

TOWN OF COLCHESTER, VERMONT

AUDIT REPORT

JUNE 30, 2015

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AUDIT REPORT
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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, 2015, 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, 2015, 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.

Change in Accounting Principle

As described in Note I.F. to the financial statements, effective June 30, 2015, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27. As a result of this required change in accounting principle, the Town recorded a \$264,954 reduction in beginning net position of the Governmental Activities and a \$9,013 reduction in beginning net position of the Recreation Program Fund and Business-type Activities. Our opinion is not modified with respect to this matter.

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, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1 and the Schedule of Contributions on Schedule 2 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 February 9, 2016 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.

February 9, 2016
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S 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, 2015. 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 assets and deferred outflows of resources of the Town of Colchester exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,485,034. Of this amount, \$7,072,542 (unrestricted net position) may be used by the various funds of the Town to meet its ongoing obligations to its citizens and creditors and \$676,036 represent resources that are subject to external restrictions on how they may be used.

- The Town's total governmental net position increased by \$1,274,344. Construction in progress increased by \$919,550 due largely to the Mill Pond Road improvements of \$237,618 and Mill Pond Bridge improvements of \$608,603. The Town funded \$44,380 of the Mill Pond Bridge project and the remainder was Federal/State funded.
- GASB Statement No. 68 "Financial Reporting for Pension Plans" requires the Town to report its proportionate share of the net pension liability and related deferred outflows and inflows of resources. The Vermont Municipal Employees' Retirement System (VMERS) pension liability was determined by an actuarial valuation as of June 30, 2014, considering employee contributions, Town contributions, expected payments to pensioners, and expected rate of return on investments, and the current value of all investments one year prior to this audit period. The methods for calculating are likely to produce large fluctuations in future annual financial statements. Fiscal year ending June 30, 2015 ended with a net pension liability of \$177,972.

Fund Financial Statements (refer to Exhibits C through F and Footnote IV.J)

- Governmental funds contain many funds including General, Capital Project, Reserve Funds and Debt Service funds. Each of these funds can contain several projects.
 - Capital Projects Fund – includes Capital Transportation plan, Grant funds, Parks Capital Plan, Recreation Acquisition and Development Impact Fees
 - Reserve Fund – includes technology, communications, re-appraisal (funds from state), records retention, police boat reserve, rescue equipment reserve, rescue communications reserve, technical rescue equipment reserve, and technical rescue communication reserve.
 - Non-Major Governmental Funds – includes capital equipment, vehicles and facility; library and cemetery funds, and debt service.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,403,229, an increase of \$579,571 in comparison with the prior year.
- The Non-Major Governmental Funds includes a loan due from Housing Foundation Inc. The Town borrowed from the State of Vermont Special Environmental Revolving Fund to finance a wastewater disposal system at Windemere Estates Mobile Home Park. The Housing Foundation, Inc. has guaranteed repayment of the loan to the Town in monthly installments of \$6,166 beginning January 2016. The monthly payment includes a 2% administrative fee and will be paid in full January 2022.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, presented in three sections: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition, this report also contains required supplementary information such as a general fund budget to actual comparison and combining financial statements.

The financial activities of the government unit are recorded in funds. A fund, generally, is a separate set of books for each major activity. Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. These operations are referred to as business-type activities, they are supported by user fees, and are recorded in enterprise funds separately from the general governmental activities which are accounted for primarily in the general fund and supported in large part by property tax revenues.

Government-Wide Financial Statements

The government-wide financial statements provide a general overview of the operations of the Town presenting all data on the full accrual basis. There are two statements presented at the government-wide level: the Statement of Net Position and the Statement of Activities. Within each of these statements, the governmental activities are presented separately from the business-type activities. The governmental activities reflect the Town's basic services; including general government, public safety, public works, community development, parks and recreation, health and welfare, and public improvements. The business-type activities of the Town include Wastewater and Recreation Program Fund.

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

The Statement of Activities reports how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

The government-wide financial statements include not only the Town itself (referred to as the primary government), but also other legally separate entities for which the Town is financially accountable (referred to as component units). During the period under audit, the Town was not responsible for any entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B of the Audit Report.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate finance-related legal compliance. The funds of the Town are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The governmental fund financial statements provide a detailed short-term view that helps determine financial resources that are available to finance the Town's programs in the near future.

The Town maintains three major governmental funds; the General Fund, Capital Projects Fund, and a Reserve Fund. In addition to this, the Town maintains a number of Special Revenue Funds, Capital Project Funds, Permanent Funds and a Debt Service Fund which do not qualify as major funds. These funds are consolidated into the column title Non-Major Governmental Funds. Combined financial statements containing more detailed information on these funds may be found on Schedules 4 through 11.

The governmental fund financial statements can be found in Exhibits C through F of the Audit Report. The Town adopts an annual budget for its general fund. Schedule 1 is a budget to actual comparison statement demonstrating compliance with the adopted budget.

Proprietary funds account for a government's business-type activities. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town maintains two enterprise funds; the Wastewater Fund and the Recreation Program Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town has no internal service funds at this time.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Wastewater and Recreation Program Funds. The proprietary fund financial statements may be found in Exhibits G through I.

Fiduciary funds account for resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town. The fiduciary fund financial statement of the Town can be found in Exhibit J.

Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statement. The notes serve to explain, clarify, and expand upon the financial data presented in the financial statements. The notes are found immediately following the financial statements.

Supplementary information including a budgetary comparison statement for the general fund can be found immediately following the notes to the financial statements.

The combined statements referred to earlier in connection with non-major governmental funds are also presented as supplementary information.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current & Other Assets | 7,398,929 | 6,648,683 | 4,601,863 | 5,449,429 | 12,000,792 | 12,098,112 |
| Capital Assets | 34,402,189 | 33,953,471 | 13,980,945 | 14,558,587 | 48,383,134 | 48,512,058 |
| Total Assets | 41,801,118 | 40,602,154 | 18,582,808 | 20,008,016 | 60,383,926 | 60,610,170 |
| Deferred Outflow s of Resources | 445,592 | 243,266 | 15,158 | 8,275 | 460,750 | 251,541 |
| Long-Term Liabilities Outstanding | 6,719,888 | 7,158,735 | 12,786,295 | 13,611,138 | 19,506,183 | 20,769,873 |
| Other Liabilities | 914,270 | 857,107 | 366,356 | 305,644 | 1,280,626 | 1,162,751 |
| Total Liabilities | 7,634,158 | 8,015,842 | 13,152,651 | 13,916,782 | 20,786,809 | 21,932,624 |
| Deferred Inflow s of Resources | 554,779 | 46,149 | 18,054 | 0 | 572,833 | 46,149 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 29,200,440 | 28,278,120 | 2,536,016 | 2,475,066 | 31,736,456 | 30,753,186 |
| Restricted | 669,436 | 708,998 | 6,600 | 6,600 | 676,036 | 715,598 |
| Unrestricted | 4,187,897 | 3,796,311 | 2,884,645 | 3,617,843 | 7,072,542 | 7,414,154 |
| Total Net Position | 34,057,773 | 32,783,429 | 5,427,261 | 6,099,509 | 39,485,034 | 38,882,938 |

Net Position states a government's financial status in a required standard format that may be compared over time and among similar governments. At the end of the fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,485,034.

The largest portion of the Town's assets (80%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure (roads, bridges, etc.) less any related, outstanding debt used to acquire those assets. 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.

\$676,036 of the Town's net position is restricted. These assets are subject to external restrictions on their use. The remaining \$7,072,542 may be used to meet the government's ongoing financial obligations. Included in the unrestricted net position are amounts that voters and management have assigned for particular purposes, such as reserves for expenditures in subsequent years and wastewater capacity rights (funding of South Burlington's Sewer plant upgrade).

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

Governmental activities

Governmental activities increased the Town's net position by \$1,274,344 for the fiscal year ended June 30, 2015. Key elements of the change are as follows:

- The property tax rate increased 1.3% over FY14, resulting in additional revenue of \$332,348.
- The property tax revenue increase was offset by the decreased revenue from Capital Grants and Contributions, which decreased \$872,828 from the prior fiscal year. The capital grants revenue has decreased due to a reduction in large federally funded infrastructure projects. FEMA funded repairs have been completed.

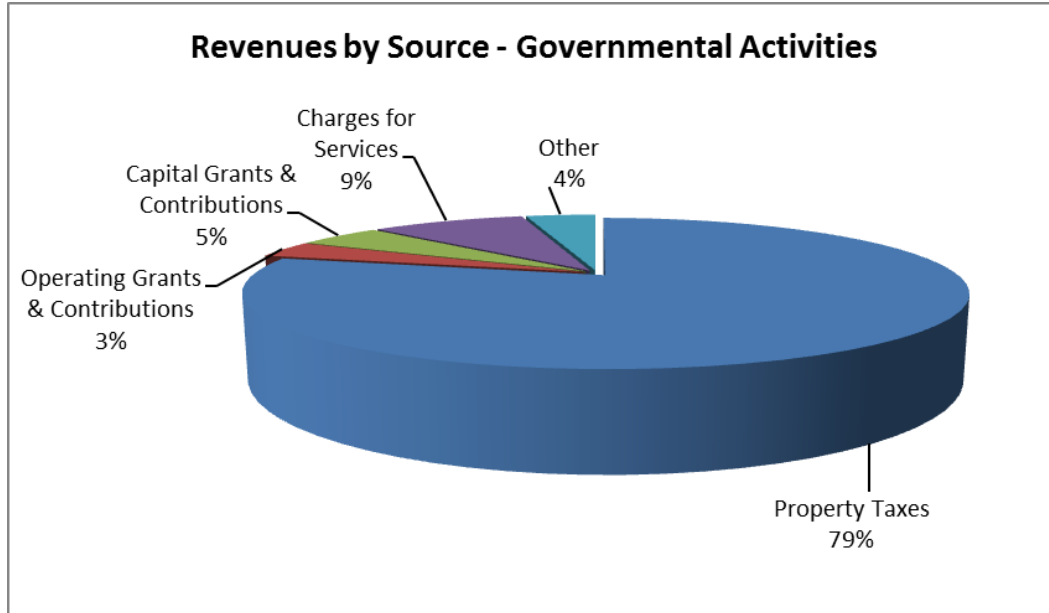
Public Safety remains the largest expense at 43% of total Governmental Activity expenses. This remains unchanged from fiscal year 2014.

