activity during fiscal year 2018 was as follows:

Short-term Debt – July 1, 2017	\$	0
Proceeds of Tax Anticipation Note		800,000
Repayment of Tax Anticipation Note		<u>(800,000)</u>
Short-term Debt – June 30, 2018	\$	<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, 2018, property taxes became due and payable on August 15, 2017, November 15, 2017, February 15, 2018 and May 15, 2018. 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 2018 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.2336	1.5116
Municipal	1.7781	1.7781
Local Agreement	<u>0.0278</u>	<u>0.0278</u>
Total	<u>3.0395</u>	<u>3.3175</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, 2018 was \$52,349.

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
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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 \$98,705 for the year ended June 30, 2018. During the year, the leases were combined and renewed extending 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 allows the City to undertake and pay for infrastructure improvements that allows 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.

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.

CITY OF BARRE, VERMONT
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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:
 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.

CITY OF BARRE, VERMONT
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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 portion of the taxes to the Applicant's Project.

- 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;

CITY OF BARRE, VERMONT
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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, 2018, 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 2018 was \$142,290.

K. SUBSEQUENT EVENTS

The City obtained a tax anticipation note with Community Bank, N.A. on July 2, 2018 for \$2,046,000. Interest is at 2.25% and is due June 28, 2019.

On March 5, 2019, the voters approved borrowing an amount not to exceed \$2,500,000, subject to reduction from available State and/or Federal grants-in-aid, appropriations and reserve funds, for the purpose of financing the cost of making repairs, replacements and upgrades to the wastewater treatment system, public water supply system and storm water system.

On March 5, 2019, the voters approved borrowing an amount not to exceed \$560,000, subject to reduction from available State and/or Federal grants-in-aid, appropriations and reserve funds, for the purpose of financing the cost of making parking lot, public building and Tax Increment Financing District improvements.

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BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Revenues:			
General Tax Revenue:			
General Taxes	\$ 7,929,857	\$ 7,970,641	\$ 40,784
Washington County Tax	37,610	37,610	0
Voter Approved Assistance	147,701	145,901	(1,800)
CV Public Safety Authority	<u>53,000</u>	<u>53,000</u>	<u>0</u>
Total General Tax Revenue	<u>8,168,168</u>	<u>8,207,152</u>	<u>38,984</u>
Business Licenses:			
Liquor Licenses	3,400	3,720	320
Miscellaneous Licenses	1,700	1,062	(638)
Restaurant Licenses	3,600	4,400	800
Taxicab and Taxidriver Licenses	900	2,040	1,140
Theater Licenses	250	240	(10)
Trucking, Rubbish and Waste	5,000	5,020	20
Entertainment	4,100	4,275	175
Video Machines	<u>1,200</u>	<u>1,902</u>	<u>702</u>
Total Business Licenses	<u>20,150</u>	<u>22,659</u>	<u>2,509</u>
Payment in Lieu of Taxes:			
VHFA	4,000	0	(4,000)
Capstone	20,000	21,994	1,994
Barre Housing	58,000	55,812	(2,188)
State of Vermont	<u>190,000</u>	<u>216,032</u>	<u>26,032</u>
Total Payment in Lieu of Taxes	<u>272,000</u>	<u>293,838</u>	<u>21,838</u>
Fees and Franchises:			
Animal Control Licenses	8,000	7,734	(266)
Hold Harmless	0	5,214	5,214
Act 68 Administration Revenue	40,000	13,955	(26,045)
Building and Zoning Fees	70,000	66,681	(3,319)
Vehicle Registrations	475	433	(42)
Delinquent Tax Collector Fee	42,000	41,526	(474)
Parking Meters	115,000	110,074	(4,926)
Green Mountain Passports	100	62	(38)
Parking Permits	65,000	74,551	9,551
Marriage Licenses	800	510	(290)
Miscellaneous Income	4,500	6,938	2,438
Police Department Fees	4,000	5,094	1,094
Recording Fees	56,000	57,345	1,345
Recreation Fees	400	1,713	1,313
Swimming Pool Admissions	12,500	13,907	1,407
Concession Fees	2,500	2,250	(250)
Vault Fees	1,000	763	(237)
Cell Tower Fees	<u>110,760</u>	<u>98,705</u>	<u>(12,055)</u>

