

**TOWN OF COLCHESTER, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2014**

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AUDIT REPORT  
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JUNE 30, 2014

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**Independent Auditor's Report**

Selectboard  
Town of Colchester  
P.O. Box 55  
Colchester, Vermont 05446

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colchester, Vermont as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Colchester, 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 Town of Colchester, Vermont's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Colchester, Vermont's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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 Town of Colchester, Vermont, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

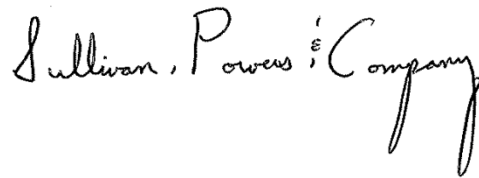
### ***Other Information***

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

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

In accordance with “Government Auditing Standards”, we have also issued our report dated January 9, 2015 on our consideration of the Town of Colchester, 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 Town of Colchester, Vermont’s internal control over financial reporting and compliance.

January 9, 2015  
Montpelier, Vermont  
VT Lic. #92-000180

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

## TOWN OF COLCHESTER, VERMONT MANAGEMENT DISCUSSION AND ANALYSIS

As management of the Town of Colchester (The Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. The purpose of the management discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

### **FINANCIAL HIGHLIGHTS**

Government-wide Statements (refer to Exhibits A and B)

- The Town's total assets exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,156,905 (net position). Of this amount, \$7,688,121 may be used by the funds of the Town to meet the Town's ongoing obligations to its citizens and creditors. \$715,598 represents resources that are subject to external restrictions on how they can be used. The balance of the net position is made up of \$30,753,186 net investment in capital assets.
- The Town's Net position increased by \$1,034,081 (2.7%). Of this amount, net position attributable to governmental activities increased by \$1,848,213 (5.9%). and net position attributable to business-type activities decreased by \$814,132 (11.8%)
- Non-current liabilities decreased by \$1,163,714 partially due to payments on Governmental bonds of \$425,265, Breezy Acres Loan payments of \$79,048, payments to South Burlington for capacity rights of \$449,553 and Street Light Capital Lease Payment of \$151,778.

Fund Financial Statements (refer to Exhibit C, F and Footnote IV.D)

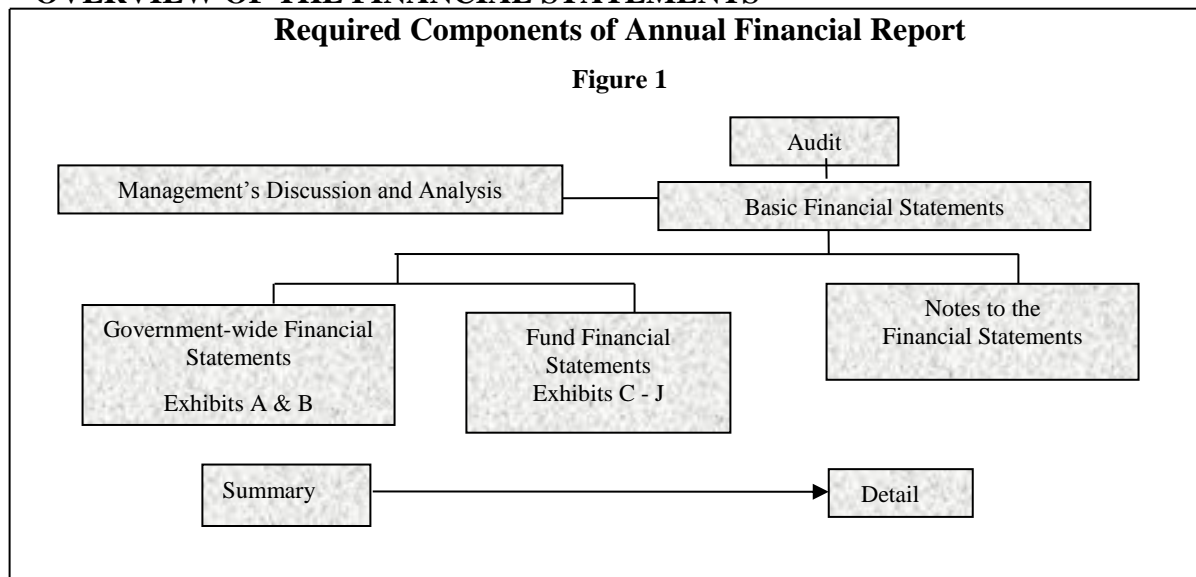
- Governmental funds contain many funds including General, Capital Project, Reserve Funds and Debt Service funds.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,823,658, an increase of \$236,941 in comparison with the prior year. The increase is partially due to an increase in property tax revenue and charges for services revenues. There was a decrease in capital expenditures due to the substantial completion of the Causeway repairs and the completion of the police facility in FY 13.
- General Fund expenditures were under budget by over \$207,629 due mostly to lower employee benefits primarily in health insurance costs. The total Governmental Fund Balance on June 30, 2014 was \$4,823,658. Of this amount \$1,036,018 or 21.5% was unassigned. The remainder has been assigned or restricted, including \$692,434 restricted for various purposes, the largest portion is for grant and trust restrictions. \$2,949,905 is assigned to various purposes including capital projects and reserve fund expenses for technology, reappraisal and restoration of records.

# TOWN OF COLCHESTER, VERMONT

## MANAGEMENT DISCUSSION AND ANALYSIS

- At the end of the year, unrestricted fund balance (the total of assigned and unassigned components of fund balance) for the General Fund was \$1,716,010 or approximately 15.1% of budgeted general fund expenses.

### OVERVIEW OF THE FINANCIAL STATEMENTS



<b>Major Features of the Town of Colchester's Government-wide &amp; Fund Financial Statements</b>			
<b>Figure 2</b>			
	Government-wide Statements	Fund Statements Government Funds	Fund Statements Proprietary Funds
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as finance, planning & zoning, police, parks	Activities the Town operates similar to private businesses, the sewer system
Required Financial Statements	-Statement of Net Position -Statement of Activities	-Balance Sheet -Statement of Revenues, Expenditures & Changes in Fund Balances	-Balance Sheet -Statement of Revenues, Expenses & Changes in Net Position -Statement of Cash Flows
Accounting Basis & Measurement Focus	Accrual accounting & economic resources focus	Modified accrual accounting & current financial resources focus	Accrual accounting & economic resources focus
Type of Asset/Liability Information	All assets & liabilities, both financial & capital, and short-term & long-term	Only assets expected to be used up & liabilities that come due during the year or soon thereafter, no capital assets included	All assets & liabilities, both financial & capital, & short-term & long-term
Type of Inflow/Outflow Information	<i>All revenues &amp; expenses during year, regardless of when cash is received or paid</i>	<i>Revenues or expenditures for which cash is received or goods or services have been received &amp; payment is due during or soon after year end.</i>	<i>All revenues &amp; expenses during the year, regardless of when cash is received or paid</i>



**TOWN OF COLCHESTER, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS**

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the Town as a whole as of and for the years ended June 30, 2014 and 2013.

<b>Town of Colchester's Net Position</b>							
Figure 3							
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>% Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	
Current & Other Assets	\$ 6,648,683	\$6,805,634	\$5,449,429	\$6,138,658	\$12,098,112	\$12,944,292	(6.5%)
Capital Assets	33,953,471	32,646,457	14,558,587	15,315,869	48,512,058	47,962,326	1.1%
Total Assets	40,602,154	39,452,091	20,008,016	21,454,527	60,610,170	60,906,618	(.5%)
Other Liabilities	857,107	1,023,855	305,644	251,509	1,162,751	1,275,364	(4.9%)
Long-Term Liabilities Outstanding	6,650,515	7,127,715	13,593,850	14,280,364	20,244,365	21,408,079	(5.7%)
Total Liabilities	7,507,622	8,151,570	13,899,494	14,531,873	21,407,116	22,683,443	(5.6%)
Deferred Inflows of Resources	46,149	100,351	0	0	46,149	100,351	(54.0%)
Net Position:							
Net Investment in Capital Assets	28,278,120	26,507,126	2,475,066	2,703,747	30,753,186	29,210,873	5.3%
Restricted	708,998	678,703	6,600	6,600	715,598	685,303	4.4%
Unrestricted	4,061,265	4,014,341	3,626,856	4,212,307	7,688,121	8,226,648	(6.5%)
Total Net Position	\$33,048,383	\$31,200,170	\$6,108,522	\$6,922,654	\$39,156,905	\$38,122,824	2.7%

Net Position may serve over time as one useful indicator of a government's financial condition. By far the largest portion of the Town's assets (79%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure (roads, bridges, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Almost 100% of the Town's cash and Certificates of Deposit are insured or collateralized by U.S. Government securities or General Obligation Vermont Municipal notes or bonds.

**TOWN OF COLCHESTER, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS**

**Changes in Net Position**

The chart below is a presentation of Exhibit B that illustrates the components of the revenue and expenditures of the government wide Statement of Activities.

<b><u>Town of Colchester Change in Net Position</u></b>							
Figure 4							
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>% Chg</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	
Revenues:							
Program Revenues:							
Charges for Services	\$1,148,903	\$1,222,781	\$1,651,240	\$1,533,626	\$2,800,143	\$2,756,407	1.6%
Operating Grants & Contributions	567,255	1,001,959	0	0	567,255	1,001,959	(43.4%)
Capital Grants & Contributions	1,566,043	1,489,006	0	0	1,566,043	1,489,006	5.2%
General Revenues:							
Property Taxes	11,102,950	10,763,695	0	0	11,102,950	10,763,695	3.2%
Other	568,746	483,326	135,171	148,644	703,917	631,970	11.4%
Total Revenues	14,953,897	14,960,767	1,786,411	1,682,270	16,740,308	16,643,037	.6%
Expenses:							
General Government	2,772,957	2,725,677	0	0	2,772,957	2,725,677	1.7%
Public Safety	5,647,853	5,383,637	0	0	5,647,853	5,383,637	4.9%
Public Works	3,095,268	2,909,116	0	0	3,095,268	2,909,116	6.4%
Community Development	87,679	1,400	0	0	87,679	1,400	6162.8%
Culture & Recreation	1,437,102	1,489,442	697,549	652,407	2,134,651	2,141,849	(.3%)
Interest on Long-Term Debt	64,825	265,326	0	0	64,825	265,326	(75.6%)
Wastewater			1,902,994	906,161	1,902,994	906,161	110.0%
Total Expenses	13,105,684	12,774,598	2,600,543	1,558,568	15,706,227	14,333,166	9.6%
Increase in Net Position	1,848,213	2,186,169	-814,132	123,702	1,034,081	2,309,871	(55.2%)
Net Position, July 1	31,200,170	29,014,001	6,922,654	6,798,952	38,122,824	35,812,953	6.4%
Net Position, June 30	\$33,048,383	\$31,200,170	\$6,108,522	\$6,922,654	\$39,156,905	\$38,122,824	2.7%

**Governmental activities**

Key elements in the changes in revenue are as follows:

- The property tax rate increased 1.95% over FY14, while the Grand List increased by .84%.
- Property taxes financed approximately 85% of General Fund expenses and the remainder of the cost was paid by those who directly benefited from programs offered and by other governments and organizations that subsidized certain programs with operating grants and contributions. In FY 2013 property taxes financed approximately 87% of General Fund expenses.
- Payments in Lieu of Taxes revenues were \$25,700 over budget. This is due to the State of Vermont payment exceeding expectations.
- Charges for services were approximately \$98,000 over budget due to higher than expected Planning and Zoning fine and permit revenues.

# TOWN OF COLCHESTER, VERMONT MANAGEMENT DISCUSSION AND ANALYSIS

Figure 5 shows the changes in types of revenues between fiscal year 2013 and 2014. Property taxes are the largest source of revenues. In FY 14, Charges for Services provided 7.7% of revenue, while Operating and Capital Grants and Contributions comprised almost 14.3% of revenues in FY 14. The combination of these two categories was 24.8% of revenues in 2013.

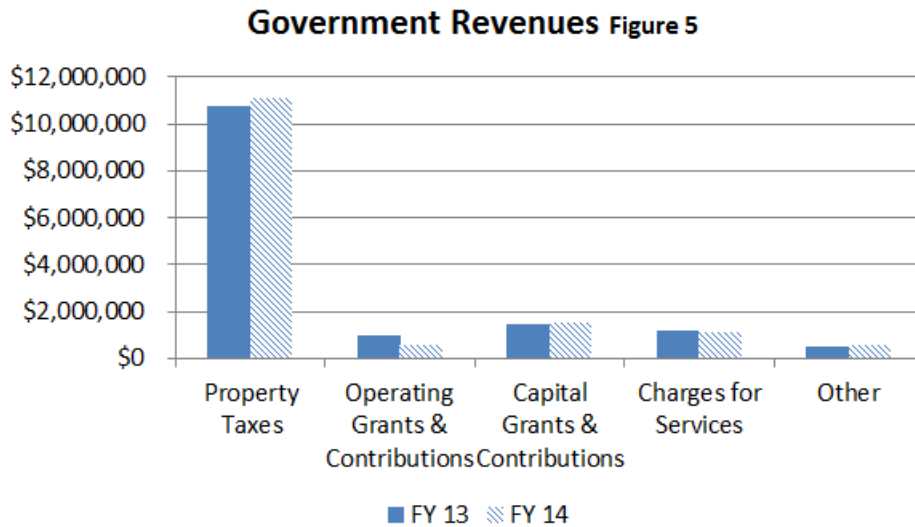
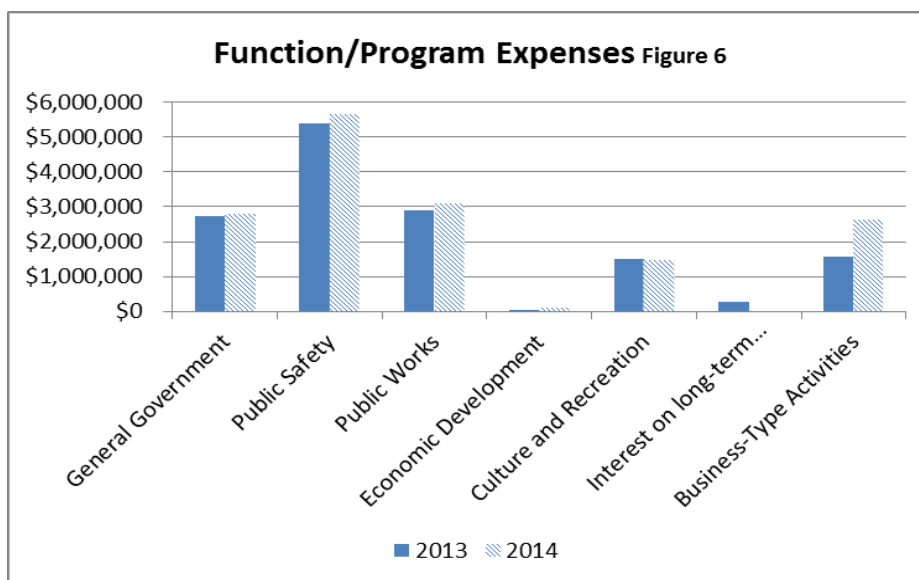
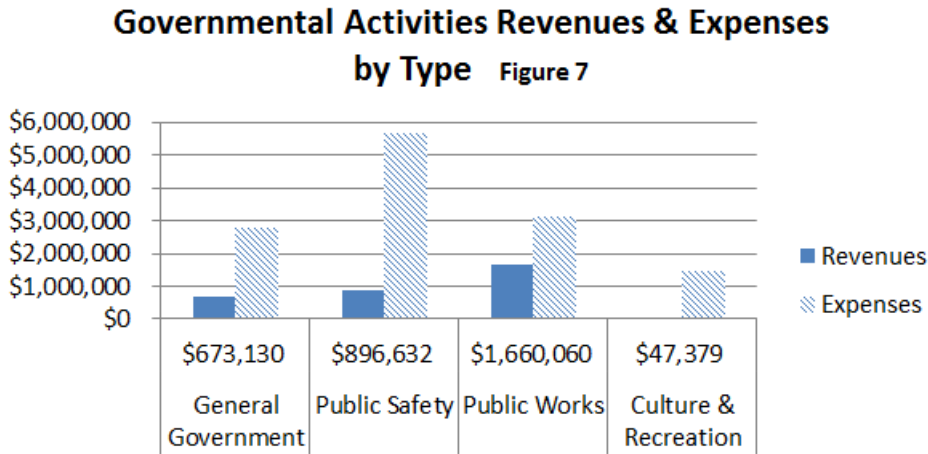


Figure 6 compares the changes in functional or program expenses between 2013 and 2014. This graph shows how the Town spends its revenue. In FY 14, Public Safety comprises 36% of the spending, followed by Public Works with 19.7% and General Government with 17.7% of the total spending. Culture & Recreation includes the Library and the Recreation Department and represents almost 9.1% of the expenses. Business-Type expenses represented 16.6% of total expenses.