Summary of the Statement of Activities

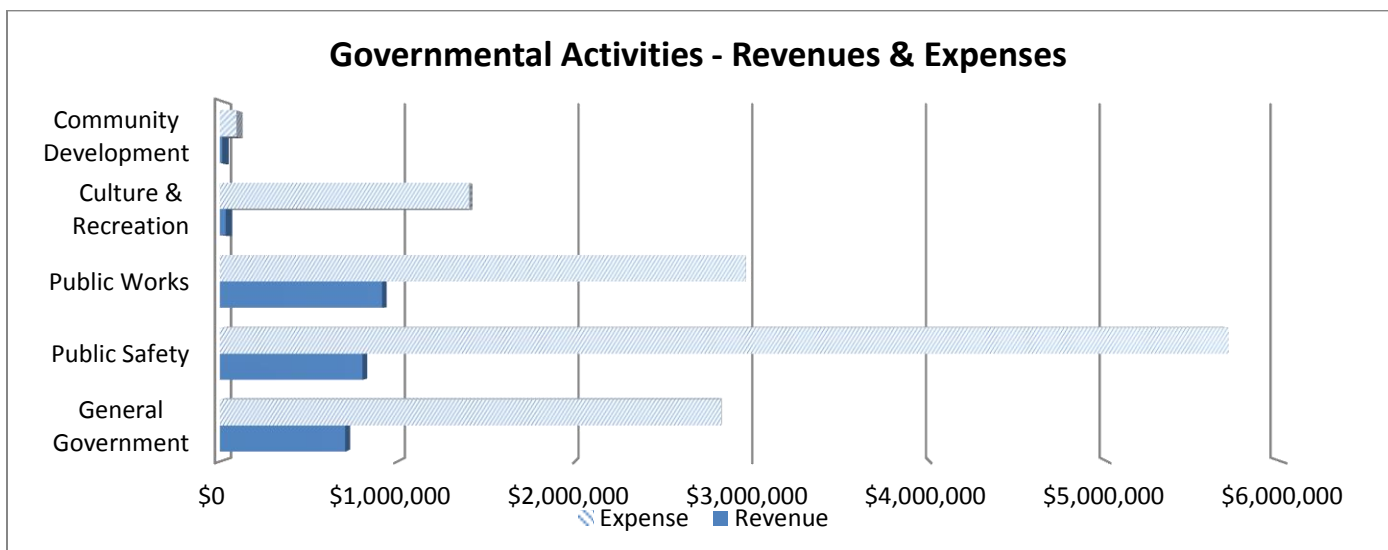
| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | 1,267,512 | 1,148,903 | 1,857,489 | 1,651,240 | 3,125,001 | 2,800,143 |
| Operating Grants & Contributions | 507,488 | 567,255 | 0 | 0 | 507,488 | 567,255 |
| Capital Grants & Contributions | 693,215 | 1,566,043 | 0 | 0 | 693,215 | 1,566,043 |
| General Revenues: | | | | | | |
| Property Taxes | 11,435,298 | 11,102,950 | 0 | 0 | 11,435,298 | 11,102,950 |
| Other | 572,732 | 568,746 | 106,880 | 135,171 | 679,612 | 703,917 |
| Total Revenues | 14,476,245 | 14,953,897 | 1,964,369 | 1,786,411 | 16,440,614 | 16,740,308 |
| Expenses: | | | | | | |
| General Government | 2,824,790 | 2,772,957 | 0 | 0 | 2,824,790 | 2,772,957 |
| Public Safety | 5,696,594 | 5,647,853 | 0 | 0 | 5,696,594 | 5,647,853 |
| Public Works | 2,964,548 | 3,095,268 | 0 | 0 | 2,964,548 | 3,095,268 |
| Community Development | 92,173 | 87,679 | 0 | 0 | 92,173 | 87,679 |
| Culture & Recreation | 1,404,863 | 1,437,102 | 883,813 | 697,549 | 2,288,676 | 2,134,651 |
| Interest on Long-Term Debt | 218,933 | 64,825 | 0 | 0 | 218,933 | 64,825 |
| Wastewater | 0 | 0 | 1,752,804 | 1,902,994 | 1,752,804 | 1,902,994 |
| Total Expenses | 13,201,901 | 13,105,684 | 2,636,617 | 2,600,543 | 15,838,518 | 15,706,227 |
| Change in Net Position | 1,274,344 | 1,848,213 | (672,248) | (814,132) | 602,096 | 1,034,081 |
| Beginning Net Position | 32,783,429 | 31,200,170 | 6,099,509 | 6,922,654 | 38,882,938 | 38,122,824 |
| Less GASB 68 Adjustment | 0 | (264,954) | 0 | (9,013) | 0 | (273,967) |
| Ending Net Position | 34,057,773 | 32,783,429 | 5,427,261 | 6,099,509 | 39,485,034 | 38,882,938 |

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The majority of revenue for governmental activities comes from property taxes, 79% of total revenue or \$11,435,298. Charges for services were the second largest category of revenue at 9% of total revenue or \$1,267,512. The following graph shows the distribution of governmental revenues by source.



The following chart shows how major programs are funded. The revenues included in this graph are program specific revenues such as user fees, capital grants, and operating grants. General revenues such as property revenues and interest earnings are excluded. This chart indicates that program revenues do not support program expenses requiring property taxes to pay for the bulk of the expenses.



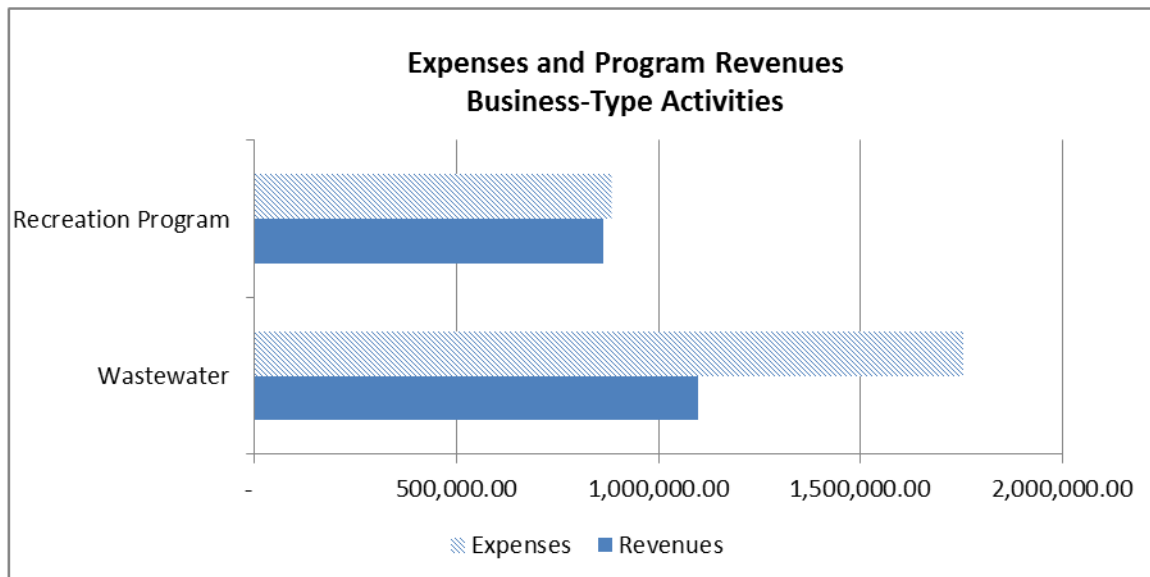
TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities (Wastewater and Recreation Funds):

Business-type activities decreased the Town's net position by \$672,248 during the current fiscal year through planned expenses. Key elements of this change are as follows:

- Charges for services: revenue in the business-type activities increased 12.4% from the prior fiscal year.
- Recreation Program: \$21,797 short of covering their expenses with charges for services. Over \$15,000 in expenses from an investment in paddleboards, kayaks, paddle boats and equipment for the new Bayside beach boat rental program. This should increase future years' revenue with very little future spending.
- Wastewater Fund: \$757,331 short of covering their expenditures with charges for services, despite revenues in the fiscal year coming in \$156,854 over budget. However, the Town paid South Burlington \$606,892 for capacity rights by providing funding to allow South Burlington to pay off debt for a wastewater plant upgrade. Additionally the Wastewater Fund had a depreciation expense of \$156,720. The Town anticipated this over spending and a significant portion of the Wastewater Fund balance will be drawn down over the course of this loan repayment so as to avoid rate related spikes related to the capacity rights.

Business-type activities are accounted for in the same manner that businesses account for operations. It is necessary that revenues plus net position meet or exceed expenses to continue operating. The graph below titled Operating Revenues & Expenses Business-Type Activities, demonstrates that during the current fiscal year expenses exceeded revenues for the Recreation Program Fund by \$18,951. In the Wastewater Fund the expenses exceeded the total revenues by \$653,297. However, the Recreation Program Fund has net position of \$263,948 and the Wastewater Fund has net position of \$5,163,313.



TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S 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. Specifically, unassigned fund balance can be a useful measure of a government's net resources available. Unassigned fund balance provides a reserve for emergencies and disasters, enables the Select Board to stabilize tax rates in economic hard times, and provides working capital from which to pay Town bills between tax collection due dates. The Town is required by State law to pay the Colchester School District all taxes LEVIED, even if the taxes are NOT COLLECTED by the Town. The Colchester School District's budget is nearly three times that of the Town. Payment of the School District represents a significant ongoing fiscal responsibility.

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. According to best practices, the unassigned fund balance should provide coverage of 2 to 4 months expenditures.

- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,468,897 and \$41,834 was non-spendable for inventory and prepaid expenses. A total of \$445,320 is assigned for the following uses:
 - \$ 257,530 - Reduce property taxes in fiscal year 2016
 - \$ 93,895 - Reduce property taxes in fiscal year 2017.
 - \$ 93,895 - Transfer to accrued General Fund Leave Time Fund in fiscal year 2017.

The Town's unassigned General Fund fund balance of \$1,468,897 on June 30, 2015 was 12.2% of total General Fund operating costs including debt payments, or about \$441,247 less than two months of these costs. By comparison, similar communities within inner Chittenden County with general fund budgets between \$8 million and \$11 million, had an average unassigned fund balance of 13% of expenditures during fiscal year 2014.

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.

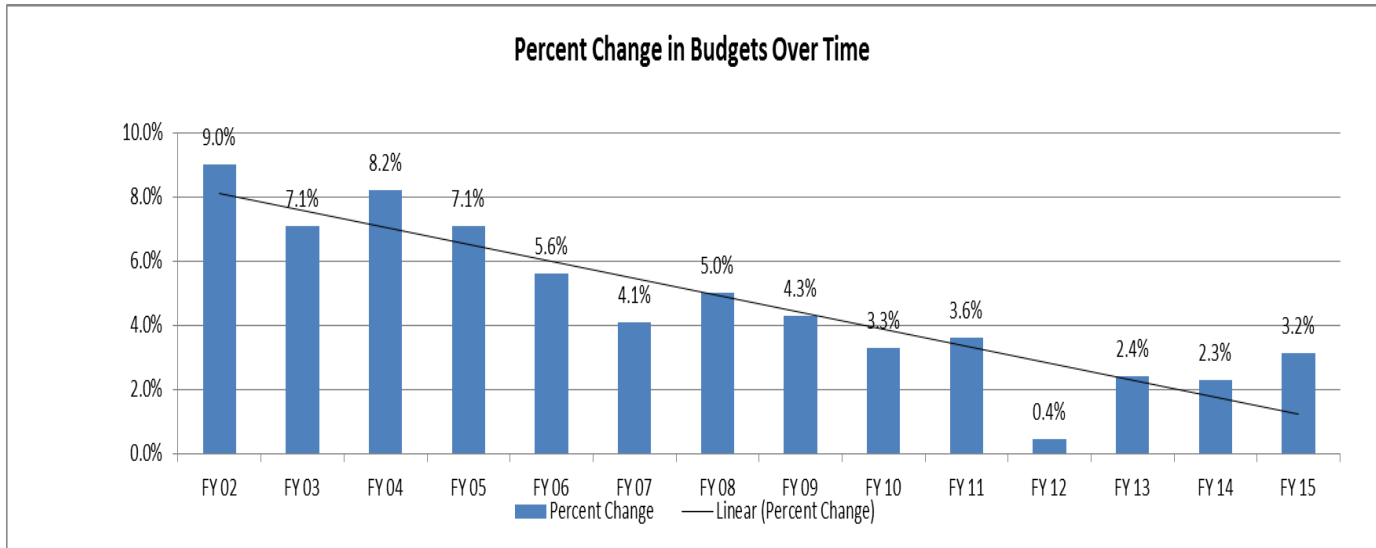
The Town operates a Septic Revolving Loan Fund to provide financial assistance for the upgrade of failing on-site septic systems. The Town has outstanding loans to 17 individuals or families as of June 30, 2015.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The Town's FY 2015 General Fund budget totaling \$11,697,172 increased 3.15% over FY 14. The budget increase between FY 13 and FY 14 was 2.3%. As a service organization, where voters provide funding for capital outside the budget, employee related costs comprise about 74% of the General Fund operating budget.

The graph on the next page shows the percent change in General Fund budget for the last 14 years.

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



Actual revenues in the General Fund were lower than budgeted by \$31,016 and actual expenditures were lower than budgeted by \$236,306. The FY 15 budget planned for deficit spending of \$17,500, but the General Fund ended with a surplus of \$187,790.

Some of the key factors contributing to this outcome include:

Revenue Variances

- Several revenues ended the year higher than budgeted including: planning & zoning fines, \$20,400 over budget; Building/Zoning Permits, \$19,742 over budget; and payment in lieu of taxes \$16,367 over budget.
- Several revenues came in under budget including: property taxes, \$52,671 under budget; support payments, \$63,351 under budget; and recording fees, \$41,421 under budget.
- \$33,600 was budgeted as revenue being transferred from the technology fund to cover staff expense related to server upgrades. The Town did not make this transfer because the server upgrades were primarily made with labor from contractor, the expense of which was borne directly by the technology fund.
- An additional \$29,000 of unexpected revenue was received by the General Fund through the transfer of earned administrative revenue from the Community Development fund. The General Fund expended the resources needed to earn the revenue.

Expenditure Variances

- Health Insurance costs were under budget by \$163,998. Town management evaluated options to control costs and moved to a higher deductible plan when insurance plans were renewed in January 2015, and essentially froze both Town and employee health insurance costs for the year. Dental Insurance, Life/Disability Insurance and Liability insurance also finished the year under budget by a combined total of \$77,085.
- Several open positions during the fiscal year, resulted in \$40,663 of savings in wages.
- Motor fuel prices were down resulting in \$41,395 in savings.
- The Parks Department ended FY15 \$41,513 over budget. This occurred because the Selectboard approved an \$81,000 transfer from to Parks Capital Plan, to assist with funding of a replacement maintenance building at Airport Park.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Colchester's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totaled \$48,383,134 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. The Town's capital assets included in the financial reports do not include the value of infrastructure assets (generally roads, bridges and the sewer system) put into operation prior to July 1, 2003, as required by GASB 34. All other capital assets are included and the department of Public Works maintains detailed and ongoing inventory of the condition of roads and bridges and monitors the sewer system through various methods.

| <u>Summary Capital Assets (net of depreciation)</u> | | | | | | |
|---|-------------------------|-------------|--------------------------|------------|------------|------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | 2,104,936 | \$2,104,936 | 132,568 | \$132,568 | 2,237,504 | 2,237,504 |
| Construction in Progress | 1,701,270 | 781,720 | 0 | 0 | 1,701,270 | 781,720 |
| Land Improvements | 1,225,658 | 1,271,166 | 0 | 0 | 1,225,658 | 1,271,166 |
| Buildings & Improvements | 7,349,455 | 7,459,770 | 0 | 0 | 7,349,455 | 7,459,770 |
| Equipment & Furniture | 1,345,672 | 1,326,831 | 0 | 0 | 1,345,672 | 1,326,831 |
| Vehicles | 2,039,478 | 2,100,359 | 0 | 0 | 2,039,478 | 2,100,359 |
| Infrastructure | 18,635,720 | 18,908,689 | 0 | 0 | 18,635,720 | 18,908,689 |
| Plant & Equipment | 0 | 0 | 2,924,327 | 2,895,077 | 2,924,327 | 2,895,077 |
| Capacity Rights | 0 | 0 | 10,924,050 | 11,530,942 | 10,924,050 | 11,530,942 |
| Total | 34,402,189 | 33,953,471 | 13,980,945 | 14,558,587 | 48,383,134 | 48,512,058 |

Major capital asset transactions during the year include the following additions: Construction in Progress increased \$919,550 due mostly to Mill Pond Bridge project (\$608,603) and Mill Pond Bridge roadway (\$237,618).

- Infrastructure increased by \$465,257 and was primarily comprised of \$265,934 for capital paving in various locations and \$238,277 for the completion of the multiyear Smith Estates Storm drain project.
- Significant equipment increases include a police radio upgrade (\$122,385), rescue roof replacement (\$25,210), and Meeting House repairs (\$34,800).
- Vehicle increases include two replacement dump trucks at a cost of \$117,685 each and two replacement police vehicles for a combined amount of \$59,599.

Major capital asset transactions during the year include the following deletions:

- \$445,993 in Construction in Progress was deleted. \$392,438 was completed projects which were FY15 additions to Equipment or Infrastructure. The additional \$53,555 deleted CIP were projects that did not reach the qualifications to become a capital asset.
- Equipment deletions include two dump trucks, two police vehicles, Boat Motor, Bobcat, parks mower and cardiac monitors. Replacement items were purchased in FY15.

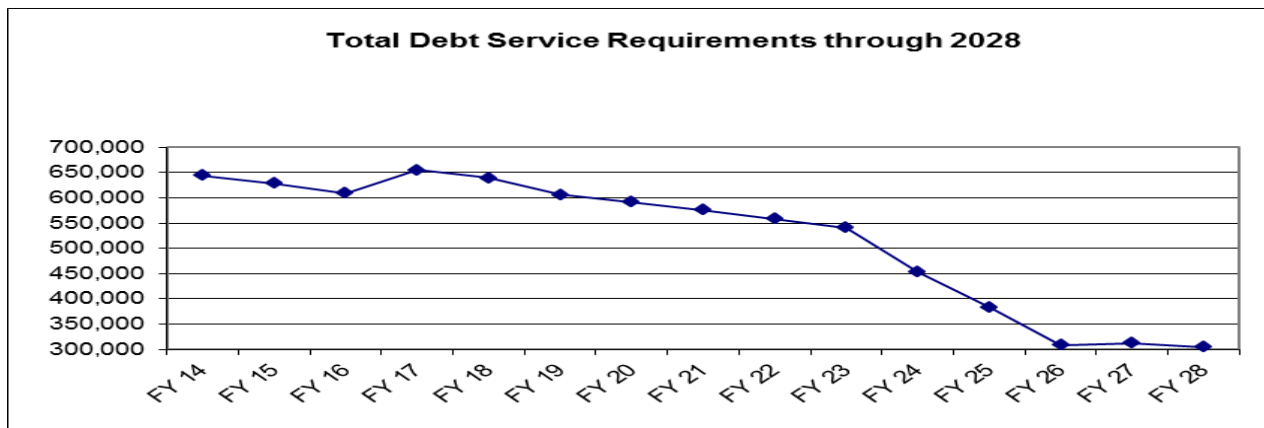
TOWN OF COLCHESTER, VERMONT MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

The only new borrowing in the governmental funds in 2015 was \$424,994 for the Windemere Park septic system improvement bond. There was no new borrowing in the business-type funds in Fiscal year 2015.

| Summary of Outstanding Debt | | | | | | |
|--|-------------------------|-------------|--------------------|-------------|-------------|-------------|
| | Governmental Activities | | Business-Type Debt | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General Obligation Bonds | \$5,624,673 | \$5,646,407 | \$316,192 | \$395,240 | \$5,940,865 | \$6,041,647 |
| Special Assessment Debt with Government Commitment | \$0 | \$0 | \$1,310,000 | \$1,485,000 | \$1,310,000 | \$1,485,000 |
| | \$5,624,673 | \$5,646,407 | \$1,626,192 | \$1,880,240 | \$7,250,865 | \$7,526,647 |

The below chart 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 IVI of this report.