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BUDGET AND ACTUAL - GENERAL FUND
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	Budget	Actual	Variance Favorable/ (Unfavorable)
Fees and Franchises/(Cont'd):			
Fire Alarm Maintenance Fees	\$ 9,000	\$ 10,408	\$ 1,408
Rental Property Registration	80,000	94,825	14,825
Delinquent Rental Permits	1,000	1,080	80
Tax Stabilization Fees	0	250	250
Burn Permits	3,500	3,830	330
Credit Card Processing Fees	1,200	1,872	672
FD Public Report Fee	500	80	(420)
EV Charging Station	100	331	231
	<u>628,335</u>	<u>620,131</u>	<u>(8,204)</u>
Fines and Penalties:			
City Ordinance Violations	1,000	3,386	2,386
Penalties and Interest on Miscellaneous Fines	3,000	2,481	(519)
Delinquent Tax Interest	37,000	33,030	(3,970)
Traffic Court	3,000	1,806	(1,194)
Parking Tickets	62,000	48,533	(13,467)
Inspection Fine & Penalty	100	0	(100)
	<u>106,100</u>	<u>89,236</u>	<u>(16,864)</u>
Federal and State Aid:			
State Reimbursements	0	110,517	110,517
Highway Aid	137,000	136,797	(203)
DRE Grant	0	1,006	1,006
Community Outreach Advocate	0	3,443	3,443
State SIU Grant	60,000	60,000	0
ODV Circle Grant	34,000	31,662	(2,338)
	<u>231,000</u>	<u>343,425</u>	<u>112,425</u>
Rents and Leases:			
Auditorium	55,000	60,589	5,589
Pro Shop Rent	735	0	(735)
Alumni Rental/lease	17,000	14,029	(2,971)
BOR Rents and Leases	195,000	165,374	(29,626)
Special Projects - Custodial Fees	9,500	12,156	2,656
Miscellaneous Rents	3,000	4,422	1,422
	<u>280,235</u>	<u>256,570</u>	<u>(23,665)</u>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Charges for Services:			
Williston FD	\$ 25,000	\$ 25,374	\$ 374
First Branch Ambulance Billing	6,000	8,274	2,274
White River Ambulance Billing	35,000	37,756	2,756
East Montpelier Ambulance Billing	5,000	7,500	2,500
Ambulance Inc - Lift Assist	625,000	510,676	(114,324)
Enterprise Funds	877,560	877,560	0
City Report - School	2,500	2,500	0
Operation/Maintenance - Jail	19,000	16,173	(2,827)
Dispatch Services	76,000	62,105	(13,895)
School Resource Officers	119,000	116,421	(2,579)
Special Projects - Police Detail	15,000	49,844	34,844
Special Projects - Fire Detail	10,000	7,461	(2,539)
	<u>1,815,060</u>	<u>1,721,644</u>	<u>(93,416)</u>
Total Charges for Services			
Cemetery Revenue:			
Rents	4,325	4,365	40
Trust Fund Interest	20,000	20,000	0
Entombments	1,100	955	(145)
Foundations	7,000	9,172	2,172
Interments	90,000	89,768	(232)
Liners/Cremation Vaults	1,500	0	(1,500)
Markers/Post	3,000	2,604	(396)
Tent Setups	1,500	1,000	(500)
Lot Sales	24,000	19,589	(4,411)
Tours/DVD Sales	2,200	1,013	(1,187)
	<u>154,625</u>	<u>148,466</u>	<u>(6,159)</u>
Total Cemetery Revenue			
Miscellaneous Revenue:			
Interest Income	4,500	30,830	26,330
Miscellaneous	0	3,652	3,652
Transfers from Other Funds	0	3,179	3,179
Semprebon Annuity	50,000	58,864	8,864
	<u>54,500</u>	<u>96,525</u>	<u>42,025</u>
Total Miscellaneous Revenue			
	<u>11,730,173</u>	<u>11,799,646</u>	<u>69,473</u>
Total Revenues			

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Expenditures:			
Administrative and General:			
Personnel Services	\$ 8,000	\$ 5,038	\$ 2,962
FICA	612	473	139
City Council's Expenses	10,000	18,465	(8,465)
Telephone	150	159	(9)
Office Machines Maintenance	3,500	0	3,500
Annual Audit	28,500	59,444	(30,944)
City Report	5,000	3,936	1,064
Dues/Membership Fees	25,000	23,756	1,244
Holiday Observance	1,500	2,438	(938)
Postage Meter Contract	1,800	2,011	(211)
Advertising/Printing	8,800	8,152	648
City Hall Improvements/Repairs	0	50	(50)
Office Machines Supplies	4,100	4,008	92
Postage For Meter	18,500	12,976	5,524
Email Licenses	4,450	4,781	(331)
Software/City Hall	0	4,925	(4,925)
Printer/City Hall	0	14,919	(14,919)
	<u>119,912</u>	<u>165,531</u>	<u>(45,619)</u>
Total Administrative and General			
Assessor:			
Personnel Services	49,771	51,461	(1,690)
FICA	3,807	3,937	(130)
Training and Development	250	301	(51)
Telephone	700	604	96
Equipment Purchase/SW Licenses	4,600	4,496	104
Advertising/Printing	900	209	691
Glasses	180	238	(58)
Office Supplies	1,000	567	433
Office Equipment	2,700	2,350	350
Computer/Equipment Software	1,000	690	310
Contracted Services	45,176	41,000	4,176
	<u>110,084</u>	<u>105,853</u>	<u>4,231</u>
Total Assessor			
Legal Expenses:			
Professional Services - City Attorney	20,000	28,042	(8,042)
Professional Services - Labor	2,500	15,426	(12,926)
Contract Negotiations	5,000	13,491	(8,491)
	<u>27,500</u>	<u>56,959</u>	<u>(29,459)</u>
Total Legal Expenses			

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	Budget	Actual	Variance Favorable/ (Unfavorable)
City Manager:			
Personnel Services	\$ 192,655	\$ 194,715	\$ (2,060)
FICA	14,738	14,647	91
IT Contract	6,000	0	6,000
Website Vendor Maintenance	1,000	1,250	(250)
Training/Development	2,000	2,530	(530)
Manager's Expenses	2,000	1,071	929
Secure Shred	540	615	(75)
Telephone	2,000	2,516	(516)
Dues/Memberships	750	1,112	(362)
Advertising/Printing	750	0	750
Car Maintenance and Supplies	2,463	0	2,463
Glasses	570	0	570
Office Supplies/Equipment	3,000	886	2,114
Computer Equipment/Software	900	437	463
	<u>229,366</u>	<u>219,779</u>	<u>9,587</u>
Total City Manager			
Finance:			
Personnel Services	114,312	152,543	(38,231)
Overtime Allowance	4,000	7,042	(3,042)
Director of Finance	75,000	0	75,000
FICA	14,788	11,824	2,964
Consultant Fees	2,500	21,927	(19,427)
Training/Development	500	741	(241)
Travel/Meals	300	0	300
Telephone	800	648	152
Equipment Purchase Contract	1,400	1,418	(18)
Advertising/Printing	1,000	0	1,000
Computer Maintenance	0	413	(413)
Glasses	475	494	(19)
Computer Supplies	1,000	517	483
Computer Forms	3,100	1,616	1,484
Office Supplies	3,000	3,137	(137)
Computer Equipment/Software	0	2,043	(2,043)
Annual Disaster Recovery	500	530	(30)
	<u>222,675</u>	<u>204,893</u>	<u>17,782</u>
Total Finance			
Elections:			
Personnel Services	3,000	1,735	1,265
Program Materials	4,000	4,010	(10)
BCA Expenses	1,000	188	812
	<u>8,000</u>	<u>5,933</u>	<u>2,067</u>
Total Elections			