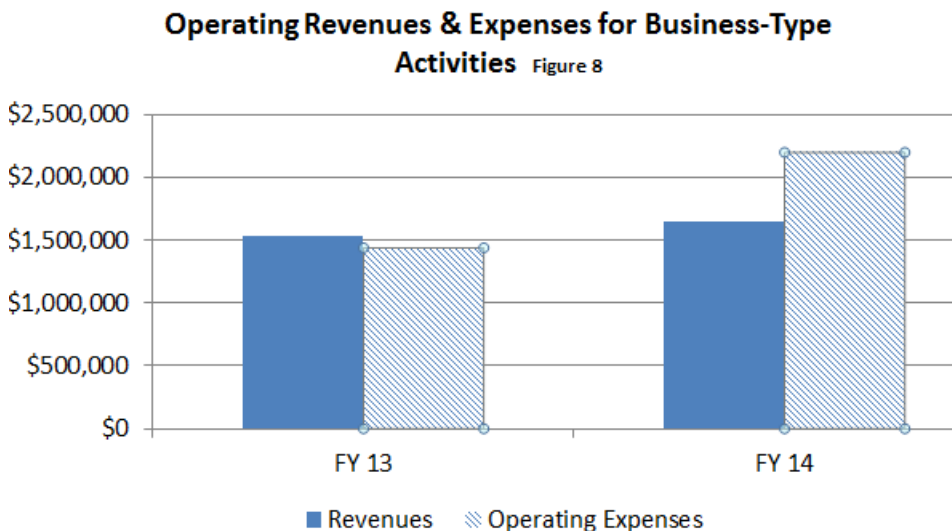
# TOWN OF COLCHESTER, VERMONT MANAGEMENT DISCUSSION AND ANALYSIS

Figure 7 shows how Charges for Services and Grants and Contributions contribute to the payment of functional expenses. This chart indicates that program revenues do not support program expenses requiring property taxes to pay for the bulk of the expenses.



## Business-type activities (Wastewater and Recreation Funds):

- The Recreation Program Fund was added to Business-Type activities in 2011. In FY 14 Net Position increased by \$27,662 for the Recreation Program Fund and decreased by \$841,794 for the Wastewater Fund.
- Charges for services increase by 5% in the Wastewater Fund and by 11.4% in the Recreation Program Fund.
- Business type activities represent about 15.6% of total Net Position.
- Included in operating expenses is depreciation expense in the amount of \$757,282.



TOWN OF COLCHESTER, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS

**Financial Analysis of the Town's Funds**

As noted earlier, the Town of Colchester uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance provides a reserve for emergencies, enables the Select Board to stabilize tax rates, and provides working capital from which to pay Town bills between tax collection due dates.

The General Fund is the chief operating fund of the Town of Colchester. A key financial statistic to evaluating the financial strength of the Town is the level of the General Fund unassigned fund balance as a percent of total revenues or expenditures. Ideally, the unassigned fund balance should provide coverage of about 2 months expenditures.

- Total governmental fund balances totaled \$4,823,658 in 2014 and \$4,586,717 in 2013.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,490,979. There was \$52,251 in non-spendable fund balance, reserved for inventory and prepaid expenses as well as \$17,500 in fund balance assigned to reduce property taxes in fiscal year 2015. \$103,766 was assigned to reduce property taxes in 2016 and \$103,765 was assigned to the accrued general fund accumulated leave time liability.
- The unassigned General Fund fund balance at June 30, 2014 was 13.4% of total General Fund expenditures or about \$364,266 less than 2 months expenditures.

In addition to the General Fund, the Town maintains other funds including the capital project funds maintained to provide infrastructure improvements in the Town, funds for grants received by the Town and funds for special revenues received by the Town.

Fund Balances of some of the more significant funds are as follows:

Capital Projects Fund:	\$1,332,577
Reserve Fund:	\$1,186,877
Revolving Loan Fund:	\$ 72,410
Community Development Fund:	\$ 72,788
Police Special Revenue Fund:	\$ 181,219
Recreation Acquisition and Development Fund	\$ 158,336
Capital Equipment Fund	\$ 205,283
Cemetery Permanent Fund	\$ 278,630

The Town operates a Septic Revolving Loan Fund to provide financial assistance for the upgrade of failing on-site septic systems. The Town has outstanding loans to 18 individuals or families as of June 30, 2014.

TOWN OF COLCHESTER, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS

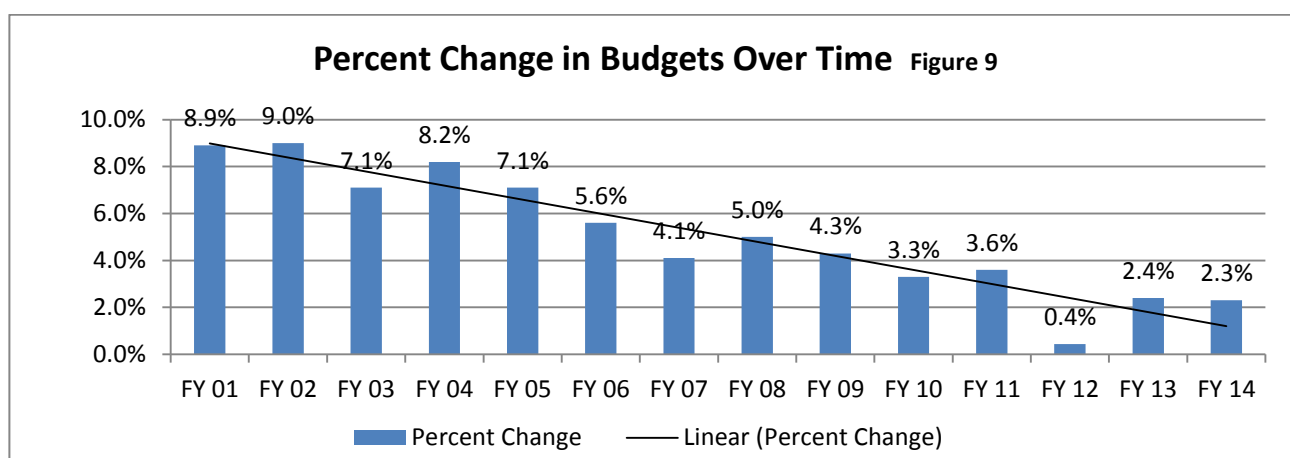
**Proprietary Funds (Wastewater and Recreation Program Funds)**

Business-type activities decreased the Town's net position of the Wastewater Fund by \$841,794 or about 13% due to planned payment for excess sewer capacity. Total Net Position of the Proprietary Funds at June 30, 2014 were \$6,108,522 compared with \$6,922,654 as of June 30, 2013.

**General Fund Budgetary Highlights:**

The FY 2014 General Fund budget totaling \$11,339,108 increased 2.3% over FY 13. The budget increase between FY 12 and FY 13 was 2.4%. As a service providing entity, Town employee salaries and benefits made up about 72% of the General Fund budget.

Figure 9 shows the percent change in the General Fund budget for the last 13 years.



Actual revenues in the General Fund were higher than budgeted by \$62,902 and actual expenditures were lower than budgeted by \$207,629. The FY 14 budget planned for deficit spending of \$63,000, but the General Fund ended with a surplus of \$207,531.

Some of the key factors contributing to this outcome include:

Revenue Variances

- Additional funds received from the State of Vermont for Payment in Lieu of Taxes (PILOT) (\$25,710 more than budgeted.) and current use hold harmless (\$19,149)
- Building and zoning permits and planning and zoning fine revenue was over budget by \$57,109.
- State Wastewater Permit revenue was over budget by \$20,795.
- Unbudgeted Sale of Vehicles of \$12,251.
- Property Taxes under budget by \$26,585 due to an increase in delinquent taxes.
- Investment income fell short of the budget by \$11,268.
- Support payments of \$100,000 did not materialize.

TOWN OF COLCHESTER, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS

Expenditure Variances

- Employee benefits were under budget by about \$138,100 primarily due to lower health insurance costs. In 2013 the Town changed from a Health Savings Account with a High Deductible Health insurance plan to a Health Reimbursement Account and increased the deductibles which resulted in most of the health insurance savings. The deductible is \$5,000 for single plans and \$10,000 for 2-person and family plans and is partially funded by the Town.
- Selectboard Contingency expenses of \$49,560 were unspent
- Civil Board, Town Manager and Community Development budgets were underspent by a combined amount of \$52,895
- Assessors budget was over spent by \$26,736 due primarily to additional staff, but offset by not using its legal defense budget
- Information Technology was over budget by \$23,817 primarily due to additional staffing
- Police Department was under budget by \$69,895 due to being understaffed
- Rescue was over budget due to additional staffing
- Police Dispatch was under budget by \$40,769 due to savings in staffing and related health insurance benefits
- Stormwater budget was over expended by \$48,399 due to the Selectboard decision to transfer \$50,000 to the Reserve Fund for future projects
- Parks, Recreation and the Library were under budget by \$60,675 due to savings in many individual line items, particularly salary and benefits

**Capital Assets**

The Town of Colchester's investment in capital assets for its governmental and business-type activities as of June 30, 2014, totaled \$48,512,058 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. The Town is not required to retroactively report infrastructure assets under GASB 34, due to the size of its budget. The Town has elected to report only infrastructure assets put into operation beginning July 1, 2003, but may choose at a later date to inventory all existing infrastructure assets as of June 30, 2003 and include them in the Town financial statements.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Infrastructure increased by about \$2,774,258. \$633,249 of this amount is due to the completion of the Macrae/Meadow Ditch project. A sidewalk at Exit 16 was completed for a cost of \$533,956 and the street light upgrade was completed for a cost of \$442,821.
- Vehicles increased by \$486,958 mainly due to the purchase of an F750 dive/water rescue truck purchased for Technical Rescue at the cost of \$208,838.
- Land Improvements increased by \$645,965. \$626,964 of this amount is due to the completion of Causeway repairs.

**TOWN OF COLCHESTER, VERMONT  
MANAGEMENT DISCUSSION AND ANALYSIS**

Below is a table that shows the values of the Town's capital assets net of depreciation. Additional information can be found in Note IV (D) of this report.

<b><u>Town of Colchester Capital Assets (net of depreciation)</u></b>							
Figure 10							
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>% Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	
Land	\$2,104,936	\$2,104,936	\$132,568	\$132,568	\$2,237,504	\$2,237,504	0.0%
Construction in Progress	781,720	1,999,709	0	0	781,720	1,999,709	(60.9%)
Land Improvements	1,271,166	687,395	0	0	1,271,166	687,395	84.9%
Buildings & Improvements	7,459,770	7,627,568	0	0	7,459,770	7,627,568	(2.2%)
Equipment & Furniture	1,326,831	1,358,864	0	0	1,326,831	1,358,864	(2.4%)
Vehicles	2,100,359	1,963,058	0	0	2,100,359	1,963,058	7.0%
Infrastructure	18,908,689	16,904,927	0	0	18,908,689	16,904,927	11.9%
Plant & Equipment	0	0	2,895,077	3,045,467	2,895,077	3,045,467	(4.9%)
Capacity Rights	0	0	11,530,942	12,137,834	11,530,942	12,137,834	(5.0%)
Total	\$33,953,471	\$32,646,457	\$14,558,587	\$15,315,869	\$48,512,058	\$47,962,326	3.2%

**Debt Administration**

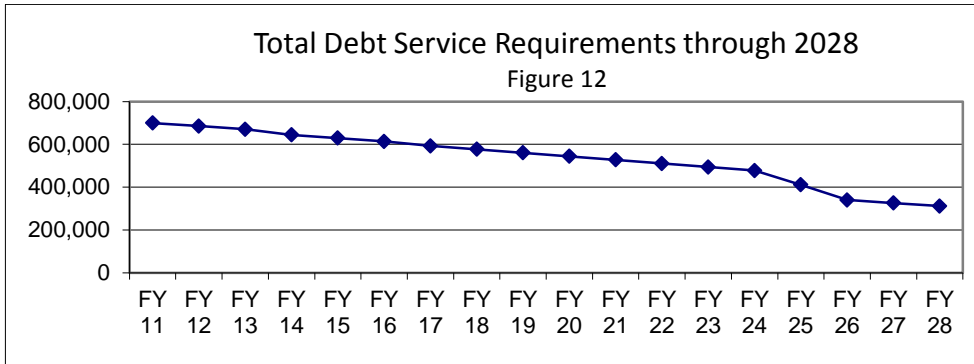
The only new borrowing in the governmental funds in 2014 was \$101,068 for the Town's septic system improvement loan program. There was no new borrowing in the business-type funds in Fiscal Year 2014.

<b><u>Town of Colchester's Outstanding Debt</u></b>							
Figure 11							
	<b>Governmental Activities</b>		<b>Business-Type Debt</b>		<b>Total</b>		<b>% Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	
General Obligation Bonds	\$5,646,407	\$5,970,604	\$395,240	\$474,288	\$6,041,647	\$6,444,892	(6.3%)
Special Assessment Debt with Government Commitment	0	0	1,485,000	1,645,000	1,485,000	1,645,000	(9.7%)
	\$5,646,407	\$5,970,604	\$1,880,240	\$2,119,288	\$7,526,647	\$8,089,892	(7.0%)

Figure 12 indicates the Town's debt service requirements through 2028, after which all current debt will be retired. Additional information regarding the Town's long-term debt can be found in note IV (H) of this report.

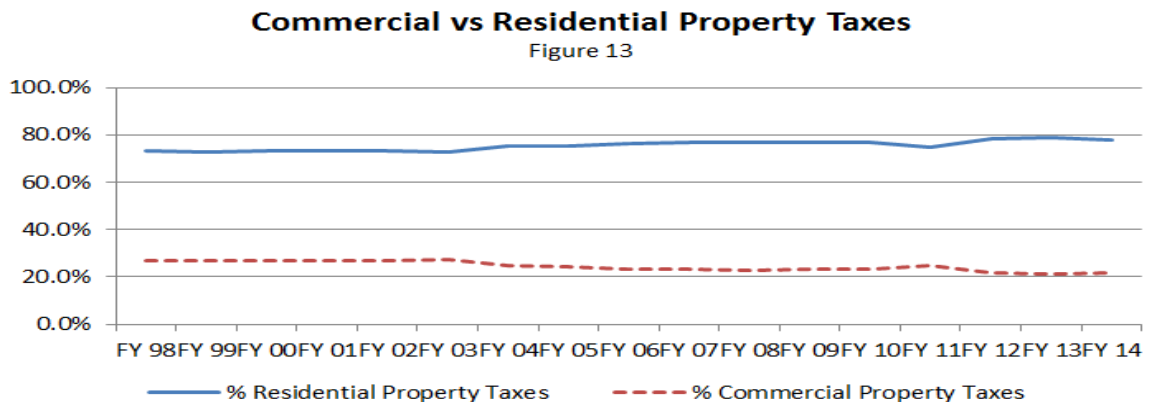


# TOWN OF COLCHESTER, VERMONT MANAGEMENT DISCUSSION AND ANALYSIS

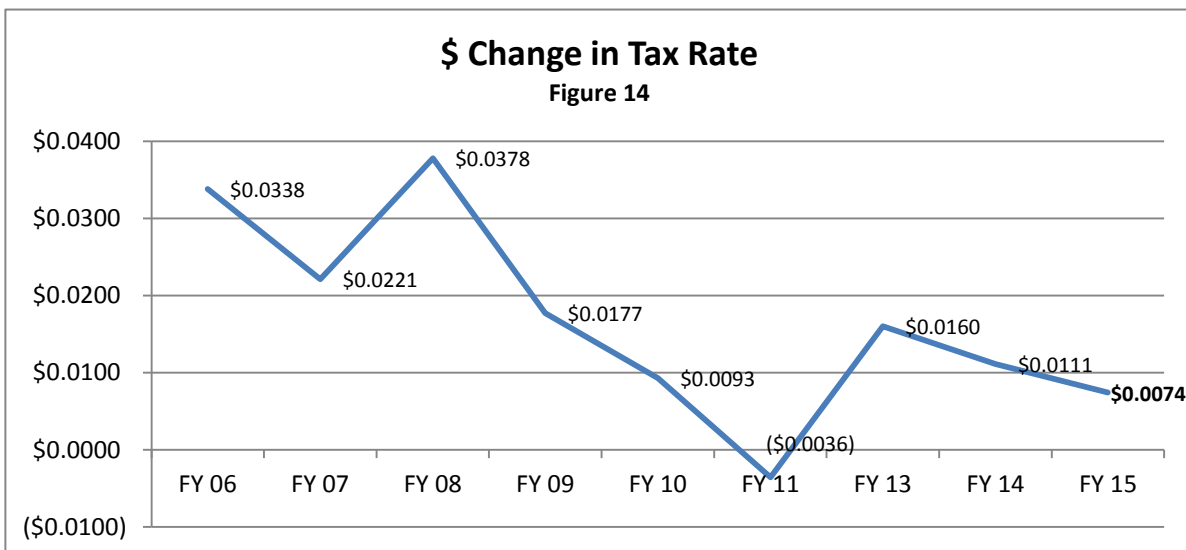


## Economic Factors and Next Year's Budgets and Rates

- The Colchester Grand List is made up of primarily residential properties. Figure 13 indicates the 16 year trend in the commercial and residential property tax payments. For FY 14, 78.1% of property tax revenues come from residential properties.