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors and Next Year's Budgets and Rates

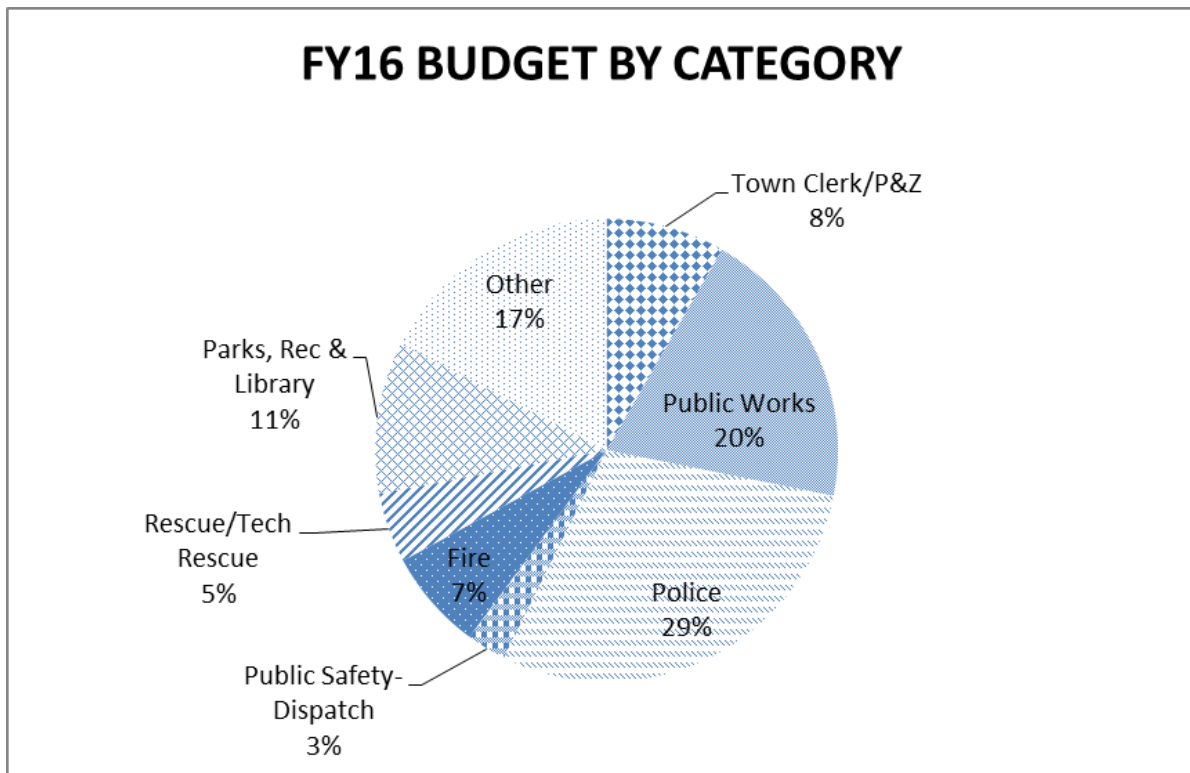
- The Colchester Grand List is made up of primarily residential properties. For FY 15, 77.4% of property tax revenues come from residential properties.
- The Municipal Grand List value for the Town was \$20,032,937 as of the beginning of FY 15. This was a 1.31% increase over the prior fiscal year. The increase is growth. Since 1970 the Town of Colchester's Grand List has grown from \$169,278 to \$20,014,567.

Next Year's (FY 16) Budget

- The Town of Colchester approved a General Fund budget for 2016 in the amount of \$11,867,777. This represents an increase of 1.4% over the previous year.
- The municipal tax rate decreased by 5.3% to \$0.5405.
- In FY 15 and 16, about 44% of the budget is for public safety services.
- Public Works represents about 20% of the General Fund budget in FY 15 and FY 16.
- Parks, Recreation and the Library represent about 11% of the General Fund budget in FY 15 and FY 16.
- As a service organization, where voters provide funding for capital outside the budget, employee related costs comprise 72% of the General Fund operating budget.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The graph below depicts how the Town spends its General Fund operating budget.



Future Budgetary Issues

In fiscal years 2016 and beyond the Town will face pressures of increased service and infrastructure needs requiring increased expenditures for:

- more highway workers due to increased roads and paths
- water quality improvements to preserve Malletts Bay, Lake Champlain and our rivers/tributaries
- mandates from Federal and State government to address and mitigate stormwater impacts
- cost shifts from State and Federal government for a variety of services as well as reductions in grants and financial support
- police, rescue, and firefighting resources to meet demands of new development

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. The report is available online at www.colchestervt.gov.

TOWN OF COLCHESTER, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2015

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$ 8,225,536 | \$ 39,604 | \$ 8,265,140 |
| Investments | 608,677 | 207,902 | 816,579 |
| Receivables (Net of Allowance for Uncollectibles) | 640,105 | 1,635,422 | 2,275,527 |
| Notes Receivable (Net of Allowance for Uncollectibles) | 589,613 | 0 | 589,613 |
| Internal Balances | (2,706,836) | 2,706,836 | 0 |
| Prepaid Expenses | 1,312 | 1,002 | 2,314 |
| Inventory | 40,522 | 11,097 | 51,619 |
| Capital Assets: | | | |
| Land | 2,104,936 | 132,568 | 2,237,504 |
| Construction in Progress | 1,701,270 | 0 | 1,701,270 |
| Other Capital Assets (Net of Accumulated Depreciation) | 30,595,983 | 13,848,377 | 44,444,360 |
| Total Assets | 41,801,118 | 18,582,808 | 60,383,926 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred Outflows of Resources Related to the Town's Participation in VMERS | 445,592 | 15,158 | 460,750 |
| Total Deferred Outflows of Resources | 445,592 | 15,158 | 460,750 |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | 317,190 | 116,863 | 434,053 |
| Accrued Payroll and Benefits Payable | 291,000 | 33,585 | 324,585 |
| Unearned Revenue | 128,715 | 171,291 | 300,006 |
| Due to Others | 155,237 | 0 | 155,237 |
| Accrued Interest Payable | 22,128 | 44,617 | 66,745 |
| Noncurrent Liabilities: | | | |
| Due within One Year | 486,897 | 768,783 | 1,255,680 |
| Due in More than One Year | 6,232,991 | 12,017,512 | 18,250,503 |
| Total Liabilities | 7,634,158 | 13,152,651 | 20,786,809 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Prepaid Property Taxes | 24,041 | 0 | 24,041 |
| Deferred Inflows of Resources Related to the Town's Participation in VMERS | 530,738 | 18,054 | 548,792 |
| Total Deferred Inflows of Resources | 554,779 | 18,054 | 572,833 |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 29,200,440 | 2,536,016 | 31,736,456 |
| Restricted: | | | |
| Public Safety | 124,235 | 0 | 124,235 |
| Culture and Recreation | 185,752 | 0 | 185,752 |
| Cemetery | 283,091 | 0 | 283,091 |
| Other | 76,358 | 6,600 | 82,958 |
| Unrestricted | 4,187,897 | 2,884,645 | 7,072,542 |
| Total Net Position | \$ 34,057,773 | \$ 5,427,261 | \$ 39,485,034 |

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| | 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 | \$ 2,824,790 | \$ 530,618 | \$ 175,190 | \$ 0 | \$ (2,118,982) | \$ 0 | \$ (2,118,982) |
| Public Safety | 5,696,594 | 628,391 | 107,016 | 67,662 | (4,893,525) | 0 | (4,893,525) |
| Public Works | 2,964,548 | 76,182 | 212,018 | 625,553 | (2,050,795) | 0 | (2,050,795) |
| Culture and Recreation | 1,404,863 | 26,766 | 5,429 | 0 | (1,372,668) | 0 | (1,372,668) |
| Community Development | 92,173 | 5,555 | 7,835 | 0 | (78,783) | 0 | (78,783) |
| Interest on Long-term Debt | 218,933 | 0 | 0 | 0 | (218,933) | 0 | (218,933) |
| Total Governmental Activities | 13,201,901 | 1,267,512 | 507,488 | 693,215 | (10,733,686) | 0 | (10,733,686) |
| Business-type Activities: | | | | | | | |
| Wastewater | 1,752,804 | 995,473 | 0 | 0 | 0 | (757,331) | (757,331) |
| Recreation Program | 883,813 | 862,016 | 0 | 0 | 0 | (21,797) | (21,797) |
| Total Business-type Activities | 2,636,617 | 1,857,489 | 0 | 0 | 0 | (779,128) | (779,128) |
| Total Primary Government | \$ 15,838,518 | \$ 3,125,001 | \$ 507,488 | \$ 693,215 | (10,733,686) | (779,128) | (11,512,814) |
| General Revenues: | | | | | | | |
| Property Taxes | | | | | 11,435,298 | 0 | 11,435,298 |
| Penalties and Interest on Delinquent Taxes | | | | | 129,476 | 0 | 129,476 |
| General State Grants | | | | | 302,603 | 0 | 302,603 |
| Impact Fees | | | | | 69,825 | 0 | 69,825 |
| Unrestricted Investment Earnings | | | | | 31,447 | 104,880 | 136,327 |
| Gain on Sale of Equipment and Vehicles | | | | | 11,307 | 0 | 11,307 |
| Other Revenues | | | | | 30,074 | 0 | 30,074 |
| Transfers: | | | | | (2,000) | 2,000 | 0 |
| Total General Revenues and Transfers | | | | | 12,008,030 | 106,880 | 12,114,910 |
| Change in Net Position | | | | | 1,274,344 | (672,248) | 602,096 |
| Net Position - July 1, 2014, As Restated | | | | | 32,783,429 | 6,099,509 | 38,882,938 |
| Net Position - June 30, 2015 | | | | | \$ 34,057,773 | \$ 5,427,261 | \$ 39,485,034 |