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BUDGET AND ACTUAL - GENERAL FUND
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	Budget	Actual	Variance Favorable/ (Unfavorable)
Clerk's Office:			
Personnel Services	\$ 146,846	\$ 124,937	\$ 21,909
Delinquent Ticket Admin Clerk	0	5,865	(5,865)
Overtime Allowance	1,000	65	935
FICA	11,310	9,673	1,637
Training/Development	500	359	141
Travel/Meals	200	0	200
Telephone	1,300	1,226	74
Maintenance of Office Machines	300	5	295
Recording of Records	13,000	11,340	1,660
Advertising (Taxes)	2,500	4,461	(1,961)
Credit Card Expenses	3,000	2,625	375
Glasses	665	0	665
Office Supplies/Equipment	2,500	1,231	1,269
Program Materials	3,700	6,431	(2,731)
Computer Equipment/Software	1,450	1,215	235
	<u>188,271</u>	<u>169,433</u>	<u>18,838</u>
Total Clerk's Office			
Animal Control:			
Personnel Services and FICA	5,000	2,595	2,405
Humane Society Fees	4,000	7,070	(3,070)
	<u>9,000</u>	<u>9,665</u>	<u>(665)</u>
Total Animal Control			
Fire Department:			
Regular Salaries	1,178,893	1,197,284	(18,391)
Overtime Salaries	221,500	231,669	(10,169)
Part-Time Employees	20,000	22,710	(2,710)
Incentive Pay	10,429	0	10,429
FICA	109,458	107,676	1,782
Consulting Fees	500	1,400	(900)
Legal Claims Deductibles	1,000	0	1,000
Ambulance Revenue Tax	0	20,166	(20,166)
Training/Development	5,000	7,055	(2,055)
Travel/Meals	1,000	2,035	(1,035)
Telephone	4,200	2,444	1,756
Cell Phones	3,000	1,379	1,621
Dues/Membership Fees	1,500	3,917	(2,417)
Advertising/Printing	500	0	500
Physicals	5,000	4,349	651
Breathing Apparatus	5,000	10,454	(5,454)
Fire Hose	5,000	6,443	(1,443)
Radios/Pagers	8,000	7,218	782

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department/(Cont'd):			
Car and Truck Maintenance	\$ 35,000	\$ 44,188	\$ (9,188)
Radio Repair	3,000	715	2,285
Fire Alarm Maintenance	3,500	7,131	(3,631)
Secure Vacant Property	1,000	0	1,000
Fuel Oil	500	44	456
Vehicle Fuel	20,000	16,684	3,316
Clothing	10,000	17,800	(7,800)
Safety Equipment	15,000	16,974	(1,974)
Footwear	4,653	1,448	3,205
Glasses	3,990	436	3,554
Dry Cleaning	900	478	422
Office Supplies	7,000	3,664	3,336
Medical Supplies and Equipment	30,000	34,688	(4,688)
Oxygen	2,000	2,020	(20)
Training Supplies	1,000	1,057	(57)
Defibulator Preventative Maintenance	7,000	0	7,000
Fire Prevention Program	750	714	36
Fire Investigation Materials	1,000	0	1,000
Computer Software/Office Equipment	22,000	23,735	(1,735)
Computer Replacement	2,150	0	2,150
Office Equipment Leases	4,500	0	4,500
Total Fire Department	1,754,923	1,797,975	(43,052)
City Hall Maintenance:			
Personnel Services	19,971	22,534	(2,563)
Overtime	0	475	(475)
FICA	1,528	1,680	(152)
Professional Services	0	1,844	(1,844)
City Hall Electricity	12,200	5,224	6,976
City Hall Solar Project	0	6,415	(6,415)
Rubbish Removal	2,500	2,410	90
Water Bills	2,500	4,014	(1,514)
City Hall Improvements/Repairs	25,000	46,356	(21,356)
Fuel Oil	41,500	32,524	8,976
Clothing	550	586	(36)
Footwear	95	95	0
Glasses	95	0	95
Custodial Supplies	2,500	3,503	(1,003)
Building/Grounds Supplies	1,500	1,065	435
Total City Hall Maintenance	109,939	128,725	(18,786)