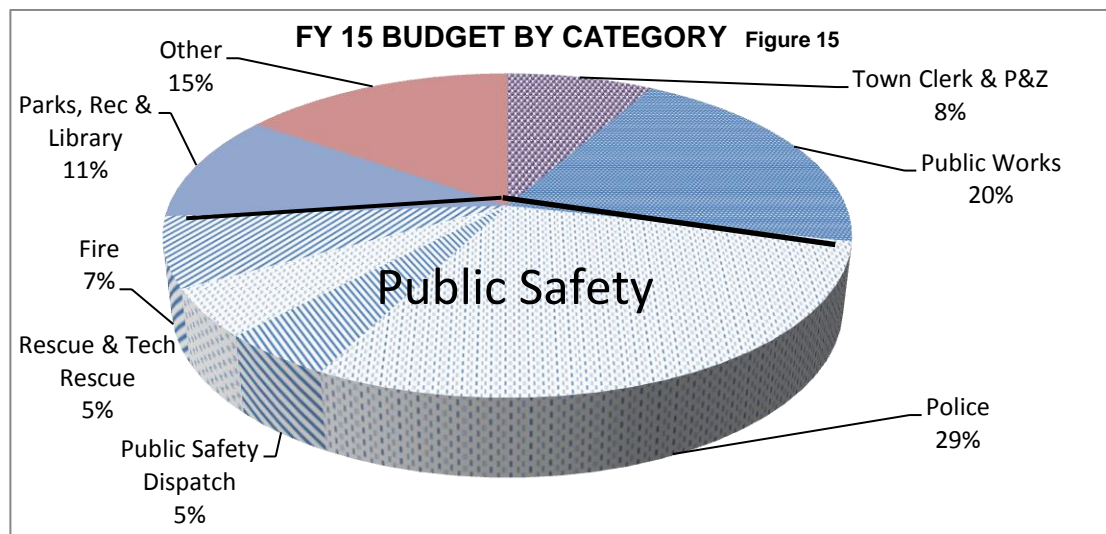
- The Municipal Grand List value for the Town was \$19,714,140 as of the beginning of FY 14. This was a 0.84% increase over the prior fiscal year. The increase is growth in value. Since 1970 the Town of Colchester's Grand List has grown from \$169,278 to \$19,740,140. The court case at the Vermont Supreme Court related to values of leased land has been settled in the Town's favor.



## TOWN OF COLCHESTER, VERMONT MANAGEMENT DISCUSSION AND ANALYSIS

- The Town of Colchester approved a General Fund budget for 2015 in the amount of \$11,697,172. This represents an increase of 3.2% over the previous year.
- The municipal tax rate increased by 1.31% to \$0.5714.
- In FY 14 and 15, about 45% of the budget is for public safety services.
- Public Works represents about 20% of the General Fund budget in FY 14 and FY 15.
- Parks & Recreation and the Library represent about 11% of the General Fund budget in FY 14 and FY 15.
- 72.1% of the General Fund budget is for salaries and benefits in FY 14 and in FY 15 it represents 72.3% of the budget, reflecting the Town as a service providing organization.

Figure 15 depicts how the Town spends its General Fund budget.



### Future Budgetary Issues

In fiscal years 2016 and beyond the Town will begin to face pressures of aging and increased infrastructure needs. Some of these increased burdens may result in the need for the following increases in expenditures:

- more highway workers due to increased roadways
- a stormwater utility to meet regulatory demands
- public safety resources to meet demands of new development
- strategic infrastructure investments to provide for sustainable growth

### Requests for Information

This report is designed to provide an overview of the Town of Colchester's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, Town of Colchester, PO Box 55, Colchester, VT 05446.

TOWN OF COLCHESTER, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,324,985	\$ 2,996,278	\$ 8,321,263
Investments	547,233	239,952	787,185
Receivables (Net of Allowance for Uncollectibles)	937,417	1,791,400	2,728,817
Notes Receivable (Net of Allowance for Uncollectibles)	199,516	0	199,516
Internal Balances	(412,719)	412,719	0
Prepaid Expenses	6,353	858	7,211
Inventory	45,898	8,222	54,120
Capital Assets:			
Land	2,104,936	132,568	2,237,504
Construction in Progress	781,720	0	781,720
Other Capital Assets (Net of Accumulated Depreciation)	31,066,815	14,426,019	45,492,834
Total Assets	40,602,154	20,008,016	60,610,170
<u>LIABILITIES</u>			
Accounts Payable	341,113	127,060	468,173
Accrued Payroll and Benefits Payable	217,614	21,708	239,322
Unearned Revenue	136,591	148,356	284,947
Due to Others	140,302	0	140,302
Accrued Interest Payable	21,487	8,520	30,007
Noncurrent Liabilities:			
Due within One Year	488,598	763,592	1,252,190
Due in More than One Year	6,161,917	12,830,258	18,992,175
Total Liabilities	7,507,622	13,899,494	21,407,116
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	46,149	0	46,149
Total Deferred Inflows of Resources	46,149	0	46,149
<u>NET POSITION</u>			
Net Investment in Capital Assets	28,278,120	2,475,066	30,753,186
Restricted	708,998	6,600	715,598
Unrestricted	4,061,265	3,626,856	7,688,121
Total Net Position	\$ 33,048,383	\$ 6,108,522	\$ 39,156,905

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

TOWN OF COLCHESTER, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 2,772,957	\$ 566,934	\$ 106,196	\$ 0	\$ (2,099,827)	\$ 0	\$ (2,099,827)
Public Safety	5,647,853	532,848	240,361	123,423	(4,751,221)	0	(4,751,221)
Public Works	3,095,268	27,695	189,745	1,442,620	(1,435,208)	0	(1,435,208)
Culture and Recreation	1,437,102	21,426	25,953	0	(1,389,723)	0	(1,389,723)
Community Development	87,679	0	5,000	0	(82,679)	0	(82,679)
Interest on Long-Term Debt	64,825	0	0	0	(64,825)	0	(64,825)
Total Governmental Activities	13,105,684	1,148,903	567,255	1,566,043	(9,823,483)	0	(9,823,483)
Business-type Activities:							
Wastewater	1,902,994	942,057	0	0	0	(960,937)	(960,937)
Recreation Program	697,549	709,183	0	0	0	11,634	11,634
Total Business-type Activities	2,600,543	1,651,240	0	0	0	(949,303)	(949,303)
Total Primary Government	\$ 15,706,227	\$ 2,800,143	\$ 567,255	\$ 1,566,043	(9,823,483)	(949,303)	(10,772,786)
General Revenues:							
Property Taxes					11,102,950	0	11,102,950
Penalties and Interest on Delinquent Taxes					137,199	0	137,199
General State Grants					267,102	0	267,102
Impact Fees					33,075	0	33,075
Unrestricted Investment Earnings					62,072	119,143	181,215
Proceeds from Sale of Vehicles					49,099	0	49,099
Other Revenues					36,227	0	36,227
Transfers:					(16,028)	16,028	0
Total General Revenues and Transfers					11,671,696	135,171	11,806,867
Change in Net Position					1,848,213	(814,132)	1,034,081
Net Position - July 1, 2013					31,200,170	6,922,654	38,122,824
Net Position - June 30, 2014					\$ 33,048,383	\$ 6,108,522	\$ 39,156,905

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

TOWN OF COLCHESTER, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Capital Projects Fund	Reserve Fund	FEMA Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 2,947,205	\$ 418,420	\$ 1,021,316	\$ 0	\$ 938,044	\$ 5,324,985
Investments	395,612	0	0	0	151,621	547,233
Receivables (Net of Allowance for Uncollectibles)	408,965	10,073	0	398,923	119,456	937,417
Notes Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	199,516	199,516
Due from Other Funds	0	939,908	190,822	0	68,950	1,199,680
Prepaid Expenses	6,353	0	0	0	0	6,353
Inventory	45,898	0	0	0	0	45,898
Total Assets	<u>\$ 3,804,033</u>	<u>\$ 1,368,401</u>	<u>\$ 1,212,138</u>	<u>\$ 398,923</u>	<u>\$ 1,477,587</u>	<u>\$ 8,261,082</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 254,635	\$ 33,635	\$ 25,261	\$ 3,622	\$ 23,960	\$ 341,113
Accrued Payroll and Benefits Payable	211,545	0	0	0	6,069	217,614
Due to Other Funds	1,125,575	0	0	391,357	95,467	1,612,399
Unearned Revenue	0	0	0	0	136,591	136,591
Due to Others	139,802	0	0	0	500	140,302
Total Liabilities	<u>1,731,557</u>	<u>33,635</u>	<u>25,261</u>	<u>394,979</u>	<u>262,587</u>	<u>2,448,019</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid Property Taxes	46,149	0	0	0	0	46,149
Unavailable Property Taxes, Penalties and Interest	199,311	0	0	0	0	199,311
Unavailable Ambulance Fees	50,479	0	0	0	0	50,479
Unavailable Grants	8,276	2,189	0	398,923	84,562	493,950
Unavailable Notes Receivable	0	0	0	0	199,516	199,516
Total Deferred Inflows of Resources	<u>304,215</u>	<u>2,189</u>	<u>0</u>	<u>398,923</u>	<u>284,078</u>	<u>989,405</u>
<b>FUND BALANCES/(DEFICIT)</b>						
Nonspendable	52,251	0	0	0	93,050	145,301
Restricted	0	0	0	0	692,434	692,434
Assigned	225,031	1,332,577	1,186,877	0	205,420	2,949,905
Unassigned/(Deficit)	<u>1,490,979</u>	<u>0</u>	<u>0</u>	<u>(394,979)</u>	<u>(59,982)</u>	<u>1,036,018</u>
Total Fund Balances/(Deficit)	<u>1,768,261</u>	<u>1,332,577</u>	<u>1,186,877</u>	<u>(394,979)</u>	<u>930,922</u>	<u>4,823,658</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,804,033</u>	<u>\$ 1,368,401</u>	<u>\$ 1,212,138</u>	<u>\$ 398,923</u>	<u>\$ 1,477,587</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.						33,953,471
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						943,256
Long-Term and Accrued Liabilities, Including Bonds Payable, are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.						(6,672,002)
Net Position of Governmental Activities						<u>\$ 33,048,383</u>

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

TOWN OF COLCHESTER, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Capital Projects Fund	Reserve Fund	FEMA Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 9,272,576	\$ 739,281	\$ 45,000	\$ 0	\$ 1,018,575	\$ 11,075,432
Penalties and Interest on Delinquent Taxes	137,199	0	0	0	0	137,199
Intergovernmental	590,198	225,281	60,384	525,384	276,188	1,677,435
Charges for Services	566,826	24,779	0	0	7,009	598,614
Permits, Licenses and Fees	495,450	0	30,086	0	33,075	558,611
Fines and Forfeits	67,627	0	0	0	0	67,627
Investment Income	27,732	1,292	3,039	0	30,009	62,072
Loan Repayments	0	0	0	0	10,877	10,877
Donations	400	50,000	26,836	0	16,082	93,318
Other	36,743	0	0	0	2,671	39,414
Total Revenues	11,194,751	1,040,633	165,345	525,384	1,394,486	14,320,599
Expenditures:						
General Government	2,524,508	0	166,048	0	5,031	2,695,587
Public Safety	5,039,845	0	4,103	0	276,039	5,319,987
Public Works	2,031,557	260,141	0	5,545	159	2,297,402
Culture and Recreation	1,166,009	33,027	0	0	19,689	1,218,725
Community Development	82,679	0	0	0	16,082	98,761
Capital Outlay:						
General Government	10,000	0	9,275	0	0	19,275
Public Safety	26,588	0	61,373	0	229,545	317,506
Public Works	10,972	686,118	4,580	576,779	53,808	1,332,257
Culture and Recreation	0	222,676	0	0	0	222,676
Debt Service:						
Principal	0	0	0	0	577,043	577,043
Interest	0	0	0	0	81,078	81,078
Total Expenditures	10,892,158	1,201,962	245,379	582,324	1,258,474	14,180,297
Excess/(Deficiency) of Revenues Over Expenditures	302,593	(161,329)	(80,034)	(56,940)	136,012	140,302
Other Financing Sources/(Uses):						
Proceeds from Long-term Debt	0	0	0	0	101,068	101,068
Proceeds from Sale of Vehicles	11,599	0	0	0	0	11,599
Transfers In	138,632	175,628	80,190	296,403	3,764	694,617
Transfers Out	(245,293)	(432,364)	(30,000)	0	(2,988)	(710,645)
Total Other Financing Sources/(Uses)	(95,062)	(256,736)	50,190	296,403	101,844	96,639
Net Change in Fund Balances	207,531	(418,065)	(29,844)	239,463	237,856	236,941
Fund Balances/(Deficit) - July 1, 2013	1,560,730	1,750,642	1,216,721	(634,442)	693,066	4,586,717
Fund Balances/(Deficit) - June 30, 2014	\$ 1,768,261	\$ 1,332,577	\$ 1,186,877	\$ (394,979)	\$ 930,922	\$ 4,823,658

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

TOWN OF COLCHESTER, 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, 2014

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)	\$ 236,941
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,891,714) is allocated over their estimated useful lives and reported as depreciation expense (\$1,516,382). This is the amount by which capital outlays exceeded depreciation in the current period.	375,332
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of capital assets) is to increase net position.	34,748
The effect of donations of capital assets is to increase net position.	896,934
The issuance of long-term debt (\$101,068) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$577,043) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	475,975
The issuance of loans receivable (\$0) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$10,877) provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of loans receivable.	(10,877)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(178,318)
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>17,478</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 1,848,213</u></u>

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

TOWN OF COLCHESTER, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 9,437,241	\$ 9,409,775	\$ (27,466)
Permits, Licenses and Fees	440,378	495,450	55,072
Charges for Services	463,312	478,522	15,210
Fines and Forfeitures	41,000	67,627	26,627
Highway State Aid	183,417	189,745	6,328
Payments in Lieu of Taxes	150,000	175,710	25,710
Current Use Payment	12,650	31,799	19,149
Support Payments	158,974	59,593	(99,381)
School Payment	40,052	40,856	804
Investment Income	39,000	27,732	(11,268)
Miscellaneous	22,200	48,742	26,542
Grant Income	20,000	23,289	3,289
Act 60 and Act 68 Reimbursement	46,850	60,970	14,120
Wastewater Fund Contribution	96,540	96,540	0
Capital Projects Fund Contribution	94,494	102,660	8,166
Reserve Fund Contribution	30,000	30,000	0
Total Revenues	<u>11,276,108</u>	<u>11,339,010</u>	<u>62,902</u>
Expenditures:			
Administration	2,282,599	2,230,552	52,047
Public Safety	5,162,241	5,076,458	85,783
Public Works, Highway and Garage	2,032,976	1,997,275	35,701
Community Development	106,045	82,679	23,366
Stormwater	166,511	214,910	(48,399)
Buildings	98,350	107,077	(8,727)
Health	38,377	37,640	737
Parks	355,980	341,846	14,134
Recreation	278,829	270,182	8,647
Library	613,875	575,981	37,894
Cemetery	20,260	21,236	(976)
Intergovernmental	183,065	175,643	7,422
Total Expenditures	<u>11,339,108</u>	<u>11,131,479</u>	<u>207,629</u>
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(63,000)</u>	207,531	\$ <u>270,531</u>
Fund Balance - July 1, 2013		<u>1,560,730</u>	
Fund Balance - June 30, 2014		\$ <u><u>1,768,261</u></u>	