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

TOWN OF COLCHESTER, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

| | General Fund | Capital Projects Fund | Reserve Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------|---------------------|------------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash | \$ 7,944,211 | \$ 0 | \$ 0 | \$ 281,325 | \$ 8,225,536 |
| Investments | 400,335 | 0 | 0 | 208,342 | 608,677 |
| Receivables (Net of Allowance for Uncollectibles) | 544,265 | 35,556 | 0 | 60,284 | 640,105 |
| Notes Receivable (Net of Allowance for Uncollectibles) | 0 | 0 | 0 | 589,613 | 589,613 |
| Due from Other Funds | 0 | 1,378,499 | 1,160,025 | 690,294 | 3,228,818 |
| Prepaid Expenses | 1,312 | 0 | 0 | 0 | 1,312 |
| Inventory | 40,522 | 0 | 0 | 0 | 40,522 |
| Total Assets | <u>\$ 8,930,645</u> | <u>\$ 1,414,055</u> | <u>\$ 1,160,025</u> | <u>\$ 1,829,858</u> | <u>\$ 13,334,583</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 199,766 | \$ 102,583 | \$ 7,836 | \$ 7,005 | \$ 317,190 |
| Accrued Payroll and Benefits Payable | 290,937 | 0 | 0 | 63 | 291,000 |
| Due to Other Funds | 5,883,933 | 0 | 0 | 51,721 | 5,935,654 |
| Unearned Revenue | 0 | 0 | 0 | 128,715 | 128,715 |
| Due to Others | 155,237 | 0 | 0 | 0 | 155,237 |
| Total Liabilities | <u>6,529,873</u> | <u>102,583</u> | <u>7,836</u> | <u>187,504</u> | <u>6,827,796</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Prepaid Property Taxes | 24,041 | 0 | 0 | 0 | 24,041 |
| Unavailable Property Taxes, Penalties and Interest | 278,106 | 0 | 0 | 0 | 278,106 |
| Unavailable Ambulance Fees | 118,531 | 0 | 0 | 0 | 118,531 |
| Unavailable Grants | 24,043 | 9,215 | 0 | 60,009 | 93,267 |
| Unavailable Notes Receivable | 0 | 0 | 0 | 589,613 | 589,613 |
| Total Deferred Inflows of Resources | <u>444,721</u> | <u>9,215</u> | <u>0</u> | <u>649,622</u> | <u>1,103,558</u> |
| <u>FUND BALANCES/(DEFICIT)</u> | | | | | |
| Nonspendable | 41,834 | 0 | 0 | 93,050 | 134,884 |
| Restricted | 0 | 0 | 0 | 632,163 | 632,163 |
| Assigned | 445,320 | 1,302,257 | 1,152,189 | 315,016 | 3,214,782 |
| Unassigned/(Deficit) | 1,468,897 | 0 | 0 | (47,497) | 1,421,400 |
| Total Fund Balances | <u>1,956,051</u> | <u>1,302,257</u> | <u>1,152,189</u> | <u>992,732</u> | <u>5,403,229</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 8,930,645</u> | <u>\$ 1,414,055</u> | <u>\$ 1,160,025</u> | <u>\$ 1,829,858</u> | |
| Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because: | | | | | |
| Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds. | | | | | 34,402,189 |
| Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds. | | | | | 1,079,517 |
| Long-term and Accrued Liabilities, Including Bonds Payable, Amounts Due to the State of Vermont and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds. | | | | | (6,742,016) |
| Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds. | | | | | <u>(85,146)</u> |
| Net Position of Governmental Activities | | | | | <u>\$ 34,057,773</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, 2015

| | General Fund | Capital Projects Fund | Reserve Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------|---------------------|------------------------------------|--------------------------------|
| Revenues: | | | | | |
| Property Taxes | \$ 9,552,675 | \$ 751,239 | \$ 45,000 | \$ 1,007,589 | \$ 11,356,503 |
| Penalties and Interest on Delinquent Taxes | 129,476 | 0 | 0 | 0 | 129,476 |
| Intergovernmental | 639,695 | 54,303 | 73,325 | 563,576 | 1,330,899 |
| Charges for Services | 618,761 | 24,946 | 0 | 6,970 | 650,677 |
| Permits, Licenses and Fees | 498,842 | 0 | 30,452 | 117,880 | 647,174 |
| Fines and Forfeits | 48,429 | 0 | 0 | 0 | 48,429 |
| Loan Repayments | 0 | 0 | 0 | 13,647 | 13,647 |
| Loan Interest Income | 0 | 0 | 0 | 5,555 | 5,555 |
| Investment Income | 19,171 | 4,050 | 3,197 | 5,029 | 31,447 |
| Donations | 0 | 0 | 5,100 | 3,766 | 8,866 |
| Other | 38,654 | 2,600 | 0 | 1,916 | 43,170 |
| Total Revenues | <u>11,545,703</u> | <u>837,138</u> | <u>157,074</u> | <u>1,725,928</u> | <u>14,265,843</u> |
| Expenditures: | | | | | |
| General Government | 2,632,764 | 0 | 75,009 | 9,242 | 2,717,015 |
| Public Safety | 5,211,090 | 0 | 29,736 | 94,659 | 5,335,485 |
| Public Works | 2,064,179 | 36,988 | 0 | 6,127 | 2,107,294 |
| Culture and Recreation | 1,156,639 | 8,904 | 0 | 27,649 | 1,193,192 |
| Community Development | 123,870 | 0 | 0 | 432,829 | 556,699 |
| Capital Outlay: | | | | | |
| General Government | 10,000 | 0 | 12,196 | 0 | 22,196 |
| Public Safety | 5,726 | 0 | 76,393 | 151,140 | 233,259 |
| Public Works | 12,886 | 880,743 | 44,380 | 189,382 | 1,127,391 |
| Culture and Recreation | 5,537 | 15,553 | 0 | 112,883 | 133,973 |
| Debt Service: | | | | | |
| Principal | 58,960 | 0 | 0 | 425,478 | 484,438 |
| Interest | 2,696 | 0 | 0 | 215,596 | 218,292 |
| Total Expenditures | <u>11,284,347</u> | <u>942,188</u> | <u>237,714</u> | <u>1,664,985</u> | <u>14,129,234</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | <u>261,356</u> | <u>(105,050)</u> | <u>(80,640)</u> | <u>60,943</u> | <u>136,609</u> |
| Other Financing Sources/(Uses): | | | | | |
| Proceeds from Long-term Debt | 0 | 0 | 0 | 424,994 | 424,994 |
| Proceeds from Sale of Equipment and Vehicles | 0 | 0 | 3,550 | 16,418 | 19,968 |
| Transfers In | 102,953 | 148,683 | 48,031 | 4,000 | 303,667 |
| Transfers Out | <u>(176,519)</u> | <u>(73,953)</u> | <u>(5,629)</u> | <u>(49,566)</u> | <u>(305,667)</u> |
| Total Other Financing Sources/(Uses) | <u>(73,566)</u> | <u>74,730</u> | <u>45,952</u> | <u>395,846</u> | <u>442,962</u> |
| Net Change in Fund Balances | 187,790 | (30,320) | (34,688) | 456,789 | 579,571 |
| Fund Balances - July 1, 2014 | <u>1,768,261</u> | <u>1,332,577</u> | <u>1,186,877</u> | <u>535,943</u> | <u>4,823,658</u> |
| Fund Balances - June 30, 2015 | <u>\$ 1,956,051</u> | <u>\$ 1,302,257</u> | <u>\$ 1,152,189</u> | <u>\$ 992,732</u> | <u>\$ 5,403,229</u> |