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BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Meters:			
Personnel Services	\$ 59,474	\$ 57,551	\$ 1,923
FICA	4,550	3,987	563
Electricity - Merchant's Row	600	270	330
Electricity - Pearl	800	391	409
EVCS Maintenance	1,120	1,120	0
Towing Fees	0	3,136	(3,136)
Advertising/Printing	500	0	500
Parking Lot Permit Printing	500	0	500
Meter Maintenance	2,500	1,648	852
Meter Coin Handling	1,200	0	1,200
Clothing	1,000	700	300
Footware	185	150	35
Glasses	185	0	185
Meter Supplies	4,000	4,508	(508)
Meter Systems - Software	3,900	3,582	318
Program Materials	1,200	1,297	(97)
Meter Replacements	3,000	2,679	321
	<u>84,714</u>	<u>81,019</u>	<u>3,695</u>
Total Meters			
Police Department:			
Regular Salaries	1,291,923	1,134,482	157,441
Overtime	167,837	230,451	(62,614)
Incentive Pay	3,700	3,800	(100)
Training Payroll	13,000	14,786	(1,786)
Part-Time Employees	45,000	46,749	(1,749)
FICA	116,392	106,468	9,924
Professional Services - Legal	1,000	375	625
Consultant Fees	1,000	350	650
Training and Development	2,000	5,749	(3,749)
Travel and Meals	1,000	2,256	(1,256)
Telephone	1,800	1,545	255
Computer Access	5,600	5,556	44
Office Machines Maintenance	6,750	7,062	(312)
Lock-Up Meals	3,500	3,130	370
Physicals	500	0	500
Pagers	5,000	5,677	(677)
Car Maintenance	31,000	16,128	14,872
Taser Assurance Program	3,900	3,582	318
Bike Maintenance	2,000	831	1,169
Radio Repair	3,500	496	3,004
Vehicle Fuel	32,500	25,412	7,088
Clothing	5,000	6,255	(1,255)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Police Department/(Cont'd):			
Equipment - Safety	\$ 4,000	\$ 4,374	\$ (374)
Ammunition	6,000	4,269	1,731
Footwear	3,300	1,434	1,866
Glasses	3,515	1,065	2,450
Dry Cleaning	7,000	5,195	1,805
Office Supplies	4,000	3,695	305
Training Supplies	1,500	500	1,000
Juvenile Program	500	0	500
Investigations Materials	4,000	4,708	(708)
Lock-Up Materials	2,500	2,103	397
Digital Media Expense	200	0	200
Computer Equipment/Software	3,500	2,066	1,434
Machine/Equipment Outlay	2,500	0	2,500
Total Police Department	<u>1,786,417</u>	<u>1,650,549</u>	<u>135,868</u>
Dispatch Services:			
Regular Salaries	338,868	292,925	45,943
Overtime	89,500	76,593	12,907
Training Payroll	0	2,054	(2,054)
Dispatcher	4,000	0	4,000
Part-time Dispatchers	4,000	21,791	(17,791)
FICA	33,382	29,132	4,250
Training/Development	2,500	1,058	1,442
Travel/Meals	1,000	259	741
Telephone	3,900	3,853	47
Computer Access	8,400	7,680	720
Office Machine Maintenance	2,250	225	2,025
Radio Maintenance	1,000	2,988	(1,988)
Glasses	1,110	0	1,110
Office Supplies/Equipment	3,000	1,082	1,918
Machine/Equipment Outlay	2,000	0	2,000
Dispatch Center	20,000	20,000	0
Dispatch Center Console Maintenance	1,750	0	1,750
Computers	2,500	731	1,769
Total Dispatch Services	<u>519,160</u>	<u>460,371</u>	<u>58,789</u>
Street Lighting:			
Electricity	124,500	130,614	(6,114)
Enterprise Aly Street Lights	1,400	1,145	255
Total Street Lighting	<u>125,900</u>	<u>131,759</u>	<u>(5,859)</u>
Traffic Control:			
Traffic Light Electricity	8,000	6,629	1,371
Traffic Light Maintenance	6,000	2,427	3,573
Total Traffic Control	<u>14,000</u>	<u>9,056</u>	<u>4,944</u>

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Aldrich Library:	\$ 206,850	\$ 206,850	\$ 0
Facilities:			
Personnel Services	60,982	62,782	(1,800)
FICA	4,665	4,476	189
Electricity - 135N Main	0	1,646	(1,646)
Electricity - Pool	2,300	2,095	205
Water Bills	7,000	15,821	(8,821)
Car/Truck Maintenance	3,200	9,574	(6,374)
Field Maintenance	3,000	0	3,000
Pool and Building Maintenance	20,000	7,491	12,509
Fuel - 135N Main	2,400	127	2,273
Vehicle Fuel	3,200	3,476	(276)
Clothing	350	485	(135)
Footwear	168	0	168
Glasses	190	101	89
Office Supplies	500	197	303
Computer Equipment/Software	0	829	(829)
Equipment Outlay	1,500	1,409	91
Total Facilities	<u>109,455</u>	<u>110,509</u>	<u>(1,054)</u>
Auditorium:			
Personnel Services	79,038	80,481	(1,443)
Overtime	500	399	101
FICA	6,085	5,788	297
Electricity	25,000	7,502	17,498
Solar Project	0	9,981	(9,981)
Rubbish Removal	4,500	6,460	(1,960)
Telephone	2,000	4,666	(2,666)
Water Bills	3,750	3,005	745
IT	4,500	2,568	1,932
Building and Grounds Maintenance	25,000	37,565	(12,565)
Annex Maintenance	10,000	10,538	(538)
Fuel Oil	30,000	16,391	13,609
Bottled Gas	600	342	258
Clothing	2,150	2,400	(250)
Footwear	336	245	91
Glasses	380	0	380
Custodial Supplies	3,500	4,074	(574)
Banner Expense	500	0	500
Machines/Equipment Outlay	2,250	1,952	298
Total Auditorium	<u>200,089</u>	<u>194,357</u>	<u>5,732</u>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
BOR:			
Personnel Services	\$ 85,460	\$ 88,711	\$ (3,251)
Overtime	1,500	1,190	310
FICA	6,652	6,646	6
Electricity	47,000	16,837	30,163
Solar Project	0	29,590	(29,590)
Telephone	800	680	120
Water Bills	10,500	12,922	(2,422)
Civic Center Bond Repayment	10,000	0	10,000
Building/Grounds Maintenance	15,000	28,005	(13,005)
Bottled Gas	9,000	9,880	(880)
Clothing	2,150	2,403	(253)
Footwear	336	368	(32)
Glasses	380	0	380
Custodial Supplies	2,500	1,416	1,084
Computer	1,650	336	1,314
Supplies/Equipment	6,500	8,943	(2,443)
Total BOR	199,428	207,927	(8,499)
Public Safety Building:			
Personnel Services	19,971	18,276	1,695
FICA	1,528	1,332	196
Electricity	30,000	9,351	20,649
Solar Project	0	16,278	(16,278)
Rubbish Removal	3,200	3,337	(137)
Water Bills	3,100	3,264	(164)
Buildings and Grounds Maintenance	17,500	39,144	(21,644)
Fuel Oil	750	631	119
Bottled Gas	21,500	18,681	2,819
Clothing	550	652	(102)
Footwear	98	75	23
Glasses	98	0	98
Custodial Supplies	5,000	5,306	(306)
Total Public Safety Building	103,295	116,327	(13,032)