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



TOWN OF COLCHESTER, VERMONT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

	Major Fund Wastewater Fund	Non-Major Fund Recreation Program Fund	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 2,996,278	\$ 0	\$ 2,996,278
Investments	239,952	0	239,952
Receivables (Net of Allowance for Uncollectibles)	306,349	51	306,400
Special Assessment Receivable - Current Portion	175,000	0	175,000
Due from Other Funds	0	500,915	500,915
Prepaid Expenses	0	858	858
Inventory	8,222	0	8,222
Total Current Assets	3,725,801	501,824	4,227,625
Noncurrent Assets:			
Special Assessment Receivable - Noncurrent Portion	1,310,000	0	1,310,000
Capital Assets:			
Land	132,568	0	132,568
Plant and Equipment	6,214,545	0	6,214,545
Capacity Rights	12,137,834	0	12,137,834
Less: Accumulated Depreciation and Amortization	(3,926,360)	0	(3,926,360)
Total Noncurrent Assets	15,868,587	0	15,868,587
Total Assets	\$ 19,594,388	\$ 501,824	\$ 20,096,212
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 112,447	\$ 14,613	\$ 127,060
Accrued Payroll and Benefits Payable	94	21,614	21,708
Due to Other Funds	88,196	0	88,196
Unearned Revenue	0	148,356	148,356
Accrued Interest Payable	8,520	0	8,520
Special Assessment Debt with Governmental			
Commitment - Current Portion	175,000	0	175,000
General Obligation Bonds Payable - Current Portion	79,048	0	79,048
Due to South Burlington - Capacity Rights - Current Portion	509,544	0	509,544
Total Current Liabilities	972,849	184,583	1,157,432
Noncurrent Liabilities:			
Compensated Absences Payable	0	25,329	25,329
Special Assessment Debt with Governmental			
Commitment - Noncurrent Portion	1,310,000	0	1,310,000
General Obligation Bonds Payable - Noncurrent Portion	316,192	0	316,192
Due to South Burlington - Capacity Rights - Noncurrent Portion	11,178,737	0	11,178,737
Total Noncurrent Liabilities	12,804,929	25,329	12,830,258
Total Liabilities	13,777,778	209,912	13,987,690
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,475,066	0	2,475,066
Restricted	6,600	0	6,600
Unrestricted	3,334,944	291,912	3,626,856
Total Net Position	5,816,610	291,912	6,108,522
Total Liabilities and Net Position	\$ 19,594,388	\$ 501,824	\$ 20,096,212

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

TOWN OF COLCHESTER, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Major Fund Wastewater Fund	Non-Major Fund Recreation Program Fund	Total
Operating Revenues:			
Charges for Services	\$ 942,057	\$ 709,183	\$ 1,651,240
Total Operating Revenues	<u>942,057</u>	<u>709,183</u>	<u>1,651,240</u>
Operating Expenses:			
Salaries and Benefits	7,367	525,341	532,708
Insurances	5,127	0	5,127
Administration Costs	96,540	0	96,540
General Expenses	5,501	35,863	41,364
Program Expenses	0	136,345	136,345
Sewage Treatment	490,922	0	490,922
Chemicals	42,408	0	42,408
Repairs and Maintenance	53,127	0	53,127
Utilities	45,161	0	45,161
Depreciation and Amortization	<u>757,282</u>	<u>0</u>	<u>757,282</u>
Total Operating Expenses	<u>1,503,435</u>	<u>697,549</u>	<u>2,200,984</u>
Operating Income/(Loss)	<u>(561,378)</u>	<u>11,634</u>	<u>(549,744)</u>
Non-Operating Revenues/(Expenses):			
Interest Income on Debt Service Special Assessment	104,743	0	104,743
Investment Income	14,400	0	14,400
Interest Expense	<u>(399,559)</u>	<u>0</u>	<u>(399,559)</u>
Total Non-Operating Revenues/(Expenses)	<u>(280,416)</u>	<u>0</u>	<u>(280,416)</u>
Net Income/(Loss) Before Transfers	<u>(841,794)</u>	<u>11,634</u>	<u>(830,160)</u>
Other Financing Sources/(Uses):			
Transfers In	0	22,000	22,000
Transfers Out	<u>0</u>	<u>(5,972)</u>	<u>(5,972)</u>
Total Other Financing Sources/(Uses)	<u>0</u>	<u>16,028</u>	<u>16,028</u>
Change in Net Position	(841,794)	27,662	(814,132)
Net Position - July 1, 2013	<u>6,658,404</u>	<u>264,250</u>	<u>6,922,654</u>
Net Position - June 30, 2014	<u>\$ 5,816,610</u>	<u>\$ 291,912</u>	<u>\$ 6,108,522</u>

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

TOWN OF COLCHESTER, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Major Fund Wastewater Fund	Non-Major Fund Recreation Program Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 924,445	\$ 719,095	\$ 1,643,540
Payments to Suppliers	(605,456)	(168,165)	(773,621)
Payments for Interfund Services	(96,540)	0	(96,540)
Payments for Wages and Benefits	(7,479)	(517,596)	(525,075)
Net Cash Provided by Operating Activities	<u>214,970</u>	<u>33,334</u>	<u>248,304</u>
Cash Flows From Noncapital Financing Activities:			
(Increase)/Decrease in Due from Other Funds	56,384	(49,362)	7,022
Increase/(Decrease) in Due to Other Funds	88,196	0	88,196
Transfers Received from Other Funds	0	22,000	22,000
Transfers Paid to Other Funds	0	(5,972)	(5,972)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>144,580</u>	<u>(33,334)</u>	<u>111,246</u>
Cash Flows From Capital and Related Financing Activities:			
Special Assessments Received	160,000	0	160,000
Principal Paid to South Burlington for Capacity Rights	(449,553)	0	(449,553)
Interest Paid to South Burlington for Capacity Rights	(292,757)	0	(292,757)
Principal Paid on General Obligation Bonds Payable	(239,048)	0	(239,048)
Interest Paid on General Obligation Bonds Payable	(107,714)	0	(107,714)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(929,072)</u>	<u>0</u>	<u>(929,072)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	119,143	0	119,143
Net Decrease in Investments	32,675	0	32,675
Net Cash Provided by Investing Activities	<u>151,818</u>	<u>0</u>	<u>151,818</u>
Net Increase/(Decrease) in Cash	(417,704)	0	(417,704)
Cash - July 1, 2013	<u>3,413,982</u>	<u>0</u>	<u>3,413,982</u>
Cash - June 30, 2014	<u>\$ 2,996,278</u>	<u>\$ 0</u>	<u>\$ 2,996,278</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ (561,378)	\$ 11,634	\$ (549,744)
Depreciation and Amortization	757,282	0	757,282
(Increase)/Decrease in Receivables	(17,612)	0	(17,612)
(Increase)/Decrease in Prepaid Expenses	0	(608)	(608)
(Increase)/Decrease in Inventory	1,852	0	1,852
Increase/(Decrease) in Accounts Payable	34,938	4,651	39,589
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(112)	5,658	5,546
Increase/(Decrease) in Unearned Revenue	0	9,912	9,912
Increase/(Decrease) in Compensated Absences Payable	0	2,087	2,087
Net Cash Provided by Operating Activities	<u>\$ 214,970</u>	<u>\$ 33,334</u>	<u>\$ 248,304</u>

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

TOWN OF COLCHESTER, VERMONT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	Agency Fund
	Developer Escrow Fund
<u>ASSETS</u>	
Cash	\$ 308,949
Total Assets	308,949
<u>LIABILITIES</u>	
Due to Others	308,949
Total Liabilities	308,949
<u>NET POSITION</u>	
Total Net Position	\$ 0

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

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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

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

The accounting policies adopted by the Town of Colchester, Vermont (the "Town") 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 funds of the Town of Colchester, Vermont. The 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 burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

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

The accounts of the Town 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 Town 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 Town as a whole and present a longer-term view of the Town'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 Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. 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 Town. 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 Town's governmental activities and for each segment of the Town'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 Town'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 Town reports on the following major governmental funds:

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

Capital Projects Fund – This fund accounts for the capital projects of the Town.

Reserve Fund – This fund accounts for the Town's capital spending reserves for various areas like library renovations, technology and communications.

Federal Emergency Management Agency (FEMA) Fund – This fund accounts for the flood related activity of the Town.

The Town reports on the following major enterprise fund:

Wastewater Fund – This fund accounts for the wastewater activities of the Town.

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.

Additionally, the Town reports the following fund type:

Agency Funds – These funds account for resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**C. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets, 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 and proprietary 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 Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (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.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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

#### **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. Future Changes in Accounting Standards**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27, effective for fiscal years beginning after June 15, 2014. This new accounting and reporting standard may impact the Town's measurement and recognition of pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures in government-wide and/or enterprise fund financial statements. The requirements of this statement may require restating of beginning net position. The Town is currently not planning to early implement this Statement and has made no estimation of the effect this statement will have in the financial statements.

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

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

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town 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.

##### **2. Investments**

The Town 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.



TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**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, sand, salt and gravel and inventories in the proprietary funds consists 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. 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. The Town did not have any items that qualified for reporting in this category.

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. The Town has five types of items which arise under the modified accrual basis of accounting and one type which arises under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, “unavailable revenue”, is reported in the statement of net position and governmental funds balance sheet. The governmental activities reports unavailable revenues from one source; prepaid property taxes. The governmental funds reports unavailable revenues from five sources; prepaid property taxes, unavailable property taxes, penalties and interest, unavailable ambulance fees, unavailable grants and unavailable notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

## 7. 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 fair 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 Town 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	\$ 10,000	N/A
Land Improvements	\$ 10,000	30-50 Years
Buildings and Building Improvements	\$ 10,000	25-125 Years
Equipment	\$ 5,000	4-10 Years
Furniture	\$ 5,000	5-10 Years
Vehicles	\$ 5,000	7-30 Years
Infrastructure	\$ 10,000	5-50 Years
Wastewater Plant and Equipment	\$ 10,000	10-50 Years
Capacity Rights	\$ N/A	20 Years

The Town does not capitalize its library books because the books are considered a collection.

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.

## 8. Compensated Absences

It is the Town'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.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

## **9. Long-term Liabilities**

Long-term liabilities include bonds payable, capital leases and other obligations such as compensated absences, long term obligations for wastewater treatment capacity rights and community development loans repayments due to the State of Vermont. 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 assets and liabilities on their balance sheets.

## **10. 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 funds 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 Selectboard'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 they are 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 of 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.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Budgets are approved at the annual Town Meeting in March. Budget changes within a department, which do not change the total expenditures, require approval of the Town Manager. Budget changes between departments, which do not change the total expenditures, require Selectboard approval. The Town made no budget changes during the year. Voter approval is required before expenditures exceed 102% of the voter approved budget.

**B. Budgeted Deficit**

The Town budgeted a current year's deficiency in the General Fund of \$63,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Exhibit F and Schedule 1.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The Town's cash and investments as of June 30, 2014 consisted of the following:

Cash:

Deposits with Financial Institutions	\$8,558,528
Deposits held by Investment Company	61,334
Cash on Hand	<u>10,350</u>
 Total Cash	 <u>8,630,212</u>

Investments:

Certificates of Deposit	395,612
Mutual Funds – Equities	109,672
U.S. Treasury Strips	239,952
Corporate Bonds	32,847
Common Stock	<u>9,102</u>
 Total Investments	 <u>787,185</u>

Total Cash and Investments	<u>\$9,417,397</u>
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The Town has two (2) certificates of deposit valued at \$110,184 and \$285,428 with interest rates of .40% and 3.35%, respectively. Both certificates of deposit mature by fiscal year 2016.

The investment policy of the Town is to ensure safety, liquidity and yield, in that order of priority. The Town Treasurer may invest in certificates of deposit, repurchase agreements and bank money market accounts. Investments in other instruments require prior approval of the Selectboard. The policy also indicates that all holdings are to be insured or collateralized. The Selectboard has approved the Town's holdings.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**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 county-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit its exposure to custodial credit risk. The U.S. Treasury Strips, corporate bonds, mutual funds and common stock are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's deposits and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured - FDIC/SIPC	\$ 852,168	\$ 926,933
Uninsured, Collateralized by U.S. Government Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank's Trust Department with a Security Interest granted to the Town or Irrevocable Standby Letter of Credit	8,127,828	8,359,003
Uninsured, Uncollateralized	<u>35,478</u>	<u>35,478</u>
	<u>\$ 9,015,474</u>	<u>\$ 9,321,414</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	\$8,558,528
Cash – Deposits held by Investment Company	61,334
Investments – Certificates of Deposit	<u>395,612</u>
Total	<u>\$9,015,474</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's policy does not limit its exposure to interest rate risk. The Town's certificates of deposit and common stock are not subject to interest rate risk disclosure.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity. Mutual funds are shown at their weighted average maturity (if available) and the U.S. Treasury Strips and corporate bonds are shown at their actual maturity.

Investment Type	Remaining Maturity				Total
	Less Than 1 Year	1 to 5 Years	5 to 10 Years	Not Available	
Mutual Funds	\$ 0	\$ 0	\$ 0	\$ 109,672	\$ 109,672
U.S. Treasury Strips	35,988	139,807	64,157	0	239,952
Corporate Bonds	0	32,847	0	0	32,847
Total	<u>\$ 35,988</u>	<u>\$ 172,654</u>	<u>\$ 64,157</u>	<u>\$ 109,672</u>	<u>\$ 382,471</u>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The U.S. Treasury Strips are exempt from this analysis. The mutual funds are open-ended and are, therefore, also excluded from the credit risk analysis.

Standard and Poor's Rating  
As of June 30, 2014 –  
Corporate Bonds

AA+	\$11,550
BBB+	<u>21,297</u>
Total	<u>\$32,847</u>

**Concentration of Credit Risk**

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town has \$10,137, (31%), of their corporate bonds invested in Goldman Sachs Group, Inc., \$11,550, (35%), of their corporate bonds invested in General Electric Capital Corporation, and \$11,160, (34%), of their corporate bonds invested in Bank of America Corporation.

TOWN OF COLCHESTER, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**B. Receivables**

Receivables as of June 30, 2014, 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	\$ 244,192	\$ 0	\$ 244,192
Penalties and Interest Receivable	53,298	0	53,298
Ambulance Receivables	144,904	0	144,904
Accounts Receivable	35,126	51	35,177
Due from Other Governments	555,397	0	555,397
Billed Services	0	15,346	15,346
Unbilled Services	0	291,003	291,003
Special Assessments - Current Portion *	0	175,000	175,000
Special Assessments - Noncurrent Portion *	0	1,310,000	1,310,000
Allowance for Doubtful Accounts	(95,500)	0	(95,500)
	<u>\$ 937,417</u>	<u>\$ 1,791,400</u>	<u>\$ 2,728,817</u>

\* The special assessments receivable represents money that will be received by the Town from sewer customers to pay specific sewer bonds described in Note IV.H.