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, 2015

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) | \$ 579,571 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,516,819) is allocated over their estimated useful lives and reported as depreciation expense (\$1,557,743). This is the amount by which depreciation exceeded capital outlays in the current period. | (40,924) |
| The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position. | (74,582) |
| The effect of donations of capital assets is to increase net position. The State of Vermont is currently constructing a bridge for the Town. | 564,224 |
| The issuance of long-term debt (\$424,994) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$484,438) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, the Town recognized a forgiveness of debt in the amount of \$21,250. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 80,694 |
| The issuance of loans receivable (\$403,744) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$13,647) 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. In addition, the Town reduced the liability to the State of Vermont by \$39,532 due to the allowance of the related loan receivable. | 429,629 |
| Governmental funds report employer pension contributions as expenditures (\$302,870). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$295,179) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense. | 7,691 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (253,836) |
| 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. | (18,123) |
| Change in net position of governmental activities (Exhibit B) | \$ <u><u>1,274,344</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, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|--|---------------------------------|----------------------------|---|
| Revenues: | | | |
| Property Taxes | \$ 9,725,486 | \$ 9,682,151 | \$ (43,335) |
| Permits, Licenses and Fees | 486,450 | 498,842 | 12,392 |
| Charges for Services | 522,035 | 520,615 | (1,420) |
| Fines and Forfeitures | 41,000 | 48,429 | 7,429 |
| Highway State Aid | 183,417 | 196,344 | 12,927 |
| Payments in Lieu of Taxes | 160,000 | 176,367 | 16,367 |
| Current Use Payment | 15,000 | 34,011 | 19,011 |
| Support Payments | 155,576 | 92,225 | (63,351) |
| School Payment | 40,659 | 41,451 | 792 |
| Investment Income | 30,000 | 19,171 | (10,829) |
| Miscellaneous | 32,500 | 38,654 | 6,154 |
| Grant Income | 30,000 | 35,009 | 5,009 |
| Act 60 and Act 68 Reimbursement | 51,850 | 64,288 | 12,438 |
| Wastewater Fund Contribution | 98,146 | 98,146 | 0 |
| Capital Projects Fund Contribution | 73,953 | 73,953 | 0 |
| Reserve Fund Contribution | 33,600 | 0 | (33,600) |
| Community Development Fund Contribution | 0 | 29,000 | 29,000 |
| Total Revenues | <u>11,679,672</u> | <u>11,648,656</u> | <u>(31,016)</u> |
| Expenditures: | | | |
| Administration | 2,286,930 | 2,125,927 | 161,003 |
| Public Safety | 5,315,445 | 5,262,016 | 53,429 |
| Public Works, Highway and Garage | 2,028,840 | 2,012,176 | 16,664 |
| Community Development | 122,376 | 123,870 | (1,494) |
| Stormwater | 174,633 | 168,033 | 6,600 |
| Buildings | 172,386 | 169,275 | 3,111 |
| Health | 38,877 | 55,612 | (16,735) |
| Parks | 401,270 | 442,783 | (41,513) |
| Recreation | 218,880 | 216,549 | 2,331 |
| Library | 640,578 | 588,175 | 52,403 |
| Cemetery | 21,362 | 22,532 | (1,170) |
| Intergovernmental | <u>275,595</u> | <u>273,918</u> | <u>1,677</u> |
| Total Expenditures | <u>11,697,172</u> | <u>11,460,866</u> | <u>236,306</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | \$ <u>(17,500)</u> | 187,790 | \$ <u>205,290</u> |
| Fund Balance - July 1, 2014 | | <u>1,768,261</u> | |
| Fund Balance - June 30, 2015 | | \$ <u><u>1,956,051</u></u> | |

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

| | Wastewater Fund | Recreation Program Fund | Total |
|--|--------------------|----------------------------|--------------|
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Cash | \$ 39,604 | \$ 0 | \$ 39,604 |
| Investments | 207,902 | 0 | 207,902 |
| Receivables (Net of Allowance for Uncollectibles) | 325,422 | 0 | 325,422 |
| Special Assessment Receivable - Current Portion | 170,000 | 0 | 170,000 |
| Due from Other Funds | 2,183,539 | 523,297 | 2,706,836 |
| Prepaid Expenses | 0 | 1,002 | 1,002 |
| Inventory | 11,097 | 0 | 11,097 |
| Total Current Assets | 2,937,564 | 524,299 | 3,461,863 |
| Noncurrent Assets: | | | |
| Special Assessment Receivable - Noncurrent Portion | 1,140,000 | 0 | 1,140,000 |
| Capital Assets: | | | |
| Land | 132,568 | 0 | 132,568 |
| Plant and Equipment | 6,400,515 | 0 | 6,400,515 |
| Capacity Rights | 12,137,834 | 0 | 12,137,834 |
| Less: Accumulated Depreciation and Amortization | (4,689,972) | 0 | (4,689,972) |
| Total Noncurrent Assets | 15,120,945 | 0 | 15,120,945 |
| Total Assets | 18,058,509 | 524,299 | 18,582,808 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred Outflows of Resources Related to the Town's Participation in VMERS | 0 | 15,158 | 15,158 |
| Total Deferred Outflows of Resources | 0 | 15,158 | 15,158 |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable | 95,544 | 21,319 | 116,863 |
| Accrued Payroll and Benefits Payable | 106 | 33,479 | 33,585 |
| Unearned Revenue | 0 | 171,291 | 171,291 |
| Accrued Interest Payable | 44,617 | 0 | 44,617 |
| Special Assessment Debt with Governmental Commitment - Current Portion | 170,000 | 0 | 170,000 |
| General Obligation Bonds Payable - Current Portion | 79,048 | 0 | 79,048 |
| Due to South Burlington - Capacity Rights - Current Portion | 519,735 | 0 | 519,735 |
| Total Current Liabilities | 909,050 | 226,089 | 1,135,139 |
| Noncurrent Liabilities: | | | |
| Compensated Absences Payable | 0 | 25,511 | 25,511 |
| Net Pension Liability | 0 | 5,855 | 5,855 |
| Special Assessment Debt with Governmental Commitment - Noncurrent Portion | 1,140,000 | 0 | 1,140,000 |
| General Obligation Bonds Payable - Noncurrent Portion | 237,144 | 0 | 237,144 |
| Due to South Burlington - Capacity Rights - Noncurrent Portion | 10,609,002 | 0 | 10,609,002 |
| Total Noncurrent Liabilities | 11,986,146 | 31,366 | 12,017,512 |
| Total Liabilities | 12,895,196 | 257,455 | 13,152,651 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred Inflows of Resources Related to the Town's Participation in VMERS | 0 | 18,054 | 18,054 |
| Total Deferred Inflows of Resources | 0 | 18,054 | 18,054 |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 2,536,016 | 0 | 2,536,016 |
| Restricted | 6,600 | 0 | 6,600 |
| Unrestricted | 2,620,697 | 263,948 | 2,884,645 |
| Total Net Position | \$ 5,163,313 | \$ 263,948 | \$ 5,427,261 |

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, 2015

| | Wastewater Fund | Recreation Program Fund | Total |
|--|---------------------|----------------------------|---------------------|
| Operating Revenues: | | | |
| Charges for Services | \$ 995,473 | \$ 862,016 | \$ 1,857,489 |
| Total Operating Revenues | <u>995,473</u> | <u>862,016</u> | <u>1,857,489</u> |
| Operating Expenses: | | | |
| Salaries and Benefits | 4,435 | 630,802 | 635,237 |
| Insurances | 6,872 | 0 | 6,872 |
| Administration Costs | 98,146 | 0 | 98,146 |
| General Expenses | 4,598 | 78,706 | 83,304 |
| Program Expenses | 0 | 174,305 | 174,305 |
| Sewage Treatment | 458,275 | 0 | 458,275 |
| Chemicals | 38,294 | 0 | 38,294 |
| Repairs and Maintenance | 32,908 | 0 | 32,908 |
| Utilities | 42,453 | 0 | 42,453 |
| Depreciation and Amortization | <u>763,612</u> | <u>0</u> | <u>763,612</u> |
| Total Operating Expenses | <u>1,449,593</u> | <u>883,813</u> | <u>2,333,406</u> |
| Operating Income/(Loss) | <u>(454,120)</u> | <u>(21,797)</u> | <u>(475,917)</u> |
| Non-Operating Revenues/(Expenses): | | | |
| Interest Income on Special Assessment Debt Service | 89,743 | 0 | 89,743 |
| Investment Income | 14,291 | 846 | 15,137 |
| Interest Expense | <u>(303,211)</u> | <u>0</u> | <u>(303,211)</u> |
| Total Non-Operating Revenues/(Expenses) | <u>(199,177)</u> | <u>846</u> | <u>(198,331)</u> |
| Net Income/(Loss) Before Other Financing Sources | <u>(653,297)</u> | <u>(20,951)</u> | <u>(674,248)</u> |
| Other Financing Sources: | | | |
| Transfers In | <u>0</u> | <u>2,000</u> | <u>2,000</u> |
| Total Other Financing Sources | <u>0</u> | <u>2,000</u> | <u>2,000</u> |
| Change in Net Position | (653,297) | (18,951) | (672,248) |
| Net Position - July 1, 2014, As Restated | <u>5,816,610</u> | <u>282,899</u> | <u>6,099,509</u> |
| Net Position - June 30, 2015 | <u>\$ 5,163,313</u> | <u>\$ 263,948</u> | <u>\$ 5,427,261</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, 2015

| | Wastewater Fund | Recreation Program Fund | Total |
|--|--------------------|----------------------------|--------------------|
| Cash Flows From Operating Activities: | | | |
| Receipts from Customers and Users | \$ 976,400 | \$ 885,002 | \$ 1,861,402 |
| Payments for Goods and Services | (603,178) | (246,449) | (849,627) |
| Payments for Interfund Services | (98,146) | 0 | (98,146) |
| Payments for Wages and Benefits | (4,423) | (619,017) | (623,440) |
| Net Cash Provided by Operating Activities | <u>270,653</u> | <u>19,536</u> | <u>290,189</u> |
| Cash Flows From Noncapital Financing Activities: | | | |
| (Increase)/Decrease in Due from Other Funds | (2,183,539) | (22,382) | (2,205,921) |
| Increase/(Decrease) in Due to Other Funds | (88,196) | 0 | (88,196) |
| Transfers Received from Other Funds | 0 | 2,000 | 2,000 |
| Net Cash Provided/(Used) by Noncapital Financing Activities | <u>(2,271,735)</u> | <u>(20,382)</u> | <u>(2,292,117)</u> |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Special Assessments Received | 175,000 | 0 | 175,000 |
| Acquisition and Construction of Capital Assets | (185,970) | 0 | (185,970) |
| Principal Paid to South Burlington for Capacity Rights | (559,544) | 0 | (559,544) |
| Interest Paid to South Burlington for Capacity Rights | (182,766) | 0 | (182,766) |
| Principal Paid on General Obligation Bonds Payable | (254,048) | 0 | (254,048) |
| Interest Paid on General Obligation Bonds Payable | (84,348) | 0 | (84,348) |
| Net Cash Provided/(Used) by Capital and Related Financing Activities | <u>(1,091,676)</u> | <u>0</u> | <u>(1,091,676)</u> |
| Cash Flows From Investing Activities: | | | |
| Receipt of Interest and Dividends | 104,034 | 846 | 104,880 |
| Net Decrease in Investments | 32,050 | 0 | 32,050 |
| Net Cash Provided by Investing Activities | <u>136,084</u> | <u>846</u> | <u>136,930</u> |
| Net Increase/(Decrease) in Cash | (2,956,674) | 0 | (2,956,674) |
| Cash - July 1, 2014 | <u>2,996,278</u> | <u>0</u> | <u>2,996,278</u> |
| Cash - June 30, 2015 | <u>\$ 39,604</u> | <u>\$ 0</u> | <u>\$ 39,604</u> |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities: | | | |
| Operating Income/(Loss) | \$ (454,120) | \$ (21,797) | \$ (475,917) |
| Depreciation and Amortization | 763,612 | 0 | 763,612 |
| (Increase)/Decrease in Accounts Receivable | (19,073) | 51 | (19,022) |
| (Increase)/Decrease in Prepaid Expenses | 0 | (144) | (144) |
| (Increase)/Decrease in Inventory | (2,875) | 0 | (2,875) |
| (Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS | 0 | (6,883) | (6,883) |
| Increase/(Decrease) in Accounts Payable | (16,903) | 6,706 | (10,197) |
| Increase/(Decrease) in Accrued Payroll and Benefits Payable | 12 | 11,865 | 11,877 |
| Increase/(Decrease) in Unearned Revenue | 0 | 22,935 | 22,935 |
| Increase/(Decrease) in Compensated Absences Payable | 0 | 182 | 182 |
| Increase/(Decrease) in Net Pension Liability | 0 | (11,433) | (11,433) |
| Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS | 0 | 18,054 | 18,054 |
| Net Cash Provided by Operating Activities | <u>\$ 270,653</u> | <u>\$ 19,536</u> | <u>\$ 290,189</u> |