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation:			
Personnel Services	\$ 65,249	\$ 65,196	\$ 53
Skateguard Personnel	3,000	1,995	1,005
Pool Personnel	18,500	13,110	5,390
FICA	6,636	5,763	873
Training and Development	750	291	459
Travel and Meals	300	98	202
Telephone	1,200	953	247
Dues, Memberships and Fees	450	380	70
Advertising/Printing	750	0	750
Municipal Pool Supplies/Equipment	2,000	28	1,972
Tennis Court Equipment	1,000	0	1,000
Glasses	190	0	190
Office Supplies	500	316	184
Recreation Supplies	1,500	93	1,407
Recreation Programs	1,500	2,058	(558)
Total Recreation	103,525	90,281	13,244
Sanitary Landfill:			
Property Tax	2,900	2,778	122
CVSWMD Assessment	11,300	8,837	2,463
Total Sanitary Landfill	14,200	11,615	2,585
Engineering:			
Personnel Services	182,908	136,542	46,366
Overtime	1,000	10,580	(9,580)
FICA	14,069	10,738	3,331
Telephone	1,600	1,950	(350)
Office Machines Maintenance	800	0	800
Engineering Equipment	500	8	492
Vehicle Maintenance	500	0	500
Radio Maintenance	500	347	153
Clothing	800	0	800
Footwear	336	0	336
Glasses	570	0	570
Office Supplies/Equipment	5,100	2,142	2,958
Computer Equipment/Software	5,000	3,194	1,806
Total Engineering	213,683	165,501	48,182

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Permitting, Planning and Inspections:			
Personnel Services	\$ 93,254	\$ 92,783	\$ 471
Overtime	1,000	2,572	(1,572)
Contracted Services	10,000	5,736	4,264
FICA	7,975	6,798	1,177
Professional Services	15,000	0	15,000
Training and Development	750	224	526
Travel and Meals	250	210	40
Telephone	2,100	1,118	982
Dues and Memberships	250	0	250
Advertising and Printing	3,000	1,173	1,827
Glasses	380	564	(184)
Supplies and Equipment	2,100	1,521	579
Computer Equipment/Software	5,500	6,665	(1,165)
	<u>141,559</u>	<u>119,364</u>	<u>22,195</u>
Total Permitting, Planning and Inspections			
Community Development:			
Barre Partnership	46,589	46,589	0
Barre Area Development	50,730	50,730	0
Main Street Maintenance	0	1,907	(1,907)
	<u>97,319</u>	<u>99,226</u>	<u>(1,907)</u>
Total Community Development			
Public Parks and Trees - Maintenance:			
Electricity - Currier	600	654	(54)
Public Parks Tree Maintenance	10,000	3,623	6,377
	<u>10,600</u>	<u>4,277</u>	<u>6,323</u>
Total Public Parks and Trees - Maintenance			
Street Department - Public Works:			
Personnel Services	619,952	637,430	(17,478)
FICA	47,350	48,398	(1,048)
Claims/Deductibles	0	1,171	(1,171)
Storm Water Permit	1,900	3,997	(2,097)
Training/Development	750	1,282	(532)
Travel and Meals	0	15	(15)
Electricity	8,200	8,306	(106)
Rubbish Removal	4,000	5,161	(1,161)
Telephone	1,600	1,565	35
Equipment Rental - Snow	0	6,898	(6,898)
Equipment Rental - Streets	2,500	850	1,650
Advertising/Printing	1,600	1,054	546
Snow Damage - Vehicles	2,000	405	1,595
Snow Damage - Plows	1,500	2,938	(1,438)
Barricades - Lights	500	0	500
Culverts - Surface Sewer	1,500	0	1,500

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Street Department - Public Works/(Cont'd):			
Guardrails	\$ 5,000	\$ 0	\$ 5,000
Tiles and Grates - Surface Sewer	2,500	0	2,500
Radio Maintenance	500	347	153
Building and Grounds Maintenance	8,000	7,796	204
Equipment Maintenance - Streets	40,000	47,976	(7,976)
Snow Equipment Maintenance	12,000	10,058	1,942
Truck Maintenance - Streets	30,000	55,863	(25,863)
Bridge Maintenance	2,500	0	2,500
Street Painting	12,500	0	12,500
Yard Waste - Fall	0	539	(539)
Roadside Mowing	5,000	6,060	(1,060)
Fuel Oil - Garage	21,400	13,322	8,078
Vehicle Fuel	42,000	42,943	(943)
Bottled Gas	500	0	500
Vehicle Grease/Oil	5,500	5,329	171
Clothing	12,000	13,585	(1,585)
Equipment - Safety	1,500	1,492	8
Footwear	2,440	2,048	392
Glasses	2,318	900	1,418
Office Expense	1,500	166	1,334
Small Tools	2,500	1,421	1,079
Supplies - Garage	6,500	7,238	(738)
Supplies	0	2,594	(2,594)
Supplies - Surface Sewer	6,000	6,042	(42)
Supplies - Streets	8,000	7,790	210
Supplies - Snow Removal	10,000	5,542	4,458
Bituminous Hot Mix - Streets	12,000	10,997	1,003
Bituminous Hot Mix - Surface Sewer	3,000	0	3,000
Kold Patch - Streets	5,000	2,167	2,833
Salt	170,000	191,400	(21,400)
Sand	7,500	4,971	2,529
Street Signs	5,000	3,381	1,619
Street Light Maintenance	0	6,651	(6,651)
Computer Equipment/Software	0	55	(55)
	<u>1,136,010</u>	<u>1,178,143</u>	<u>(42,133)</u>
Total Street Department - Public Works			