**C. Notes Receivable**

Notes receivable as of June 30, 2014 are as follows:

Note Receivable, Holy Cross Senior Housing Partnership, Principal and Interest Payments Deferred until October, 2017, Interest at 1%, Monthly Principal and Interest Payments of \$1,380 due thereafter until October 31, 2037	\$300,000
Note Receivable, Champlain Housing Trust Corporation, Principal in the Form of a Balloon Payment due August 30, 2021, 0% Interest, Collateralized by 3 <sup>rd</sup> Mortgage on Land and Premises at 1302 Ethan Allen Drive	190,000
Note Receivable, Champlain Housing Trust Corporation, Principal Payments Deferred until August, 2036, 0% Interest	65,778
Note Receivable, Brookside Partnership, Principal and Interest Payments Deferred until January 2039, Interest at 4.46%	240,000

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Notes Receivable, Sixteen (18) Loans to Residents for On-Site Sewage Disposal Systems and Potable Water Service, Principal and Interest Due Monthly Over Twenty (20) Years, Interest at 3%, Secured by Liens on Properties. Repayment of the Income from the Loans will be Used to Pay the Related Septic Improvement Loan Program Bonds Described in Note IV.H.	\$ <u>199,516</u>
Total Notes Receivable	995,294
Plus: Accrued Interest on Notes Receivable	51,643
Less: Discount on Notes Receivable at 3% to 5%	(384,934)
Less: Allowance for Doubtful Notes and Accrued Interest Receivable	<u>(462,487)</u>
Reported Value as of June 30, 2014	\$ <u>199,516</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,104,936	\$ 0	\$ 0	\$ 2,104,936
Construction in Progress	<u>1,999,709</u>	<u>365,029</u>	<u>1,583,018</u>	<u>781,720</u>
Total Capital Assets, Not Being Depreciated	<u>4,104,645</u>	<u>365,029</u>	<u>1,583,018</u>	<u>2,886,656</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,338,167	645,965	0	1,984,132
Buildings and Building Improvements	9,393,194	0	0	9,393,194
Equipment and Furniture	2,174,472	180,347	30,115	2,324,704
Vehicles	3,577,335	486,958	260,385	3,803,908
Infrastructure	<u>20,043,966</u>	<u>2,774,258</u>	<u>227,280</u>	<u>22,590,944</u>
Totals	<u>36,527,134</u>	<u>4,087,528</u>	<u>517,780</u>	<u>40,096,882</u>
Less Accumulated Depreciation for:				
Land Improvements	650,772	62,194	0	712,966
Buildings and Building Improvements	1,765,626	167,798	0	1,933,424
Equipment and Furniture	815,608	198,175	15,910	997,873
Vehicles	1,614,277	317,719	228,447	1,703,549
Infrastructure	<u>3,139,039</u>	<u>770,496</u>	<u>227,280</u>	<u>3,682,255</u>
Totals	<u>7,985,322</u>	<u>1,516,382</u>	<u>471,637</u>	<u>9,030,067</u>
Total Capital Assets, Being Depreciated	<u>28,541,812</u>	<u>2,571,146</u>	<u>46,143</u>	<u>31,066,815</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,646,457</u>	<u>\$ 2,936,175</u>	<u>\$ 1,629,161</u>	<u>\$ 33,953,471</u>



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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 132,568	\$ 0	\$ 0	\$ 132,568
Total Capital Assets, Not Being Depreciated	<u>132,568</u>	<u>0</u>	<u>0</u>	<u>132,568</u>
Capital Assets, Being Depreciated:				
Plant and Equipment:				
10 Years	7,807	0	0	7,807
25 Years	1,159,789	0	0	1,159,789
30 Years	35,067	0	0	35,067
40 Years	323,679	0	0	323,679
50 Years	4,688,203	0	0	4,688,203
Capacity Rights - Wastewater Treatment	<u>12,137,834</u>	<u>0</u>	<u>0</u>	<u>12,137,834</u>
Totals	<u>18,352,379</u>	<u>0</u>	<u>0</u>	<u>18,352,379</u>
Less Accumulated Depreciation for:				
Plant and Equipment	3,169,078	150,390	0	3,319,468
Capacity Rights - Wastewater Treatment	<u>0</u>	<u>606,892</u>	<u>0</u>	<u>606,892</u>
Totals	<u>3,169,078</u>	<u>757,282</u>	<u>0</u>	<u>3,926,360</u>
Total Capital Assets, Being Depreciated	<u>15,183,301</u>	<u>(757,282)</u>	<u>0</u>	<u>14,426,019</u>
Business-type Activities Capital Assets, Net	<u>\$ 15,315,869</u>	<u>\$ (757,282)</u>	<u>\$ 0</u>	<u>\$ 14,558,587</u>

Depreciation was charged as follows:

<b>Governmental Activities:</b>		<b>Business-type Activities:</b>	
General Government	\$ 111,273	Wastewater	\$ <u>757,282</u>
Public Safety	319,028		
Public Works	872,566		
Culture and Recreation	<u>213,515</u>		
Total Depreciation Expense - Governmental Activities	\$ <u>1,516,382</u>	Total Depreciation Expense - Business-type Activities	\$ <u>757,282</u>

**E. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2014 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,125,575
Capital Projects Fund	939,908	0
Reserve Fund	190,822	0
FEMA Fund	0	391,357
Non-Major Governmental Funds	68,950	95,467
Wastewater Fund	0	88,196
Recreation Program Fund	<u>500,915</u>	<u>0</u>
Total	\$ <u>1,700,595</u>	\$ <u>1,700,595</u>

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Interfund transfers during the year ended June 30, 2014 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects Fund	\$ 125,628	Appropriation
General Fund	Capital Projects Fund	50,000	Fund Stormwater Capital Project
General Fund	Reserve Fund	24,600	Appropriation
General Fund	Reserve Fund	22,289	Transfer for Boating Safety Grant
General Fund	Grant Fund	776	Fund Ineligible Grant Expenses
General Fund	Recreation Program Fund	22,000	Appropriation
Capital Projects Fund	General Fund	94,494	Fund Engineers Salary and Benefits
Capital Projects Fund	General Fund	8,166	Reimbursement for Administration Expenses
Capital Projects Fund	Reserve Fund	33,301	Fund Excess Capital Projects Expenditures
Capital Projects Fund	FEMA Fund	296,403	Fund Local Match
Reserve Fund	General Fund	30,000	Fund Technology Improvements
Police Special Revenue Fund	Grant Fund	2,988	Fund Expenses in Excess of Grant
Recreation Program Fund	General Fund	5,972	Fund Capital Purchase
Total		\$ <u>716,617</u>	

#### F. Unearned Revenue

Unearned revenue in the Non-Major Governmental Funds consists of \$136,591 of grant revenue received in advance.

Unearned revenue in the Recreation Program Fund consists of \$148,356 of recreation fees received in advance. This revenue will be earned when the recreation programs are provided.

#### G. Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$199,311 of delinquent property taxes, penalties and interest on those taxes, \$50,479 of ambulance fees and \$8,276 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$46,149 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$304,215.

Deferred inflows of resources in the Capital Projects Fund consist of \$2,189 of grant revenue not collected within sixty (60) days after year-end as this would not be available to liquidate current liabilities.

Deferred inflows of resources in the FEMA Fund consist of \$398,923 of grant revenue not collected within sixty (60) days after year-end as this would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$84,562 of grant revenue and \$199,516 of notes receivable not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the Non-Major Governmental Funds is \$284,078.

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**H. Long-term Liabilities**

The Town 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 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 Town. 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 Town 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 Town 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 State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for sewer projects, public works projects, and to fund a septic system improvement loan program.

Long-term liabilities outstanding as of June 30, 2014 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Belwood Drainage Project, Principal Payments of \$49,642 Payable on October 1 Annually, 0% Interest, Due October, 2023	\$ 546,055	\$ 0	\$ 49,642	\$ 496,413
Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal and Interest Payments of \$9,174 Payable on April 1 Annually, Interest at 2%, Due April, 2027	111,058	0	6,952	104,106
Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal and Interest Payments of \$4,941 Payable on April 1 Annually, Interest at 2%, Due April, 2028	63,491	0	3,671	59,820

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal And Interest Payments of \$6,181 Payable on August 1 Annually Beginning August, 2015, Interest at 2%, Due August, 2034	\$ 0	\$101,068	\$ 0	\$ 101,068
Bond Payable, Vermont Municipal Bond Bank, Municipal Building, Principal Payments of \$310,000 Payable on December 1 Annually, Interest Rates Ranging from 3.865% to 4.665% Payable on June 1 and December 1, Due December, 2027	4,590,000	0	310,000	4,280,000
Bond Payable, Vermont Municipal Bond Bank, Bayside Property Purchase, Principal Payments of \$55,000 Payable on December 1 Annually, Interest Rates Ranging from 1.87% to 5.09% Payable on June 1 and December 1, Due December, 2024	660,000	0	55,000	605,000
Capital Lease Payable, First Niagara Leasing, Street Light Project, Principal and Interest Payment of \$54,085 Paid on July 15. During the Year the Town Made an Additional Payment of \$107,307. The Lease has been Amended to Reflect this Payment. The Town will make Principal and Interest Payments of \$61,656 Beginning on July 15, 2014 Annually, Interest at 1.946%, Due July, 2018	<u>445,716</u>	<u>0</u>	<u>151,778</u>	<u>293,938</u>
Total Governmental Activities	<u>\$6,416,320</u>	<u>\$101,068</u>	<u>\$577,043</u>	<u>\$5,940,345</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Sewer System Expansion, Principal Payments Ranging from \$60,000 to \$155,000 Payable on December 1 Annually, Interest Rates Ranging from 6.9% to 7.0% Payable June 1 and December 1, Due December, 2020	\$ 985,000	\$ 0	\$ 95,000	\$ 890,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Sewer System Expansion, Principal Payments Ranging from \$35,000 to \$90,000 Payable on December 1 Annually, Interest Rates Ranging from 6.875% to 7.0% Payable June 1 and December 1, Due December, 2021	\$ 630,000	\$ 0	\$ 50,000	\$ 580,000
Bond Payable, Vermont Municipal Bond Bank, Sewer System Expansion, Principal Payments Ranging from \$10,000 to \$15,000 Payable on December 1 Annually, Interest Rates Ranging from 5.53% to 6.2% Payable June 1 and December 1, Due December, 2014	30,000	0	15,000	15,000
Bond Payable, State of Vermont Special Environmental Revolving Fund, Breezy Acres Trailer Park Sewer System, Principal Payments of \$79,048 Payable on July 1 Annually, 0% Interest, Due July, 2019	<u>474,288</u>	<u>0</u>	<u>79,048</u>	<u>395,240</u>
Total Business-type Activities	<u>\$2,119,288</u>	<u>\$ 0</u>	<u>\$239,048</u>	<u>\$1,880,240</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 5,970,604	\$ 101,068	\$ 425,265	\$ 5,646,407	\$ 429,638
Capital Leases Payable	445,716	0	151,778	293,938	58,960
Compensated Absences Payable	671,753	0	1,115	670,638	0
Due to State of Vermont	<u>39,642</u>	<u>0</u>	<u>110</u>	<u>39,532</u>	<u>0</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 7,127,715</u>	<u>\$ 101,068</u>	<u>\$ 578,268</u>	<u>\$ 6,650,515</u>	<u>\$ 488,598</u>
<b>Business-type Activities</b>					
Special Assessment Debt with Governmental Commitment	\$ 1,645,000	\$ 0	\$ 160,000	\$ 1,485,000	\$ 175,000
General Obligation Bonds Payable	474,288	0	79,048	395,240	79,048
Compensated Absences Payable	23,242	2,087	0	25,329	0
Due to South Burlington - Capacity Rights	<u>12,137,834</u>	<u>0</u>	<u>449,553</u>	<u>11,688,281</u>	<u>509,544</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 14,280,364</u>	<u>\$ 2,087</u>	<u>\$ 688,601</u>	<u>\$ 13,593,850</u>	<u>\$ 763,592</u>

As part of the Town's community development loan program that was originally funded by the State of Vermont, the Town is required to repay the State based on loan repayments. The agreement requires the Town to repay one-half of the annual repayments to the State of Vermont up to a cumulative total of \$80,000. The current balance is \$39,532.

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The Town has an agreement with the City of South Burlington, Vermont to assist in the upgrade of South Burlington's wastewater treatment facility. This agreement provides wastewater treatment capacity rights to the Town of Colchester in exchange for \$8,115,040 in growth in capacity costs and \$5,225,594 in operation and maintenance upgrade costs for a total of \$13,340,634. The Town of Colchester has paid for \$1,202,800 of these costs through a STAG grant. The City of South Burlington has issued twenty year bonds from the State of Vermont Special Environmental Revolving Fund to provide the additional funding for this project and will bill the Town of Colchester for its proportionate share of the project costs. The Town of Colchester plans to pay for these improvements from a combination of cash reserves, grants and rate adjustments. The annual debt service to the Town will require annual payments of \$742,310, which began in April, 2014, for twenty (20) years which includes interest at 2%. The Town of Colchester has acquired the capacity and treatment rights for both past and future development within the Town. The balance owed to the City of South Burlington as of June 30, 2014 was \$11,638,281.

Compensated absences are paid by the applicable fund 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 Leases	Principal	Interest
2015	\$ 429,638	\$ 217,648	\$ 61,656	\$ 254,048	\$ 96,251
2016	429,938	201,829	61,656	249,048	84,401
2017	425,244	185,924	61,656	259,048	72,342
2018	425,556	169,939	61,656	274,048	59,422
2019	425,874	153,664	61,656	289,048	45,467
2020-2024	2,084,731	514,736	0	555,000	48,030
2025-2029	1,396,291	115,414	0	0	0
2030-2034	29,135	0	0	0	0
Total	5,646,407	1,559,154	308,280	1,880,240	405,913
Less: Imputed Interest	0	0	(14,342)	0	0
Total	\$ 5,646,407	\$ 1,559,154	\$ 293,938	\$ 1,880,240	\$ 405,913

## I. 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 Selectboard'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.

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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 Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town 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 Town'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	\$ 6,353
Nonspendable Inventories	<u>45,898</u>
Total General Fund	<u>52,251</u>

Non-Major Funds

Permanent Funds:

Nonspendable Burnham Memorial Library Fund Principal	2,000
Nonspendable Cemetery Fund Principal	<u>91,050</u>
Total Non-Major Funds	<u>93,050</u>

Total Nonspendable Fund Balances	<u>\$145,301</u>
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The fund balances in the following funds are restricted as follows:

Non-Major Funds

Special Revenue Funds:

Restricted for Revolving Loans by Grant Agreements (Source of Revenue is Grant Revenue)	\$ 72,410
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	72,788
Restricted for Police Expenses by Grant Agreement (Source of Revenue is Grant Revenue)	181,219

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Special Revenue Funds/(Cont'd):

Restricted for Heritage Project by Donations (Source of Revenue is Donations)	\$ <u>948</u>
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Total Special Revenue Funds	<u>327,365</u>
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Capital Projects Funds:

Restricted for Recreation Acquisition and Development Expenditures by Impact Fees (Source of Revenue is Impact Fees)	<u>158,336</u>
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Permanent Funds:

Burnham Memorial Library Expenses by Trust Agreement – Expendable Portion (Source of Revenue is Donations)	19,153
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Restricted for Cemetery Expenses by Trust Agreement – Expendable Portion (Source of Revenue is Sale of Lots)	<u>187,580</u>
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Total Permanent Funds	<u>206,733</u>
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Total Restricted Fund Balances	<u>\$692,434</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2015	\$ 17,500
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Assigned to Reduce Property Taxes in Fiscal Year 2016	103,766
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Assigned for Future Compensated Absences Expenditures	<u>103,765</u>
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Total General Fund	<u>225,031</u>
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Capital Projects Fund:

Assigned for Capital Projects	<u>1,332,577</u>
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Reserve Fund:

Assigned for Reserve Fund Expenses for Reappraisal, Technology and Public Safety Capital Items	<u>1,186,877</u>
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Non-Major Funds

Capital Projects Funds:

Assigned for Capital Equipment Expenditures	205,283
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Debt Service Fund:

Assigned for Debt Service	<u>137</u>
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Total Non-Major Funds	<u>205,420</u>
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Total Assigned Fund Balances	<u>\$2,949,905</u>
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The unassigned deficit of \$394,979 in the FEMA Fund will be funded with the collection of grant receivables.

The unassigned deficit of \$59,982 in the Grant Fund will be funded with the collection of grant receivables.

**J. Restricted and Designated Net Position**

The restricted net position of the Town as of June 30, 2014 consisted of the following:

Governmental Activities:

Restricted for FEMA Expenditures by Grant Agreements	\$ 3,944
Restricted for Revolving Loans by Grant Agreement	6,932
Restricted for Community Development by Grant Agreements	33,256
Restricted for Grant Expenses by Grant Agreements	24,580
Restricted for Law Enforcement by Grant Agreements	181,219
Restricted for Heritage Project by Donations	948
Restricted for Recreation Acquisition/Development by Impact Fees	158,336
Restricted for Burnham Library by Donations – Non-Expendable Portion	2,000
Restricted for Burnham Library by Donations – Expendable Portion	19,153
Restricted for Cemetery by Trust Agreements – Non-Expendable Portion	91,050
Restricted for Cemetery by Trust Agreements – Expendable Portion	<u>187,580</u>
 Total Governmental Activities	 <u>\$708,998</u>

Business-type Activities:

Restricted for Breezy Acres by Wastewater Trust Agreement	\$ <u>6,600</u>
 Total Business-type Activities	 <u>\$ 6,600</u>

The designated net position of the Town as of June 30, 2014 consisted of the following:

Business-type Activities:

Wastewater Fund:

Designated for South Burlington Plant Debt Service	\$2,135,519
Designated for Wastewater Fund Expenditures	<u>1,199,425</u>
 Total Wastewater Fund	 <u>3,334,944</u>

Recreation Program Fund:

Designated for Recreation Program Fund Expenses	<u>291,912</u>
 Total Business-type Activities	 <u>\$3,626,856</u>

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**V. OTHER INFORMATION**

**A. BENEFIT PLANS**

The Town offers a 401(a) pension plan to all full time employees, except police officers who were hired prior to January 1, 2013. The plan provides for 100% vesting after five (5) years of service. This plan qualifies, according to the Internal Revenue Service, as a defined contribution pension plan for governmental organizations exempt from income taxes. The Town contributes 8.5% of each non-union employee's base pay and 7% of each union employee's base pay. Both union and non-union employees contribute 1% of their base pay. The International City/County Management Association administers the Plan. The total payroll for the year was \$6,292,686 while the covered payroll was \$1,492,384. Pension expenses for the years ended June 30, 2014, 2013 and 2012 were \$117,285, \$196,144 and \$246,265, respectively. All employees have the option of moving their 401(a) pension plan to VMERS as discussed as follows.