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

| | Agency Fund |
|---------------------|-----------------------------|
| | Developer Escrow Fund |
| <u>ASSETS</u> | |
| Cash | \$ 134,048 |
| Total Assets | 134,048 |
| <u>LIABILITIES</u> | |
| Due to Others | 134,048 |
| Total Liabilities | 134,048 |
| <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, 2015

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 activity of the Town of Colchester, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the 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, 2015

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.

The Town reports on the following major enterprise funds:

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

Recreation Program Fund – This fund accounts for the recreation program 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 Fund – This fund accounts 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, 2015

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, 2015

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 net position 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. New Pronouncement – Pension Plans

Effective June 30, 2015, the Town implemented GASB Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town's participation in the Vermont Municipal Employees' Retirement System (VMERS) as well as additional disclosures and required supplemental information.

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. Interest income is allocated based on the due from/to other funds balances.

2. Investments

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

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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. Pensions

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

6. 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.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred outflows of resources from one source; deferred outflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 two types which arise under the accrual basis of accounting that qualify for reporting in this category. The governmental activities reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. The governmental funds report deferred inflows of resources from five sources; prepaid property taxes, unavailable property taxes, penalties and interest, unavailable ambulance fees, unavailable grants and unavailable notes receivable. The business-type activities reports deferred inflows of resources from one source; deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated 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:

| | Capitalization Threshold | Estimated Service Life |
|-------------------------------------|-----------------------------|---------------------------|
| Land | \$ 10,000 | Not Depreciated |
| 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 |

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 incurred.

9. 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.

10. Long-term Liabilities

Long-term liabilities include bonds payable, capital leases, and other obligations such as compensated absences, community development loan repayments due to the State of Vermont, long term obligations for wastewater treatment capacity rights and the Town's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current assets on their balance sheets.

11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental 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:

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual 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 of revenues over expenditures in the General Fund in the amount of \$17,500 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 3.

C. Restatement of Net Position

Effective June 30, 2015, the Town implemented GASB Statement No. 68, “Financial Reporting for Pension Plans” – An amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town’s participation in the Vermont Municipal Employees’ Retirement System (VMERS) as well as additional disclosures and required supplemental information.

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As a result of adopting this new accounting principle, beginning net position of the Governmental Activities was reduced by \$264,954 resulting from the proportionate share of the net pension liability of \$508,220 at June 30, 2014 net of the deferred outflows of resources of \$243,266 of required contributions made during fiscal year 2014. The Governmental Activities net position has been restated from \$33,048,383 to \$32,783,429.

The beginning net position of the Recreation Program Fund and Business-type Activities was reduced by \$9,013 resulting from the proportionate share of the net pension liability of \$17,288 at June 30, 2014 net of the deferred outflows of resources of \$8,275 of required contributions made during fiscal year 2014. The Recreation Program Fund and Business-type Activities net position has been restated from \$291,912 to \$282,899 and \$6,108,522 to \$6,099,509, respectively.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2015 consisted of the following:

| | |
|--------------------------------------|--------------------|
| Cash: | |
| Deposits with Financial Institutions | \$8,353,799 |
| Deposits held by Investment Company | 43,084 |
| Cash on Hand | <u>2,305</u> |
| Total Cash | <u>8,399,188</u> |
| Investments: | |
| Certificates of Deposit | 420,124 |
| U.S. Treasury Strips | 207,903 |
| Corporate Bonds | 68,404 |
| Mutual Funds – Equities | 110,422 |
| Common Stock | <u>9,726</u> |
| Total Investments | <u>816,579</u> |
| Total Cash and Investments | <u>\$9,215,767</u> |

The Town has three (3) certificates of deposit at various banks ranging from \$19,789 to \$289,709 with interest rates ranging from 0.4% to 2.0%. All of the certificates of deposit mature by fiscal year 2020.

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.

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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 counterparty (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.

| | Book Balance | Bank Balance |
|---|---------------------|---------------------|
| Insured by FDIC/SIPC | \$ 928,915 | \$ 928,915 |
| Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent | 7,848,332 | 8,079,421 |
| Uninsured, Uncollateralized | <u>39,760</u> | <u>39,760</u> |
| | <u>\$ 8,817,007</u> | <u>\$ 9,048,096</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 | \$8,353,799 |
| Cash – Deposits held by Investment Company | 43,084 |
| Investments – Certificates of Deposit | <u>420,124</u> |
| Total | <u>\$8,817,007</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 exempt from interest rate risk disclosure. The Town's mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

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). The U.S. Treasury Strips and corporate bonds are shown at their actual maturity.

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| Investment Type | Remaining Maturity | | | | Total |
|----------------------|---------------------|-----------------|------------------|------------------|------------|
| | Less Than 1 Year | 1 to 5 Years | 5 to 10 Years | Not Available | |
| U.S. Treasury Strips | \$ 35,990 | \$ 139,262 | \$ 32,651 | \$ 0 | \$ 207,903 |
| Corporate Bonds | 0 | 31,677 | 36,727 | 0 | 68,404 |
| Mutual Funds | 0 | 0 | 0 | 110,422 | 110,422 |
| Total | \$ 35,990 | \$ 170,939 | \$ 69,378 | \$ 110,422 | \$ 386,729 |

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The U.S. Treasury Strips are exempt from this analysis. The mutual funds are open-ended and are, therefore, excluded from the credit risk analysis.

| Investment Type | Standard and Poor's Rating as of June 30, 2015 | | | | Total |
|-----------------|--|----------|-----------|----------|-----------|
| | AA+ | A- | BBB+ | BBB- | |
| Corporate Bonds | \$ 11,160 | \$ 9,766 | \$ 40,143 | \$ 7,335 | \$ 68,404 |
| Total | \$ 11,160 | \$ 9,766 | \$ 40,143 | \$ 7,335 | \$ 68,404 |

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 U.S. Treasury Strips are exempt from this analysis. The mutual funds are open-ended and are, therefore, excluded from the concentration of credit risk analysis. The percentage of corporate bonds invested in each issuer is as follows:

Corporate Bonds

| | | |
|--------------------------------------|-----------|--------|
| AT&T Inc. | \$ 9,702 | 14.2% |
| Bank of America Corporation | 10,754 | 15.7% |
| Devon Energy Corporation | 9,924 | 14.5% |
| General Electric Capital Corporation | 11,160 | 16.3% |
| Goldman Sachs Group Inc. | 9,762 | 14.3% |
| JP Morgan Chase & Co. | 9,766 | 14.3% |
| Time Warner Cable Inc. | 7,336 | 10.7% |
| Total | \$ 68,404 | 100.0% |

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B. Receivables

Receivables as of June 30, 2015, 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 | \$ 328,194 | \$ 0 | \$ 328,194 |
| Penalties and Interest Receivable | 59,413 | 0 | 59,413 |
| Ambulance Receivable | 221,574 | 0 | 221,574 |
| Grants Receivable | 124,569 | 0 | 124,569 |
| Accounts Receivable | 31,855 | 0 | 31,855 |
| Billed Services | 0 | 13,707 | 13,707 |
| Unbilled Services | 0 | 311,715 | 311,715 |
| Special Assessment - Current Portion * | 0 | 170,000 | 170,000 |
| Special Assessment - Noncurrent Portion * | 0 | 1,140,000 | 1,140,000 |
| Allowance for Doubtful Accounts | <u>(125,500)</u> | <u>0</u> | <u>(125,500)</u> |
| Total | \$ <u>640,105</u> | \$ <u>1,635,422</u> | \$ <u>2,275,527</u> |

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

C. Notes Receivable

Notes receivable as of June 30, 2015 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 3rd 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

Note Receivable, Housing Foundation, Inc., Principal and
Administrative Fee Payments of \$6,116 Monthly Beginning
January, 2016, 2% Administrative Fee, Due January, 2022.
Income from Repayment of the Loan will be Used to Pay the
Related Windemere Park Septic System Improvements Bond
Described in Note IV.I. 403,744

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Notes Receivable, Eighteen (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. Income from Repayment of the Loans will be Used to Pay the Related Septic Improvement Loan Program Bonds Described in Note IV.I. \$ 185,869

Total Notes Receivable 1,385,391

Plus: Accrued Interest on Notes Receivable 62,347

Less: Allowance for Doubtful Notes and
Accrued Interest Receivable (858,125)