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cemetery:			
Personnel Services	\$ 141,553	\$ 134,990	\$ 6,563
Overtime	500	643	(143)
FICA	10,867	10,375	492
Training/Development	100	31	69
Travel/Meals	100	0	100
Telephone	1,200	927	273
Electricity - Office	600	462	138
Veterans Flags	2,524	1,953	571
Advertising/Printing	600	0	600
Car/Truck Maintenance	2,500	603	1,897
Parks Maintenance	0	138	(138)
Building Maintenance	1,500	1,840	(340)
Mausoleum Maintenance	0	3,600	(3,600)
BLDG/GRND Maint Elmwood	2,500	2,827	(327)
Contracted Services	500	1,065	(565)
Hope Maintenance	16,000	23,767	(7,767)
St Monica Maintenance	1,000	439	561
Cremation Vaults	400	0	400
Grounds & Buildings	720	1,529	(809)
Equipment Maintenance	5,000	3,650	1,350
Fuel Oil - Office	1,750	504	1,246
Vehicle Fuel	5,000	4,722	278
Clothing	850	989	(139)
Equipment - Safety	200	325	(125)
Footwear	200	136	64
Glasses	190	0	190
Office Supplies/Equipment	1,000	586	414
Small Tools	1,000	771	229
Cemetery Trust	7,000	6,147	853
Foundations	2,500	2,961	(461)
Seeds/Trees/Shrubs/Bulbs	2,000	0	2,000
Total Cemetery	<u>209,854</u>	<u>205,980</u>	<u>3,874</u>
Insurance:			
Health Insurance	1,099,267	977,031	122,236
Life Insurance	36,947	36,229	718
Dental Insurance	32,554	33,466	(912)
Consultant Services	0	3,420	(3,420)
Total Insurance	<u>1,168,768</u>	<u>1,050,146</u>	<u>118,622</u>
City Pension Plan:			
City Pension Plan	409,692	423,606	(13,914)
Consultant Services	0	2,990	(2,990)
Total City Pension Plan	<u>409,692</u>	<u>426,596</u>	<u>(16,904)</u>

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Debt Service:			
Principal Payments	\$ 684,873	\$ 633,768	\$ 51,105
Interest Expense	168,802	163,983	4,819
Total Debt Service	853,675	797,751	55,924
General Insurance:			
Worker's Compensation	430,000	566,109	(136,109)
Unemployment Insurance	11,200	14,764	(3,564)
Property and Casualty	452,000	343,154	108,846
Total General Insurance	893,200	924,027	(30,827)
Washington County Tax:	36,770	38,538	(1,768)
Voter Approved Assistance:	147,701	145,901	1,800
VC Public Safety Authority:	53,000	53,000	0
Special Projects:			
Special Projects - FICA	2,639	4,309	(1,670)
Special Projects - Custodial	9,500	7,587	1,913
Special Projects - Fire	10,000	5,119	4,881
Special Projects - Police	15,000	47,204	(32,204)
Total Special Projects	37,139	64,219	(27,080)
Miscellaneous Expenses:			
Granite Museum Parking Lot	13,500	16,220	(2,720)
Barre Energy Committee	1,000	1,142	(142)
Miscellaneous Expenses	10,000	12,152	(2,152)
Flood Expenses	0	5,608	(5,608)
Semprebbon VCF Trust Projects	50,000	58,864	(8,864)
Total Miscellaneous Expenses	74,500	93,986	(19,486)
Total Expenditures	11,730,173	11,502,021	228,152
Excess of Revenues Over Expenditures	\$ 0	297,625	\$ 297,625
Fund Balance/(Deficit) - July 1, 2017		(113,738)	
Fund Balance - June 30, 2018		\$ 183,887	

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

	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
City's Proportion of the Net Pension Liability	2.1746%	2.1660%	2.0470%	2.1321%
City's Proportionate Share of the Net Pension Liability	\$ 2,634,616	\$ 2,787,514	\$ 1,578,171	\$ 194,585
City's Covered Employee Payroll	\$ 6,263,606	\$ 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	42.0623%	51.5514%	31.4161%	4.3460%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

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

- Assumed inflation was lowered from 3.0% to 2.5%.
- The investment return assumption was lowered from 7.95% to 7.50%.
- Assumed COLA increases were lowered from 1.50% to 1.15% for Group A members and from 1.80% to 1.3% for Group B, C and D members.
- The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 406,810	\$ 355,127	\$ 329,193	\$ 286,143
Contributions in Relation to the Actuarially Determined Contributions	<u>406,810</u>	<u>355,127</u>	<u>329,193</u>	<u>286,143</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Employee Payroll	\$ 6,263,606	\$ 5,407,251	\$ 5,023,450	\$ 4,477,325
Contributions as a Percentage of City's Covered Employee Payroll	6.495%	6.568%	6.553%	6.391%

Notes to Schedule

Valuation Date: June 30, 2017

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

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

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Trust Fund	Total
<u>ASSETS</u>				
Cash	\$ 434,112	\$ 97,778	\$ 4,660	\$ 536,550
Restricted Cash Equivalents	0	449,373	0	449,373
Investments	499,695	0	946,125	1,445,820
Receivables (Net of Allowance for Uncollectibles)	3,529	0	0	3,529
Due from Other Funds	<u>23,055</u>	<u>67,486</u>	<u>79,435</u>	<u>169,976</u>
Total Assets	<u>\$ 960,391</u>	<u>\$ 614,637</u>	<u>\$ 1,030,220</u>	<u>\$ 2,605,248</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 4,978	\$ 13,125	\$ 0	\$ 18,103
Due to Other Funds	<u>285,575</u>	<u>0</u>	<u>0</u>	<u>285,575</u>
Total Liabilities	<u>290,553</u>	<u>13,125</u>	<u>0</u>	<u>303,678</u>
Fund Balances:				
Nonspendable	0	0	804,901	804,901
Restricted	646,783	579,160	225,319	1,451,262
Assigned	<u>23,055</u>	<u>22,352</u>	<u>0</u>	<u>45,407</u>
Total Fund Balances	<u>669,838</u>	<u>601,512</u>	<u>1,030,220</u>	<u>2,301,570</u>
Total Liabilities and Fund Balances	<u>\$ 960,391</u>	<u>\$ 614,637</u>	<u>\$ 1,030,220</u>	<u>\$ 2,605,248</u>