All full time employees hired after January 1, 2013 and police officers are covered under the State of Vermont Municipal Employees' Retirement System Plan. The Town participates in the following plans. Employees in Group B contribute 4.625% of their gross salary and the Town contributes 5.125%. From July 1, 2013 to December 31, 2013, employees in Group C contributed 9.375% of their gross salary and the Town contributed 6.625%. Beginning January 1, 2014, employees in Group C contribute 9.5% of their gross salary and the Town contributes 6.75%, except for the two (2) highest ranking officers who contribute 7.62%, while the Town contributes 8.63%.

The Town pays all costs accrued each year for the plans. The premise of these plans is to provide a retirement plan covering municipal employees at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in these plans is done in the aggregate, not by municipality. The net position available for benefits as well as the present value of vested and nonvested plan benefits by municipality are not available. Covered payroll for these plans was \$4,298,381. Pension expense for the years ended June 30, 2014, 2013 and 2012 were \$251,542, \$136,724 and \$128,132, respectively.

Additional information regarding the State of Vermont Municipal Employees' Retirement System is available upon request from the State of Vermont.

The Town also offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Town 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 Town has no liability for losses under this plan, but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

**B. CONTINGENT LIABILITIES**

The Town is a participating member in the Chittenden Solid Waste District (CSWD). The Town could be subject to a portion of the District's debt if the District experiences financial problems.

TOWN OF COLCHESTER, VERMONT  
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The Town 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 Town expects such amounts, if any, to be immaterial.

**C. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and 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 Town is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

**D. PROPERTY TAXES**

The Town 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 three (3) times per year. During the tax year ended June 30, 2014, taxes became due and payable on August 15, 2013, November 15, 2013 and March 15, 2014. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2014 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.3628	1.4590
Town	<u>.5640</u>	<u>.5640</u>
Total	<u>1.9268</u>	<u>2.0230</u>

TOWN OF COLCHESTER, VERMONT  
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**E. LANDFILL TRUST**

On November 30, 1990, the Town created a trust for the benefit of the State of Vermont Agency of Natural Resources to provide funds for the closure and post-closure costs of the Colchester landfill.

The "Colchester Landfill Vertical Expansion Trust" was created to provide post-closure costs for twenty (20) years and required distributions to the landfill's owners totaling \$150,000. Any funds remaining after the distributions and all monitoring costs have been paid will be distributed to the Town upon termination of the Trust. The Trust may be terminated by written agreement of the Town, the Trustees and the Secretary of the Vermont Agency of Natural Resources. The balance remaining in the Trust at June 30, 2014 is \$-0-.

**F. ENDOWMENT FUND**

On May 5, 1997, the Burnham Memorial Library created an endowment at the Vermont Community Foundation. In doing so, the ownership of the funds passed to the Vermont Community Foundation with the stipulation that the Foundation pay to the Library an amount, determined on an annual basis, to be not less than 5% of the value of the funds as of the end of the previous year. Payments are to be made at least semiannually. The endowment is not reflected on the balance sheet of the Town. In 2014, the Library contributed another \$2,428 to the Foundation. The balance of the Endowment Fund at June 30, 2014 is \$76,388.

**G. LAND LEASE**

In August, 1994, the Town of Colchester entered into a land lease agreement with Homestead Design, Inc. The Town will lease land which is adjacent to the Town's offices to Homestead Design, Inc. for thirty (30) years. The Town will receive lease payments from Homestead Design, Inc. for thirty (30) years. The agreement provided for the construction of a building which is rented to a medical center. Homestead Design, Inc. collects these rent payments. At the end of the thirty (30) year agreement, the building will become property of the Town. The Town will then begin to receive the rental payments from the medical center. A purchase price option is included in the lease whereby the Town can purchase the building. The current purchase price is \$946,382.

Future land lease revenue is as follows:

2015	\$ 24,946
2016	25,632
2017	26,337
2018	27,061
2019	27,806
Thereafter	<u>150,927</u>
	<u>\$282,709</u>

TOWN OF COLCHESTER, VERMONT  
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**H. COMMITMENTS**

The Town of Colchester's voters have approved borrowing up to \$750,000 from the State of Vermont Special Environmental Revolving Fund to be used for low interest septic system improvement loans for Colchester residents. As of June 30, 2014, the Town has a balance owed of \$264,994.

**I. SUBSEQUENT EVENT**

Subsequent to year end, the Town began borrowing on the \$500,000 loan from the State of Vermont Special Environmental Revolving Fund for the purpose of lending it to the Housing Foundation, Inc. to provide financing for a wastewater disposal system at Windemere Estates Mobile Home Park. \$25,000 of this loan from the State will be forgiven. The loan is non-interest bearing, but there is a 2% annual administrative fee. Annual payments of \$76,756 will be payable for seven years beginning two years after completion of the project. The Housing Foundation, Inc. has guaranteed to repay the loan to the Town in monthly installments over a nine year period ending January 1, 2023. The project is not yet complete and the actual repayment terms from Housing Foundation, Inc. to the Town have not been finalized.

TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 9,316,741	\$ 9,290,156	\$ (26,585)
Veteran's Tax Exemption	(19,500)	(17,580)	1,920
Interest on Delinquent Taxes	60,000	49,125	(10,875)
Penalties on Delinquent Taxes	80,000	81,574	1,574
Miscellaneous Tax Sale Charges	0	6,500	6,500
Liquor Licenses	3,200	4,120	920
Licenses - Town	4,500	4,400	(100)
Department of Motor Vehicles	1,100	849	(251)
Marriage Licenses	1,200	1,282	82
Dog Licenses	8,000	6,698	(1,302)
Payment in Lieu of Taxes	150,000	175,710	25,710
Current Use Hold Harmless	12,650	31,799	19,149
Sale of Capital Assets	0	12,251	12,251
VLCT Insurance Distributions	0	20,030	20,030
Investment Income	39,000	27,732	(11,268)
Transfer from Reserve Fund	30,000	30,000	0
Wastewater Administration Charges	96,540	96,540	0
Transfer from Capital Projects Fund	94,494	102,660	8,166
Miscellaneous	20,000	13,145	(6,855)
Support Payments	158,974	59,593	(99,381)
Milton Dispatch	165,151	167,049	1,898
Police	3,000	1,956	(1,044)
CUSI	8,236	8,236	0
Police Ordinance Fees	1,000	2,240	1,240
Ambulance	285,000	292,518	7,518
Technical Rescue Reimbursements	0	6,888	6,888
Recording Fees	130,428	118,265	(12,163)
Accessory Apartment/Seasonal Conversion	500	1,200	700
Building/Zoning Permits	170,000	200,463	30,463
Septic Permits	2,750	1,275	(1,475)
DRB Legal Notices	1,200	1,634	434
DRB/BLA Applications	17,000	22,946	5,946
Excavation W/Row	9,000	8,600	(400)
Certificates of Occupancy	10,500	16,975	6,475
GIS Income	350	150	(200)
State Wastewater Permits	20,000	40,795	20,795
Ordinance & Map Copies	400	386	(14)
Certified Copies of Vital Records	5,000	4,091	(909)
Copies & Maps	14,000	17,215	3,215
Use of Vault	3,200	2,994	(206)
Passports	17,000	15,760	(1,240)
Passport Photos	6,000	6,866	866
Road Miscellaneous	2,200	2,916	716
Dog Control	1,775	1,875	100
Green Mountain Passports	100	220	120
Recreation	13,950	16,026	2,076
Senior Center Rental	150	0	(150)
District Court Fines	40,000	39,981	(19)
Planning & Zoning Fines	1,000	27,646	26,646
Public Safety Grant	0	1,000	1,000
Boating Safety Grant	20,000	22,289	2,289
Act 68 Reimbursement	40,000	54,219	14,219
Act 60 Reimbursement	6,850	6,751	(99)
Annual School Payment	22,052	22,856	804
Annual School Payment - Maintenance	18,000	18,000	0
State Aid to Highways	183,417	189,745	6,328
Donations	0	400	400
Total Revenues	11,276,108	11,339,010	62,902
Expenditures:			
Selectboard:			
Salaries	5,500	5,500	0
Social Security	421	421	0
Town Meeting	750	0	750
Town Report	1,000	1,330	(330)
Printing & Binding	4,500	191	4,309
Miscellaneous	175	459	(284)
Contingency	50,000	440	49,560
Total Selectboard	62,346	8,341	54,005

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TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Civil Board:			
Salaries	\$ 15,555	\$ 12,358	\$ 3,197
Civil Board Salaries	7,650	3,901	3,749
Health Insurance	6,825	6,304	521
Dental Insurance	406	850	(444)
Life/Disability Insurance	196	166	30
Social Security	1,775	1,196	579
Retirement	1,322	1,043	279
Unemployment Compensation	636	480	156
Workers Compensation	52	48	4
Postage	2,000	428	1,572
Machinery & Equipment	300	0	300
Miscellaneous	6,600	2,622	3,978
Total Civil Board	43,317	29,396	13,921
Town Manager:			
Salaries	323,530	315,923	7,607
Health Insurance	44,332	34,710	9,622
Dental Insurance	2,583	4,853	(2,270)
Life/Disability Insurance	4,227	3,264	963
Insurance - PACIF/CL Bond/E&O	6,461	6,046	415
Social Security	25,094	24,963	131
Retirement	19,895	17,665	2,230
Unemployment Compensation	2,802	2,117	685
Workers Compensation	1,007	936	71
Miscellaneous Benefits	3,000	2,989	11
Personnel Development	3,500	3,508	(8)
Employee & Volunteer	1,500	1,978	(478)
Dues & Publications	5,000	2,729	2,271
Professional Services	3,000	3,512	(512)
Legal	19,000	11,482	7,518
Legal - Union Negotiations	0	60	(60)
Legal - Human Resources	3,000	7,271	(4,271)
Utilities	3,100	3,791	(691)
Telephone	1,303	1,266	37
Communications	0	1,406	(1,406)
Maintenance - Vehicles	0	27	(27)
Maintenance - Town Office	3,445	4,938	(1,493)
Recruiting	0	1,364	(1,364)
Flag Replacement	500	464	36
Advertising - Public Hearings	2,500	3,313	(813)
Operating Supplies	2,150	4,737	(2,587)
Postage	700	412	288
Mileage Allowance & Reimbursement	5,000	5,385	(385)
Miscellaneous	30,850	31,472	(622)
Green Up Vermont	800	40	760
Wellness Programs	0	50	(50)
Total Town Manager	518,279	502,671	15,608
Community Development:			
Salaries	60,197	48,889	11,308
Health Insurance	19,088	14,223	4,865
Dental Insurance	1,290	261	1,029
Life/Disability Insurance	1,042	595	447
Insurance - PACIF/CL Bond/E&O	2,019	1,889	130
Social Security	4,605	3,642	963
Retirement	3,371	2,510	861
Unemployment Compensation	654	494	160
Workers Compensation	229	213	16
Personnel Development	500	728	(228)
Dues & Publications	1,200	990	210
Professional Services	0	490	(490)
Legal	200	115	85
Utilities	750	875	(125)
Telephone	0	64	(64)
Maintenance - Vehicles	400	509	(109)
Maintenance - Town Office	0	975	(975)
Advertising	300	0	300
Municipal Marketing	0	1,500	(1,500)

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TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Community Development/(Cont'd):			
Printing & Binding	\$ 8,200	\$ 1,938	\$ 6,262
Office Supplies	0	80	(80)
Operating Supplies	200	991	(791)
Postage	0	393	(393)
Miscellaneous	0	211	(211)
Public Relations	1,800	104	1,696
Total Community Development	106,045	82,679	23,366
Finance:			
Salaries	185,401	199,053	(13,652)
Overtime	3,000	2,896	104
Health Insurance	46,802	51,016	(4,214)
Dental Insurance	2,863	2,661	202
Life/Disability Insurance	2,615	2,150	465
Insurance - PACIF/CL Bond/E&O	5,669	5,305	364
Social Security	14,413	15,567	(1,154)
Retirement	11,772	8,922	2,850
Unemployment Compensation	2,618	1,978	640
Workers Compensation	626	582	44
Personnel Development	500	408	92
Dues & Publications	250	0	250
Professional Services	38,000	33,880	4,120
Legal	0	475	(475)
Utilities	2,800	3,387	(587)
Telephone	1,042	800	242
Maintenance - Town Office	3,481	4,362	(881)
Office Supplies	2,850	1,925	925
Postage	1,700	1,514	186
Computers	23,000	21,742	1,258
Miscellaneous	150	171	(21)
Total Finance	349,552	358,794	(9,242)
Assessor:			
Salaries	102,978	141,526	(38,548)
Lister Salaries	1,000	292	708
Overtime	1,775	0	1,775
Health Insurance	27,755	28,145	(390)
Dental Insurance	1,571	1,228	343
Life/Disability Insurance	1,289	1,396	(107)
Insurance - PACIF/CL Bond/E&O	3,918	3,666	252
Social Security	8,090	10,793	(2,703)
Retirement	8,753	8,435	318
Unemployment Compensation	1,309	989	320
Workers Compensation	2,693	2,503	190
Personnel Development	1,000	792	208
Dues & Publications	350	565	(215)
Professional Services	12,000	12,607	(607)
Legal	7,500	2,418	5,082
Reappraisal Defense	10,000	0	10,000
Utilities	1,650	1,579	71
Telephone	521	349	172
Maintenance - Vehicles	300	220	80
Maintenance - Town Office	1,501	2,078	(577)
Operating Supplies	567	2,797	(2,230)
Postage	700	819	(119)
Gasoline	500	432	68
Computers	1,000	1,827	(827)
Total Assessor	198,720	225,456	(26,736)
Town Clerk:			
Salaries	213,104	217,796	(4,692)
Overtime	1,069	0	1,069
Health Insurance	56,595	53,647	2,948
Dental Insurance	4,580	6,581	(2,001)
Life/Disability Insurance	3,396	2,934	462
Insurance - PACIF/CL Bond/E&O	6,192	5,794	398
Social Security	16,384	17,169	(785)



TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Town Clerk/(Cont'd):			
Retirement	\$ 12,557	\$ 16,067	\$ (3,510)
Unemployment Compensation	2,636	1,991	645
Workers Compensation	722	671	51
Personnel Development	1,100	1,465	(365)
Dues & Publications	425	310	115
Legal	5,000	2,187	2,813
Utilities	7,000	5,897	1,103
Telephone	1,563	1,151	412
Maintenance - Town Office	6,622	6,366	256
Office Supplies	1,349	0	1,349
Operating Supplies	10,000	8,821	1,179
Postage	7,000	6,489	511
Machinery & Equipment	500	0	500
Computers	750	400	350
Miscellaneous	500	0	500
Total Town Clerk	359,044	355,736	3,308
Purchase/Maintenance of Equipment:			
Insurance - PACIF/CL Bond/E&O	621	581	40
Equipment - Repair/Maintenance	1,000	603	397
Equipment - Rentals/Leases	22,000	14,531	7,469
Office Supplies	6,250	2,391	3,859
Postage	700	98	602
Total Purchase/Maintenance of Equipment	30,571	18,204	12,367
Information/Technology:			
Salaries	81,069	109,064	(27,995)
Health Insurance	15,186	16,966	(1,780)
Dental Insurance	714	171	543
Life/Disability Insurance	680	1,121	(441)
Insurance - PACIF/CL Bond/E&O	2,493	2,333	160
Social Security	6,202	8,621	(2,419)
Retirement	5,044	6,046	(1,002)
Unemployment Compensation	1,733	1,309	424
Workers Compensation	226	210	16
Personnel Development	2,500	75	2,425
Professional Services	0	1,458	(1,458)
Internet Provider	1,650	1,334	316
Web File Maintenance	1,480	532	948
Utilities	1,600	1,457	143
Telephone	261	1,647	(1,386)
Communications	0	358	(358)
Repairs & Maintenance	8,000	4,441	3,559
Maintenance - Town Office	1,793	1,994	(201)
Recruiting	0	299	(299)
Office Supplies	800	221	579
Mileage Allowance & Reimbursement	175	0	175
Machinery & Equipment	5,000	5,357	(357)
Computers	0	100	(100)
Software	7,000	2,239	4,761
Miscellaneous	0	70	(70)
Total Information/Technology	143,606	167,423	(23,817)
Planning/Zoning:			
Salaries	322,479	313,861	8,618
Salaries - Planning Commission	4,016	3,776	240
Overtime	3,089	1,879	1,210
Health Insurance	72,088	67,497	4,591
Dental Insurance	6,804	5,686	1,118
Life/Disability Insurance	4,943	4,131	812
Insurance - PACIF/CL Bond/E&O	10,705	9,814	891
Social Security	25,213	24,949	264
Retirement	20,386	19,464	922
Unemployment Compensation	4,295	3,244	1,051
Workers Compensation	3,100	2,882	218
Personnel Development	10,750	2,229	8,521
Dues & Publications	2,000	1,089	911