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

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Property Taxes	\$ 0	\$ 89,109	\$ 0	\$ 89,109
Intergovernmental	392,577	0	0	392,577
Charges for Services	0	0	9,901	9,901
Investment Income	10,144	3,472	32,729	46,345
Donations	<u>0</u>	<u>0</u>	<u>150</u>	<u>150</u>
Total Revenues	<u>402,721</u>	<u>92,581</u>	<u>42,780</u>	<u>538,082</u>
Expenditures:				
Public Safety	377,932	0	0	377,932
Culture and Recreation	23,707	0	0	23,707
Community Development	21,780	0	0	21,780
Capital Outlay:				
General Government	52,569	45,327	0	97,896
Culture and Recreation	427,734	0	0	427,734
Debt Service:				
Principal	0	88,000	0	88,000
Interest	<u>0</u>	<u>68,174</u>	<u>0</u>	<u>68,174</u>
Total Expenditures	<u>903,722</u>	<u>201,501</u>	<u>0</u>	<u>1,105,223</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(501,001)</u>	<u>(108,920)</u>	<u>42,780</u>	<u>(567,141)</u>
Other Financing Sources/(Uses):				
Transfers In	58,864	0	0	58,864
Transfers Out	<u>(23,179)</u>	<u>0</u>	<u>(20,000)</u>	<u>(43,179)</u>
Total Other Financing Sources/(Uses)	<u>35,685</u>	<u>0</u>	<u>(20,000)</u>	<u>15,685</u>
Net Change in Fund Balances	(465,316)	(108,920)	22,780	(551,456)
Fund Balances - July 1, 2017	<u>1,135,154</u>	<u>710,432</u>	<u>1,007,440</u>	<u>2,853,026</u>
Fund Balances - June 30, 2018	<u>\$ 669,838</u>	<u>\$ 601,512</u>	<u>\$ 1,030,220</u>	<u>\$ 2,301,570</u>

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

	Community Development Fund	Drug Forfeiture Fund	Special Recreation Programs Fund	Semprebou Fund	Justice Center Fund	Total
<u>ASSETS</u>						
Cash	\$ 2,839	\$ 3,714	\$ 0	\$ 427,559	\$ 0	\$ 434,112
Investments	0	101,018	0	398,677	0	499,695
Receivables (Net of Allowance for Uncollectibles)	3,179	350	0	0	0	3,529
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>\$ 6,018</u>	<u>\$ 105,082</u>	<u>\$ 23,055</u>	<u>\$ 826,236</u>	<u>\$ 0</u>	<u>\$ 960,391</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts Payable	\$ 0	\$ 860	\$ 0	\$ 4,118	\$ 0	\$ 4,978
Due to Other Funds	<u>3,179</u>	<u>26,425</u>	<u>0</u>	<u>255,971</u>	<u>0</u>	<u>285,575</u>
Total Liabilities	<u>3,179</u>	<u>27,285</u>	<u>0</u>	<u>260,089</u>	<u>0</u>	<u>290,553</u>
Fund Balances:						
Restricted	2,839	77,797	0	566,147	0	646,783
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>2,839</u>	<u>77,797</u>	<u>23,055</u>	<u>566,147</u>	<u>0</u>	<u>669,838</u>
Total Liabilities and Fund Balances	<u>\$ 6,018</u>	<u>\$ 105,082</u>	<u>\$ 23,055</u>	<u>\$ 826,236</u>	<u>\$ 0</u>	<u>\$ 960,391</u>

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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, 2018

	Community Development Fund	Drug Forfeiture Fund	Special Recreation Programs Fund	Semprebou Fund	Justice Center Fund	Total
Revenues:						
Intergovernmental	\$ 24,257	\$ 0	\$ 0	\$ 0	\$ 368,320	\$ 392,577
Investment Income	<u>0</u>	<u>804</u>	<u>0</u>	<u>9,340</u>	<u>0</u>	<u>10,144</u>
Total Revenues	<u>24,257</u>	<u>804</u>	<u>0</u>	<u>9,340</u>	<u>368,320</u>	<u>402,721</u>
Expenditures:						
Public Safety	0	9,612	0	0	368,320	377,932
Culture and Recreation	0	0	0	23,707	0	23,707
Community Development	21,780	0	0	0	0	21,780
Capital Outlay:						
General Government	0	0	0	52,569	0	52,569
Culture and Recreation	<u>0</u>	<u>0</u>	<u>0</u>	<u>427,734</u>	<u>0</u>	<u>427,734</u>
Total Expenditures	<u>21,780</u>	<u>9,612</u>	<u>0</u>	<u>504,010</u>	<u>368,320</u>	<u>903,722</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>2,477</u>	<u>(8,808)</u>	<u>0</u>	<u>(494,670)</u>	<u>0</u>	<u>(501,001)</u>
Other Financing Sources/(Uses):						
Transfers In	0	0	0	58,864	0	58,864
Transfers Out	<u>(3,179)</u>	<u>0</u>	<u>0</u>	<u>(20,000)</u>	<u>0</u>	<u>(23,179)</u>
Total Other Financing Sources/(Uses)	<u>(3,179)</u>	<u>0</u>	<u>0</u>	<u>38,864</u>	<u>0</u>	<u>35,685</u>
Net Change in Fund Balances	(702)	(8,808)	0	(455,806)	0	(465,316)
Fund Balances - July 1, 2017	<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>
Fund Balances - June 30, 2018	<u>\$ 2,839</u>	<u>\$ 77,797</u>	<u>\$ 23,055</u>	<u>\$ 566,147</u>	<u>\$ 0</u>	<u>\$ 669,838</u>

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF BARRE, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Shade Tree Improvement Fund	TIF Fund	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 97,778	\$ 97,778
Restricted Cash Equivalents	0	449,373	449,373
Due from Other Funds	22,352	45,134	67,486
Total Assets	\$ 22,352	\$ 592,285	\$ 614,637
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 0	\$ 13,125	\$ 13,125
Total Liabilities	0	13,125	13,125
Fund Balances:			
Restricted	0	579,160	579,160
Assigned	22,352	0	22,352
Total Fund Balances	22,352	579,160	601,512
Total Liabilities and Fund Balances	\$ 22,352	\$ 592,285	\$ 614,637

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, 2018

	Shade Tree Improvement Fund	TIF Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property Taxes	\$ 0	\$ 89,109	\$ 89,109
Investment Income	<u>0</u>	<u>3,472</u>	<u>3,472</u>
Total Revenues	<u>0</u>	<u>92,581</u>	<u>92,581</u>
Expenditures:			
Capital Outlay:			
General Government	0	45,327	45,327
Debt Service:			
Principal	0	88,000	88,000
Interest	<u>0</u>	<u>68,174</u>	<u>68,174</u>
Total Expenditures	<u>0</u>	<u>201,501</u>	<u>201,501</u>
Net Change in Fund Balances	0	(108,920)	(108,920)
Fund Balances - July 1, 2017	<u>22,352</u>	<u>688,080</u>	<u>710,432</u>
Fund Balances - June 30, 2018	<u>\$ 22,352</u>	<u>\$ 579,160</u>	<u>\$ 601,512</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, 2018

	<u>Keith Fund</u>	<u>Brusa Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 0	\$ 92,128	\$ 92,128
Investments	<u>17,096</u>	<u>0</u>	<u>17,096</u>
Total Assets	<u>\$ 17,096</u>	<u>\$ 92,128</u>	<u>\$ 109,224</u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Due to Other Funds	\$ <u>270</u>	\$ <u>0</u>	\$ <u>270</u>
Total Liabilities	<u>270</u>	<u>0</u>	<u>270</u>
Net Position:			
Restricted:			
Held in Trust for Other Purposes	<u>16,826</u>	<u>92,128</u>	<u>108,954</u>
Total Net Position	<u>16,826</u>	<u>92,128</u>	<u>108,954</u>
Total Liabilities and Net Position	<u>\$ 17,096</u>	<u>\$ 92,128</u>	<u>\$ 109,224</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, 2018

	<u>Keith Fund</u>	<u>Brusa Fund</u>	<u>Total</u>
Additions:			
Investment Income	\$ <u>189</u>	\$ <u>87</u>	\$ <u>276</u>
Total Additions	<u>189</u>	<u>87</u>	<u>276</u>
Deductions:			
Miscellaneous	<u>0</u>	<u>18</u>	<u>18</u>
Total Deductions	<u>0</u>	<u>18</u>	<u>18</u>
Change in Net Position	189	69	258
Net Position - July 1, 2017	<u>16,637</u>	<u>92,059</u>	<u>108,696</u>
Net Position - June 30, 2018	\$ <u><u>16,826</u></u>	\$ <u><u>92,128</u></u>	\$ <u><u>108,954</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

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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, 2018 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 May 13, 2019.

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 2018-01 through 2018-03 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 2018-04 through 2018-06 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 a certain other matter that we reported to the management of the City of Barre, Vermont in a separate letter dated May 13, 2019.

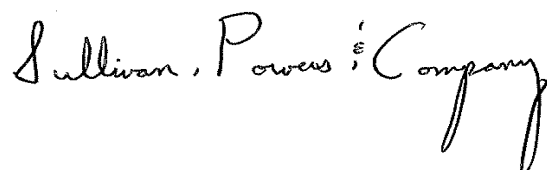
City of Barre, Vermont's Response to Deficiencies in Internal Control

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 performed 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.

May 13, 2019
Montpelier, Vermont
VT Lic. #92-000180



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

Deficiencies in Internal Control:

Material Weaknesses:

2018-01 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. Some 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:

Some 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.

2018-02 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.

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

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.

2018-03 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 \$800,000.

Recommendation:

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

Significant Deficiencies:

2018-04 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.

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

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.

2018-05 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 not recorded.

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.

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

2018-06 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:

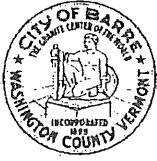
Unknown.

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.



Steven E. Mackenzie, P.E.
City Manager

City of Barre, Vermont

"Granite Center of the World"

6 N. Main St., Suite 2
Barre, VT 05641
Telephone (802) 476-0240
FAX (802) 476-026

May 8, 2019

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

Dear Mr. Duplessis:

Deficiencies in Internal Control:

Material Weaknesses:

2018-01 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. Some 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 recognizes this issue. With the hiring of a Finance Director in FY19, internal controls have been established and a timely reconciliation schedule of accounts has been created.

2018-02 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 continues to work with VTrans to reconcile the total balance due for the Main Street reconstruction project. After a lengthy process, involving both parties to reconcile the local share and reimbursable expenses, a final balance due and payment terms have been agreed upon.

2018-03 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: The City recognizes this issue and will implement controls to ensure all loans receivable and appropriate allowances for uncollectible loans are recorded.

Significant Deficiencies:

2018-04 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.

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 recognizes this issue and with the hiring of a Finance Director in FY19, the policy has been reinforced. The Finance Director will authorize all non-standard adjusting entries before being entered into NEMRC and will also review and approve all general journal entries on a monthly basis.

2018-05 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.

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: Again with the hiring of a Finance Director, internal controls regarding net pension liability and related deferred inflows and outflows of resources will be established and implemented in FY19.

2018-06 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.

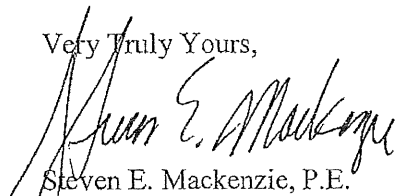
Condition: The City did not have controls in place to ensure that all of its grants receivable, deferred inflows of resources and unearned grant revenue are recorded.

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 City recognizes this issue and are working on internal controls to ensure the appropriate grant entries are recorded.

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 remained of FY 2019 and going forward into FY 2020.

Very Truly Yours,



Steven E. Mackenzie, P.E.
City Manager