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TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Planning/Zoning/(Cont'd):			
Professional Services	\$ 13,000	\$ 6,140	\$ 6,860
Legal	32,500	27,234	5,266
Utilities	5,500	5,134	366
Telephone	1,824	1,444	380
Communications	700	543	157
Maintenance - Vehicles	1,000	0	1,000
Maintenance - Town Office	6,622	7,043	(421)
Recruiting	1,000	50	950
Advertising - Public Meetings	2,500	1,556	944
Printing & Binding	1,500	2,132	(632)
Operating Supplies	5,000	2,375	2,625
Postage	2,300	1,598	702
Gasoline	1,000	978	22
Mileage Allowance & Reimbursement	1,000	948	52
Computers	11,350	33,485	(22,135)
Vehicles	0	759	(759)
GIS	500	12,611	(12,111)
Total Planning/Zoning	577,164	564,531	12,633
Police:			
Salaries	1,859,165	1,813,984	45,181
Shift Differential	24,133	23,023	1,110
Longevity Differential	0	47	(47)
Seasonal Staff	4,634	3,138	1,496
Overtime	137,033	149,486	(12,453)
Overtime 2.0	23,118	10,566	12,552
Overtime 3.0	16,672	5,848	10,824
Health Insurance	363,176	352,046	11,130
Dental Insurance	29,864	30,206	(342)
Life/Disability Insurance	29,856	24,607	5,249
Insurance - PACIF/CL Bond/E&O	87,481	80,662	6,819
Social Security	158,298	157,633	665
Retirement	139,724	142,274	(2,550)
Retirement Health Savings	1,311	0	1,311
Unemployment Compensation	19,822	13,914	5,908
Workers Compensation	81,942	71,807	10,135
Miscellaneous Benefits	0	229	(229)
Personnel Development	1,000	738	262
Dues & Publications	1,400	835	565
Training	16,370	16,043	327
Uniforms & Equipment	32,500	43,376	(10,876)
Legal	500	5	495
Utilities	20,000	23,482	(3,482)
Telephone	8,858	9,798	(940)
Communications	34,709	28,851	5,858
Communications Public Safety	24,500	24,844	(344)
Vehicle Maintenance & Transportation	37,850	44,211	(6,361)
Maintenance - Town Office	17,760	25,017	(7,257)
Office Supplies	8,000	7,777	223
Operating Supplies	0	317	(317)
Police - Photo & Fingerprint	6,728	5,888	840
Postage	1,100	867	233
Gasoline	76,995	83,184	(6,189)
Computers	10,300	8,908	1,392
Miscellaneous	12,000	11,400	600
Boating Safety - Federal Grant	8,750	9,063	(313)
Special Programs	3,000	2,291	709
Transfer to Capital Equipment Fund	20,000	0	20,000
Transfer to Reserve Fund	0	22,289	(22,289)
Total Police	3,318,549	3,248,654	69,895
Fire Departments:			
MBFD Communication Public Safety	15,500	15,555	(55)
CCFD Communication Public Safety	16,500	16,447	53
Miscellaneous	0	100	(100)
Colchester Center Volunteer Fire	430,815	430,815	0
Mallets Bay Fire Dept	339,552	339,552	0
Total Fire Departments	802,367	802,469	(102)

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TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Rescue:			
Salaries	\$ 200,676	\$ 238,977	\$ (38,301)
Rescue Per Diem	19,000	13,198	5,802
Ambulance Personnel	39,500	32,383	7,117
Overtime	23,000	23,805	(805)
Health Insurance	28,510	34,025	(5,515)
Dental Insurance	1,970	2,409	(439)
Life/Disability Insurance	2,855	3,140	(285)
Insurance - PACIF/CL Bond/E&O	12,853	12,028	825
Social Security	21,586	24,595	(3,009)
Retirement	13,164	14,592	(1,428)
Unemployment Compensation	2,454	1,854	600
Workers Compensation	20,663	19,209	1,454
Training	8,500	5,081	3,419
Uniforms	3,750	3,014	736
Legal	500	0	500
Health & Safety	500	229	271
Utilities	10,650	12,779	(2,129)
Telephone	782	701	81
Communications	1,900	1,799	101
Janitorial Services	1,500	1,018	482
Vehicle Maintenance & Transportation	5,000	2,243	2,757
Equipment - Repair/Maintenance	1,000	825	175
Maintenance - Building	5,000	5,914	(914)
Communications Maintenance/Repair	500	13	487
Office Supplies	1,800	968	832
Operating Supplies	14,500	15,765	(1,265)
Postage	125	46	79
Gasoline	7,300	4,611	2,689
Machinery & Equipment	1,200	154	1,046
Technology Upgrades	2,000	2,956	(956)
Miscellaneous	5,200	4,653	547
Amb. Personnel Donations	500	465	35
Special Programs	500	26	474
Transfer to Reserve Fund - Res. Cap. Equip.	10,300	10,300	0
Transfer to Reserve Fund - Res. Cap. Comm.	6,300	6,300	0
Total Rescue	475,538	500,075	(24,537)
Technical Rescue:			
Salaries	9,000	9,290	(290)
Insurance - PACIF/CL Bond/E&O	2,000	1,872	128
Social Security	689	711	(22)
Workers Compensation	630	413	217
Training	3,500	967	2,533
Uniforms	2,500	2,307	193
Health & Safety	1,500	1,209	291
Utilities	1,000	109	891
Communications	2,800	2,782	18
Vehicle Maintenance & Transportation	1,500	2,036	(536)
Equipment - Repair/Maintenance	2,500	1,986	514
Maintenance - Building	500	911	(411)
Communications Maintenance/Repair	500	185	315
Operating Supplies	484	214	270
Gasoline	1,163	3,921	(2,758)
Machinery & Equipment	2,000	2,819	(819)
Transfer to Reserve Fund - Tech. Res. Cap. Equip.	6,000	6,000	0
Transfer to Reserve Fund - Tech. Res. Cap. Comm.	2,000	2,000	0
Transfer to Grant Fund	0	776	(776)
Total Technical Rescue	40,266	40,508	(242)
Police Dispatch:			
Salaries	294,712	289,101	5,611
Shift Differential	10,263	7,930	2,333
Overtime	33,748	29,372	4,376
Overtime 2.0	10,919	10,219	700
Health Insurance	113,157	91,575	21,582
Dental Insurance	5,666	5,928	(262)
Life/Disability Insurance	4,666	3,353	1,313
Social Security	26,748	25,236	1,512

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TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Police Dispatch/(Cont'd):			
Retirement	\$ 20,162	\$ 17,742	\$ 2,420
Unemployment Compensation	4,581	3,460	1,121
Workers Compensation	899	836	63
Total Police Dispatch	525,521	484,752	40,769
Public Works - Administration:			
Salaries	347,843	348,927	(1,084)
Health Insurance	68,439	73,830	(5,391)
Dental Insurance	6,159	4,119	2,040
Life/Disability Insurance	5,509	4,519	990
Insurance - PACIF/CL Bond/E&O	2,493	2,517	(24)
Social Security	26,954	26,883	71
Retirement	24,699	25,004	(305)
Unemployment Compensation	3,272	2,472	800
Workers Compensation	13,948	12,966	982
Personnel Development	3,450	2,286	1,164
Dues & Publications	550	1,345	(795)
Professional Services	32,700	15,895	16,805
Legal	1,000	855	145
Utilities	4,600	4,070	530
Telephone	782	683	99
Communications	880	1,492	(612)
Vehicle Maintenance & Transportation	500	574	(74)
Maintenance - Town Office	5,392	4,795	597
Advertising - Recruiting	250	200	50
Office Supplies	950	1,526	(576)
Operating Supplies	400	873	(473)
Postage	501	634	(133)
Gasoline	1,500	794	706
Mileage Allowance & Reimbursement	4,500	4,517	(17)
Computers	4,300	5,423	(1,123)
Total Public Works - Administration	561,571	547,199	14,372
Public Works - Highway:			
Salaries	391,502	370,492	21,010
Shift Differential	10,298	8,459	1,839
Overtime	44,281	47,541	(3,260)
Overtime 2.0	6,179	3,964	2,215
Health Insurance	102,165	83,638	18,527
Dental Insurance	5,726	6,724	(998)
Life/Disability Insurance	6,198	5,210	988
Insurance - PACIF/CL Bond/E&O	18,054	16,594	1,460
Social Security	34,598	34,256	342
Retirement	26,675	24,775	1,900
Unemployment Compensation	5,235	3,954	1,281
Workers Compensation	23,296	21,657	1,639
Uniforms	6,643	5,793	850
Commercial Drivers Licenses	150	328	(178)
Traffic Signals	8,670	8,498	172
Communications	998	357	641
Tree Maintenance	10,000	9,946	54
Tires & Tubes	8,500	8,263	237
Striping	25,720	28,701	(2,981)
Truck 1 - 2003 International	750	150	600
Truck 2 - 2003 International	750	316	434
Truck 3 - 2007 International	750	43	707
Truck 4 - 2008 Chevy	500	300	200
Truck 5 - 2007 International	1,850	612	1,238
Truck 6 - 2006 International	750	383	367
Grader	5,480	4,708	772
Loader	500	460	40
Tractor/Mower	1,950	1,862	88
Drott	500	309	191
Holder	500	345	155
Trackless Sidewalk	1,000	693	307
Truck 18 - 2009 International	750	597	153
Truck 8 - 2006 Chevy	500	237	263
Truck 9 - 2002 Chevy Crew Cab	500	122	378

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TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Public Works - Highway/(Cont'd):			
Truck 10 - 2004 Chevy 4X4	\$ 250	\$ 136	\$ 114
Chain Saws	300	847	(547)
Sanders	2,000	1,078	922
Snowplows	11,390	4,532	6,858
Bridges	250	0	250
Roller/Trailer	50	303	(253)
Paint Trailer	100	0	100
Hired Equipment - Winter	500	810	(310)
Hired Equipment - Summer	500	371	129
Operating Supplies	4,000	3,651	349
Equipment Supplies	1,750	1,138	612
Small Tools & Equipment	400	369	31
Chloride	10,681	7,543	3,138
Gravel	17,181	17,690	(509)
Asphalt Repair	3,500	16,423	(12,923)
Signs	8,000	7,260	740
Winter Sand	18,531	37,098	(18,567)
Winter Salt	109,524	136,070	(26,546)
Gasoline	79,340	70,327	9,013
Miscellaneous	0	38	(38)
Transfer to Capital Projects Fund	125,628	125,628	0
Total Public Works - Highway	1,145,793	1,131,599	14,194
Public Works - Maintenance Facility:			
Salaries	176,014	178,462	(2,448)
Shift Differential	669	556	113
Seasonal Labor	11,637	11,588	49
Overtime	1,658	1,866	(208)
Overtime 2.0	386	169	217
Health Insurance	25,244	23,663	1,581
Dental Insurance	3,109	3,723	(614)
Life/Disability Insurance	2,785	2,386	399
Insurance - PACIF/CL Bond/E&O	5,421	5,073	348
Social Security	14,563	15,518	(955)
Retirement	12,321	10,850	1,471
Unemployment Compensation	2,439	1,842	597
Workers Compensation	9,834	9,142	692
Training	995	1,096	(101)
Uniforms	2,804	2,692	112
Utilities	16,500	15,301	1,199
Telephone	1,563	666	897
Repairs & Maintenance	13,825	11,189	2,636
Vehicle Maintenance & Transportation	500	431	69
Office Supplies	150	116	34
Operating Supplies	3,775	3,379	396
Equipment Supplies	14,000	13,425	575
Welding Supplies	1,000	1,094	(94)
Gasoline	1,220	757	463
Machinery & Equipment	3,000	3,001	(1)
Computers	200	492	(292)
Total Public Works - Maintenance Facility	325,612	318,477	7,135
Stormwater:			
Salaries	82,195	82,077	118
Overtime	2,060	2,054	6
Health Insurance	17,335	20,625	(3,290)
Dental Insurance	678	533	145
Life/Disability Insurance	1,263	1,080	183
Insurance - PACIF/CL Bond/E&O	2,574	2,409	165
Social Security	6,445	6,299	146
Retirement	5,575	5,583	(8)
Unemployment Compensation	1,413	1,067	346
Workers Compensation	4,246	3,947	299
Miscellaneous Benefits	0	19	(19)
Uniforms	1,085	1,192	(107)
Legal	500	0	500
Catch Basins	4,250	4,346	(96)
Sweeper	2,500	2,450	50

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TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Stormwater/(Cont'd):			
Sweeper - 2007 Sterling	\$ 2,500	\$ 2,469	\$ 31
Storm Water Pumps	785	1,050	(265)
Stormwater Permitting	5,200	5,064	136
Treatment Structures	2,880	1,870	1,010
Small Tools & Equipment	100	161	(61)
Culverts	5,000	4,739	261
Gasoline	7,200	6,160	1,040
Public Outreach & Education	5,000	5,000	0
Water Quality Testing	5,727	4,716	1,011
Transfer to Capital Projects Fund	0	50,000	(50,000)
Total Stormwater	166,511	214,910	(48,399)
Buildings:			
Salaries	44,923	43,876	1,047
Overtime	1,042	4,233	(3,191)
Overtime 2.0	0	518	(518)
Health Insurance	8,668	8,167	501
Dental Insurance	1,232	106	1,126
Life/Disability Insurance	710	609	101
Insurance - PACIF/CL Bond/E&O	2,203	2,062	141
Social Security	3,516	3,659	(143)
Retirement	3,145	3,081	64
Unemployment Compensation	654	494	160
Workers Compensation	2,072	1,926	146
Personnel Development	0	2,041	(2,041)
Utilities - Meeting House	6,156	6,214	(58)
Utilities - Senior Center	2,856	2,871	(15)
Utilities - Historical Society	2,424	3,159	(735)
Communications	600	602	(2)
Vehicle Maintenance & Transportation	650	700	(50)
Maintenance - Senior Center	2,050	1,780	270
Maintenance - Meeting House	9,941	7,213	2,728
Maintenance - Historical Society	350	8,230	(7,880)
Operating Supplies	2,800	3,397	(597)
Gasoline	1,758	1,467	291
Mileage Allowance & Reimbursement	100	0	100
Miscellaneous	500	672	(172)
Total Buildings	98,350	107,077	(8,727)
Health Services:			
Visiting Nurse Association	18,000	18,000	0
Animal Control Contract	16,877	14,700	2,177
Animal Control Fees	3,500	4,940	(1,440)
Total Health Services	38,377	37,640	737
Parks:			
Salaries	58,306	59,024	(718)
Seasonal Labor	122,807	117,619	5,188
Overtime	3,604	8,030	(4,426)
Overtime 2.0	0	858	(858)
Health Insurance	19,088	17,288	1,800
Dental Insurance	1,232	1,829	(597)
Life/Disability Insurance	924	790	134
VT Health Care Contributions	1,500	476	1,024
Insurance - PACIF/CL Bond/E&O	5,495	5,142	353
Social Security	14,131	14,075	56
Retirement	4,081	3,192	889
Unemployment Compensation	4,895	3,698	1,197
Workers Compensation	7,647	7,109	538
Personnel Development	500	80	420
Contractual Services	19,500	10,406	9,094
Utilities	16,500	18,789	(2,289)
Telephone	1,170	1,016	154
Communications	300	313	(13)
Repairs & Maintenance	14,500	18,134	(3,634)
Vehicle Maintenance & Transportation	3,500	3,642	(142)
Equipment - Repair/Maintenance	3,300	6,543	(3,243)

TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Parks/(Cont'd):			
Equipment - Rentals/Leases	\$ 1,000	\$ 732	\$ 268
Operating Supplies	15,000	11,587	3,413
Grass Seed	3,000	904	2,096
Fertilizer	12,000	10,760	1,240
Gasoline	13,000	15,765	(2,765)
Machinery & Equipment	9,000	4,020	4,980
Miscellaneous	0	25	(25)
Total Parks	355,980	341,846	14,134
Recreation:			
Salaries	119,887	122,160	(2,273)
Health Insurance	17,762	15,290	2,472
Dental Insurance	2,279	1,284	995
Life/Disability Insurance	1,899	1,620	279
Insurance - PACIF/CL Bond/E&O	5,267	4,929	338
Social Security	9,516	10,050	(534)
Retirement	7,989	6,797	1,192
Unemployment Compensation	1,145	865	280
Workers Compensation	4,421	4,110	311
Personnel Development	3,000	1,318	1,682
Dues & Publications	1,000	790	210
Legal	1,000	0	1,000
Utilities	3,100	3,509	(409)
Telephone	1,303	1,095	208
Communications	900	181	719
Vehicle Maintenance	0	145	(145)
Maintenance - Town Office	4,127	4,495	(368)
Printing/Publicity	2,000	959	1,041
Office Supplies	1,850	1,114	736
Operating Supplies	1,400	331	1,069
Postage	1,800	978	822
Gasoline	484	0	484
Mileage Allowance & Reimbursement	4,700	4,696	4
Computers	4,500	6,755	(2,255)
Special Programs	0	4,212	(4,212)
Fair Day	8,500	7,500	1,000
Winooski Valley Park District	43,000	42,999	1
Transfer to Recreation Acquisition and Dev. Fund	4,000	0	4,000
Transfer to Recreation Program Fund	22,000	22,000	0
Total Recreation	278,829	270,182	8,647
Library:			
Salaries	327,892	326,789	1,103
Temporary Subs	13,387	15,456	(2,069)
Health Insurance	90,244	65,631	24,613
Dental Insurance	7,415	2,197	5,218
Life/Disability Insurance	4,293	3,930	363
Insurance - PACIF/CL Bond/E&O	8,143	7,620	523
Social Security	26,108	26,043	65
Retirement	21,081	20,862	219
Unemployment Compensation	5,210	3,935	1,275
Workers Compensation	1,134	1,054	80
Personnel Development	3,000	2,286	714
Dues & Publications	690	586	104
Programming	1,000	1,005	(5)
Utilities	12,500	14,111	(1,611)
Telephone	2,575	4,651	(2,076)
Communications	2,976	1,128	1,848
Janitorial Services	10,400	10,557	(157)
Maintenance - Library	10,656	5,912	4,744
Maintenance - Building	2,000	4,490	(2,490)
Advertising - Recruiting	100	50	50
Printing/Publicity	2,400	1,564	836
Operating Supplies	5,340	5,822	(482)
Postage	4,200	2,910	1,290
Mileage Allowance & Reimbursement	2,000	950	1,050
Books - Adult	17,500	13,839	3,661
Books - Juvenile	13,800	14,572	(772)

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TOWN OF COLCHESTER, VERMONT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Library/(Cont'd):			
Periodicals	\$ 2,280	\$ 2,144	\$ 136
Audio/Visual Materials	3,223	3,128	95
Computers	8,889	8,352	537
Electronic Resources	<u>3,439</u>	<u>4,407</u>	<u>(968)</u>
Total Library	<u>613,875</u>	<u>575,981</u>	<u>37,894</u>
Cemetery:			
Insurance - PACIF/CL Bond/E&O	350	328	22
Repairs & Maintenance	17,000	17,861	(861)
Miscellaneous	<u>2,910</u>	<u>3,047</u>	<u>(137)</u>
Total Cemetery	<u>20,260</u>	<u>21,236</u>	<u>(976)</u>
Intergovernmental Expenditures:			
Chamber Of Commerce	1,200	1,135	65
VT Council On World Affairs	500	500	0
GBIC	6,000	0	6,000
Chittenden Co. Regional Planning	25,000	24,921	79
VT League of Cities & Towns	18,183	18,183	0
Handicap Transportation	42,590	37,790	4,800
County Tax	87,092	85,814	1,278
Local Motion	0	2,500	(2,500)
Conservation Commission	<u>2,500</u>	<u>4,800</u>	<u>(2,300)</u>
Total Intergovernmental Expenditures	<u>183,065</u>	<u>175,643</u>	<u>7,422</u>
Total Expenditures	<u>11,339,108</u>	<u>11,131,479</u>	<u>207,629</u>
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(63,000)</u>	207,531	\$ <u>270,531</u>
Fund Balance - July 1, 2013		<u>1,560,730</u>	
Fund Balance - June 30, 2014		\$ <u>1,768,261</u>	



TOWN OF COLCHESTER, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Debt Service Fund	Total
<u>ASSETS</u>					
Cash	\$ 427,603	\$ 363,619	\$ 146,822	\$ 0	\$ 938,044
Investments	0	0	151,621	0	151,621
Receivables	117,521	0	1,935	0	119,456
Notes Receivable (Net of Allowance for Uncollectibles)	199,516	0	0	0	199,516
Due from Other Funds	<u>68,437</u>	<u>0</u>	<u>376</u>	<u>137</u>	<u>68,950</u>
Total Assets	<u>\$ 813,077</u>	<u>\$ 363,619</u>	<u>\$ 300,754</u>	<u>\$ 137</u>	<u>\$ 1,477,587</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 23,489	\$ 0	\$ 471	\$ 0	\$ 23,960
Accrued Payroll and Benefits Payable	6,069	0	0	0	6,069
Due to Other Funds	95,467	0	0	0	95,467
Unearned Revenue	136,591	0	0	0	136,591
Due to Others	<u>0</u>	<u>0</u>	<u>500</u>	<u>0</u>	<u>500</u>
Total Liabilities	<u>261,616</u>	<u>0</u>	<u>971</u>	<u>0</u>	<u>262,587</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable Grants	84,562	0	0	0	84,562
Unavailable Notes Receivable	<u>199,516</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>199,516</u>
Total Deferred Inflows of Resources	<u>284,078</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>284,078</u>
<u>FUND BALANCES</u>					
Nonspendable	0	0	93,050	0	93,050
Restricted	327,365	158,336	206,733	0	692,434
Assigned	0	205,283	0	137	205,420
Unassigned/(Deficit)	<u>(59,982)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(59,982)</u>
Total Fund Balances	<u>267,383</u>	<u>363,619</u>	<u>299,783</u>	<u>137</u>	<u>930,922</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 813,077</u>	<u>\$ 363,619</u>	<u>\$ 300,754</u>	<u>\$ 137</u>	<u>\$ 1,477,587</u>

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TOWN OF COLCHESTER, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Debt Service Fund	Total
Revenues:					
Property Taxes	\$ 0	\$ 374,569	\$ 0	\$ 644,006	\$ 1,018,575
Intergovernmental	276,188	0	0	0	276,188
Charges for Services	0	0	7,009	0	7,009
Permits, Licenses and Fees	0	33,075	0	0	33,075
Investment Income	6,617	867	22,525	0	30,009
Loan Repayments	10,877	0	0	0	10,877
Donations	0	0	16,082	0	16,082
Other	0	2,000	671	0	2,671
Total Revenues	293,682	410,511	46,287	644,006	1,394,486
Expenditures:					
General Government	5,031	0	0	0	5,031
Public Safety	274,039	2,000	0	0	276,039
Public Works	0	159	0	0	159
Culture and Recreation	10,813	0	8,876	0	19,689
Community Development	16,082	0	0	0	16,082
Capital Outlay:					
Public Safety	61,685	167,860	0	0	229,545
Public Works	0	53,808	0	0	53,808
Debt Service:					
Principal	10,623	0	0	566,420	577,043
Interest	3,492	0	0	77,586	81,078
Total Expenditures	381,765	223,827	8,876	644,006	1,258,474
Excess/(Deficiency) of Revenues Over Expenditures	(88,083)	186,684	37,411	0	136,012
Other Financing Sources/(Uses):					
Proceeds from Long-term Debt	101,068	0	0	0	101,068
Transfers In	3,764	0	0	0	3,764
Transfers Out	(2,988)	0	0	0	(2,988)
Total Other Financing Sources/(Uses)	101,844	0	0	0	101,844
Net Change in Fund Balances	13,761	186,684	37,411	0	237,856
Fund Balances - July 1, 2013	253,622	176,935	262,372	137	693,066
Fund Balances - June 30, 2014	\$ 267,383	\$ 363,619	\$ 299,783	\$ 137	\$ 930,922

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TOWN OF COLCHESTER, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2014

	Revolving Loan Fund	Community Development Fund	Grant Fund	Police Special Revenue Fund	Heritage Project Fund	Total
<u>ASSETS</u>						
Cash	\$ 130,699	\$ 72,898	\$ 7,203	\$ 216,803	\$ 0	\$ 427,603
Receivables	0	0	117,521	0	0	117,521
Notes Receivable (Net of Allowance for Uncollectibles)	199,516	0	0	0	0	199,516
Due from Other Funds	<u>67,489</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>948</u>	<u>68,437</u>
Total Assets	<u>\$ 397,704</u>	<u>\$ 72,898</u>	<u>\$ 124,724</u>	<u>\$ 216,803</u>	<u>\$ 948</u>	<u>\$ 813,077</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 79	\$ 110	\$ 23,300	\$ 0	\$ 0	\$ 23,489
Accrued Payroll and Benefits Payable	0	0	6,069	0	0	6,069
Due to Other Funds	0	0	59,883	35,584	0	95,467
Unearned Revenue	<u>125,699</u>	<u>0</u>	<u>10,892</u>	<u>0</u>	<u>0</u>	<u>136,591</u>
Total Liabilities	<u>125,778</u>	<u>110</u>	<u>100,144</u>	<u>35,584</u>	<u>0</u>	<u>261,616</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Grants	0	0	84,562	0	0	84,562
Unavailable Notes Receivable	<u>199,516</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>199,516</u>
Total Deferred Inflows of Resources	<u>199,516</u>	<u>0</u>	<u>84,562</u>	<u>0</u>	<u>0</u>	<u>284,078</u>
<u>FUND BALANCES/(DEFICIT)</u>						
Restricted	72,410	72,788	0	181,219	948	327,365
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>(59,982)</u>	<u>0</u>	<u>0</u>	<u>(59,982)</u>
Total Fund Balances/(Deficit)	<u>72,410</u>	<u>72,788</u>	<u>(59,982)</u>	<u>181,219</u>	<u>948</u>	<u>267,383</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/(Deficit)	<u>\$ 397,704</u>	<u>\$ 72,898</u>	<u>\$ 124,724</u>	<u>\$ 216,803</u>	<u>\$ 948</u>	<u>\$ 813,077</u>

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TOWN OF COLCHESTER, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Revolving Loan Fund	Community Development Fund	Grant Fund	Police Special Revenue Fund	Heritage Project Fund	Total
Revenues:						
Intergovernmental	\$ 5,000	\$ 0	\$ 267,910	\$ 3,278	\$ 0	\$ 276,188
Investment Income	5,748	219	0	650	0	6,617
Loan Repayments	<u>10,877</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,877</u>
Total Revenues	<u>21,625</u>	<u>219</u>	<u>267,910</u>	<u>3,928</u>	<u>0</u>	<u>293,682</u>
Expenditures:						
General Government	0	0	5,031	0	0	5,031
Public Safety	0	0	263,544	10,495	0	274,039
Culture and Recreation	0	0	10,813	0	0	10,813
Community Development	15,972	110	0	0	0	16,082
Capital Outlay:						
Public Safety	0	0	31,089	30,596	0	61,685
Debt Service:						
Principal	10,623	0	0	0	0	10,623
Interest	<u>3,492</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,492</u>
Total Expenditures	<u>30,087</u>	<u>110</u>	<u>310,477</u>	<u>41,091</u>	<u>0</u>	<u>381,765</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(8,462)</u>	<u>109</u>	<u>(42,567)</u>	<u>(37,163)</u>	<u>0</u>	<u>(88,083)</u>
Other Financing Sources/(Uses):						
Proceeds from Long-term Debt	101,068	0	0	0	0	101,068
Transfers In	0	0	3,764	0	0	3,764
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,988)</u>	<u>0</u>	<u>(2,988)</u>
Total Other Financing Sources/(Uses)	<u>101,068</u>	<u>0</u>	<u>3,764</u>	<u>(2,988)</u>	<u>0</u>	<u>101,844</u>
Net Change in Fund Balances	92,606	109	(38,803)	(40,151)	0	13,761
Fund Balances/(Deficit) - July 1, 2013	<u>(20,196)</u>	<u>72,679</u>	<u>(21,179)</u>	<u>221,370</u>	<u>948</u>	<u>253,622</u>
Fund Balances/(Deficit) - June 30, 2014	<u>\$ 72,410</u>	<u>\$ 72,788</u>	<u>\$ (59,982)</u>	<u>\$ 181,219</u>	<u>\$ 948</u>	<u>\$ 267,383</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COLCHESTER, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2014

	Recreation Acquisition and Development Fund	Capital Equipment Fund	Total
<u>ASSETS</u>			
Cash	\$ <u>158,336</u>	\$ <u>205,283</u>	\$ <u>363,619</u>
Total Assets	\$ <u><u>158,336</u></u>	\$ <u><u>205,283</u></u>	\$ <u><u>363,619</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Restricted	158,336	0	158,336
Assigned	<u>0</u>	<u>205,283</u>	<u>205,283</u>
Total Fund Balances	<u>158,336</u>	<u>205,283</u>	<u>363,619</u>
Total Liabilities and Fund Balances	\$ <u><u>158,336</u></u>	\$ <u><u>205,283</u></u>	\$ <u><u>363,619</u></u>

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TOWN OF COLCHESTER, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Recreation Acquisition and Development Fund	Capital Equipment Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Revenues:			
Property Taxes	\$ 0	\$ 374,569	\$ 374,569
Permits, Licenses and Fees	33,075	0	33,075
Investment Income	422	445	867
Other	<u>0</u>	<u>2,000</u>	<u>2,000</u>
Total Revenues	<u>33,497</u>	<u>377,014</u>	<u>410,511</u>
Expenditures:			
Public Safety	0	2,000	2,000
Public Works	0	159	159
Capital Outlay:			
Public Safety	0	167,860	167,860
Public Works	<u>0</u>	<u>53,808</u>	<u>53,808</u>
Total Expenditures	<u>0</u>	<u>223,827</u>	<u>223,827</u>
Net Change in Fund Balances	33,497	153,187	186,684
Fund Balances - July 1, 2013	<u>124,839</u>	<u>52,096</u>	<u>176,935</u>
Fund Balances - June 30, 2014	\$ <u><u>158,336</u></u>	\$ <u><u>205,283</u></u>	\$ <u><u>363,619</u></u>

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TOWN OF COLCHESTER, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR PERMANENT FUNDS  
 JUNE 30, 2014

	Burnham Memorial Library Fund	Cemetery Fund	Total
<u>ASSETS</u>			
Cash	\$ 21,248	\$ 125,574	\$ 146,822
Investments	0	151,621	151,621
Receivables	0	1,935	1,935
Due from Other Funds	<u>376</u>	<u>0</u>	<u>376</u>
Total Assets	\$ <u><u>21,624</u></u>	\$ <u><u>279,130</u></u>	\$ <u><u>300,754</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 471	\$ 0	\$ 471
Due to Others	<u>0</u>	<u>500</u>	<u>500</u>
Total Liabilities	<u>471</u>	<u>500</u>	<u>971</u>
Fund Balances:			
Nonspendable	2,000	91,050	93,050
Restricted	<u>19,153</u>	<u>187,580</u>	<u>206,733</u>
Total Fund Balances	<u>21,153</u>	<u>278,630</u>	<u>299,783</u>
Total Liabilities and Fund Balances	\$ <u><u>21,624</u></u>	\$ <u><u>279,130</u></u>	\$ <u><u>300,754</u></u>

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TOWN OF COLCHESTER, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Burnham Memorial Library Fund	Cemetery Fund	Total
Revenues:			
Charges for Services	\$ 4,729	\$ 2,280	\$ 7,009
Investment Income	0	22,525	22,525
Donations	16,082	0	16,082
Other	<u>671</u>	<u>0</u>	<u>671</u>
Total Revenues	<u>21,482</u>	<u>24,805</u>	<u>46,287</u>
Expenditures:			
Culture and Recreation	<u>8,876</u>	<u>0</u>	<u>8,876</u>
Total Expenditures	<u>8,876</u>	<u>0</u>	<u>8,876</u>
Net Change in Fund Balances	12,606	24,805	37,411
Fund Balances - July 1, 2013	<u>8,547</u>	<u>253,825</u>	<u>262,372</u>
Fund Balances - June 30, 2014	<u><u>\$ 21,153</u></u>	<u><u>\$ 278,630</u></u>	<u><u>\$ 299,783</u></u>

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## Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

Selectboard  
Town of Colchester  
P.O. Box 55  
Colchester, Vermont 05446

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colchester, Vermont, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Colchester, Vermont's basic financial statements, and have issued our report thereon dated January 9, 2015.

### ***Internal Control Over Financial Reporting***

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

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

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

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

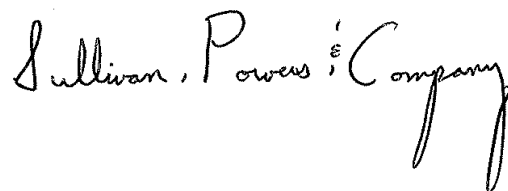
As part of obtaining reasonable assurance about whether the Town of Colchester, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

However, we noted a certain other matter that we reported to the management of the Town of Colchester, Vermont in a separate letter dated January 9, 2015.

### ***Purpose of this Report***

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

January 9, 2015  
Montpelier, Vermont  
VT Lic. #92-000180

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