Reported Value as of June 30, 2015 \$ 589,613

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------------|-------------------|----------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 2,104,936 | \$ 0 | \$ 0 | \$ 2,104,936 |
| Construction in Progress | <u>781,720</u> | <u>1,365,543</u> | <u>445,993</u> | <u>1,701,270</u> |
| Total Capital Assets, Not Being Depreciated | <u>2,886,656</u> | <u>1,365,543</u> | <u>445,993</u> | <u>3,806,206</u> |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 1,984,132 | 10,057 | 0 | 1,994,189 |
| Buildings and Building Improvements | 9,393,194 | 57,310 | 0 | 9,450,504 |
| Equipment and Furniture | 2,324,704 | 289,241 | 146,370 | 2,467,575 |
| Vehicles | 3,803,908 | 294,969 | 292,104 | 3,806,773 |
| Infrastructure | <u>22,590,944</u> | <u>535,990</u> | <u>70,733</u> | <u>23,056,201</u> |
| Totals | <u>40,096,882</u> | <u>1,187,567</u> | <u>509,207</u> | <u>40,775,242</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | 712,966 | 55,565 | 0 | 768,531 |
| Buildings and Building Improvements | 1,933,424 | 167,625 | 0 | 2,101,049 |
| Equipment and Furniture | 997,873 | 223,896 | 99,866 | 1,121,903 |
| Vehicles | 1,703,549 | 301,698 | 237,952 | 1,767,295 |
| Infrastructure | <u>3,682,255</u> | <u>808,959</u> | <u>70,733</u> | <u>4,420,481</u> |
| Totals | <u>9,030,067</u> | <u>1,557,743</u> | <u>408,551</u> | <u>10,179,259</u> |
| Total Capital Assets, Being Depreciated | <u>31,066,815</u> | <u>(370,176)</u> | <u>100,656</u> | <u>30,595,983</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 33,953,471</u> | <u>\$ 995,367</u> | <u>\$ 546,649</u> | <u>\$ 34,402,189</u> |

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| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-------------|----------------------|
| Business-type Activities | | | | |
| 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 | 185,970 | 0 | 221,037 |
| 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>185,970</u> | <u>0</u> | <u>18,538,349</u> |
| Less Accumulated Depreciation for: | | | | |
| Plant and Equipment | 3,319,468 | 156,720 | 0 | 3,476,188 |
| Capacity Rights - Wastewater Treatment | <u>606,892</u> | <u>606,892</u> | <u>0</u> | <u>1,213,784</u> |
| Totals | <u>3,926,360</u> | <u>763,612</u> | <u>0</u> | <u>4,689,972</u> |
| Total Capital Assets, Being Depreciated | <u>14,426,019</u> | <u>(577,642)</u> | <u>0</u> | <u>13,848,377</u> |
| Business-type Activities Capital Assets, Net | <u>\$ 14,558,587</u> | <u>\$ (577,642)</u> | <u>\$ 0</u> | <u>\$ 13,980,945</u> |

Depreciation was charged as follows:

| | | | |
|---|---------------------|--|-------------------|
| Governmental Activities: | | Business-type Activities: | |
| General Government | \$ 108,154 | Wastewater | \$ <u>763,612</u> |
| Public Safety | 331,608 | | |
| Public Works | 897,793 | | |
| Culture and Recreation | <u>220,188</u> | | |
| Total Depreciation Expense - Governmental Activities | \$ <u>1,557,743</u> | Total Depreciation Expense - Business-type Activities | \$ <u>763,612</u> |

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2015 are as follows:

| Fund | Due from Other Funds | Due to Other Funds |
|------------------------------|-------------------------|-----------------------|
| General Fund | \$ 0 | \$ 5,883,933 |
| Capital Projects Fund | 1,378,499 | 0 |
| Reserve Fund | 1,160,025 | 0 |
| Non-Major Governmental Funds | 690,294 | 51,721 |
| Wastewater Fund | 2,183,539 | 0 |
| Recreation Program Fund | <u>523,297</u> | <u>0</u> |
| Total | \$ <u>5,935,654</u> | \$ <u>5,935,654</u> |

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Interfund transfers during the year ended June 30, 2015 were as follows:

| Transfer From | Transfer To | Amount | Purpose |
|----------------------------|---|-------------------|--|
| General Fund | Capital Projects Fund | \$ 81,000 | Fund Capital Project |
| General Fund | Reserve Fund | 27,700 | Appropriation |
| General Fund | Reserve Fund | 20,000 | Transfer for Boating Safety Grant |
| General Fund | Reserve Fund | 331 | Fund Excess Library Reserve Expenditures |
| General Fund | Recreation Program Fund | 2,000 | Fund Capital Purchase |
| General Fund | Capital Projects Fund | 41,488 | Fund Street Light Fund Deficit |
| General Fund | Recreation Acquisition and Development Fund | 4,000 | Appropriation |
| Capital Projects Fund | General Fund | 73,953 | Appropriation |
| Community Development Fund | General Fund | 29,000 | Reimbursement for Administration Expenses |
| Heritage Project Fund | Capital Projects Fund | 948 | Close Fund |
| Reserve Fund | Capital Projects Fund | 5,629 | Fund Excess Bike Path Project Expenditures |
| FEMA Fund | Capital Projects Fund | <u>19,618</u> | Return Overpaid Local Match |
| Total | | \$ <u>305,667</u> | |

F. Unearned Revenue

Unearned revenue in the Non-Major Governmental Funds consists of \$128,715 of grant revenue received in advance.

Unearned revenue in the Recreation Program Fund consists of \$171,291 of recreation fees received in advance. This revenue will be earned when the recreation programs are provided.

G. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$142,722 resulting from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$302,870 of required employer pension contributions made subsequent to the measurement date for a total of \$445,592, as further described in Note V.A.

Deferred outflows of resources in the Recreation Program Fund and Business-type Activities consists of \$4,855 resulting from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$10,303 of required employer pension contributions made subsequent to the measurement date for a total of \$15,158, as further described in Note V.A.

H. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$24,041 of prepaid property taxes and \$530,738 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A. Total deferred inflows of resources in the Governmental Activities is \$554,779.

Deferred inflows of resources in the Recreation Program Fund and Business-type Activities consists of \$18,054 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A.

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Deferred inflows of resources in the General Fund consists of \$278,106 of delinquent property taxes, penalties and interest on those taxes, \$118,531 of ambulance fees and \$24,043 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 \$24,041 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$444,721.

Deferred inflows of resources in the Capital Projects Fund consist of \$9,215 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 \$60,009 of grant revenue and \$589,613 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 \$649,622.

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

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

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Long-term liabilities outstanding as of June 30, 2015 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 | \$ 496,413 | \$ 0 | \$ 49,642 | \$ 446,771 |
| 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 | 104,106 | 0 | 7,091 | 97,015 |
| 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 | 59,820 | 0 | 3,745 | 56,075 |
| 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 | 101,068 | 0 | 0 | 101,068 |
| Bond Payable, Vermont Municipal Bond Bank, Municipal Building, Principal Payments of \$310,000 Payable on December 1 Annually, Interest Ranging from 3.865% to 4.665% Payable June 1 and December 1, Due December, 2027 | 4,280,000 | 0 | 310,000 | 3,970,000 |
| Bond Payable, Vermont Municipal Bond Bank, Bayside Property Purchase, Principal Payments of \$55,000 Payable on December 1 Annually, Interest Ranging from 1.87% to 5.09% Payable June 1 and December 1, Due December, 2024 | 605,000 | 0 | 55,000 | 550,000 |

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| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital Lease Payable, First Niagara Leasing, Street Light Project, Principal and Interest Payments of \$61,656 Payable on July 15 Annually, Interest at 1.946%, Due July, 2018 | \$ 293,938 | \$ 0 | \$ 58,960 | \$ 234,978 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Windemere Park Septic System Improvements, Authorized to \$500,000 but Eligible for \$25,000 Subsidy, Principal and Administrative Fee Payments of \$73,393 Payable on December 1 Annually Beginning December 1, 2016, 2% Administrative Fee, Due December, 2022. The Town Recognized \$21,250 of the Subsidy during the Year | <u>0</u> | <u>424,994</u> | <u>21,250</u> | <u>403,744</u> |
| Total Governmental Activities | <u>\$5,940,345</u> | <u>\$424,994</u> | <u>\$505,688</u> | <u>\$5,859,651</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 Ranging from 6.9% to 7.0% Payable June 1 and December 1, Due December, 2020 | \$ 890,000 | \$ 0 | \$105,000 | \$ 785,000 |
| Bond Payable, Vermont Municipal Bond Bank, Sewer System Expansion, Principal Payments Ranging from \$35,000 to \$90,000 Payable on December 1 Annually, Interest Ranging from 6.9% to 7.0% Payable June 1 and December 1, Due December, 2021 | 580,000 | 0 | 55,000 | 525,000 |
| Bond Payable, Vermont Municipal Bond Bank, Sewer System Expansion, Principal Payment of \$15,000 Payable on December 1, Interest at 6.4%, Due and Paid December, 2014 | 15,000 | 0 | 15,000 | 0 |

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| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|-----------|-----------|-------------------|
| 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 | \$ 395,240 | \$ 0 | \$ 79,048 | \$ 316,192 |
| Total Business-type Activities | \$1,880,240 | \$ 0 | \$254,048 | \$1,626,192 |

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|------------|------------|-------------------|------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds Payable | \$ 5,646,407 | \$ 424,994 | \$ 446,728 | \$ 5,624,673 | \$ 429,855 |
| Capital Leases Payable | 293,938 | 0 | 58,960 | 234,978 | 57,042 |
| Due to State of Vermont | 39,532 | 0 | 39,532 | 0 | 0 |
| Compensated Absences Payable | 670,638 | 17,482 | 0 | 688,120 | 0 |
| Net Pension Liability | 508,220 | 0 | 336,103 | 172,117 | 0 |
| Total Governmental Activities | | | | | |
| Long-term Liabilities | \$ 7,158,735 | \$ 442,476 | \$ 881,323 | \$ 6,719,888 | \$ 486,897 |
| Business-type Activities | | | | | |
| Special Assessment Debt with Governmental Commitment | \$ 1,485,000 | \$ 0 | \$ 175,000 | \$ 1,310,000 | \$ 170,000 |
| General Obligation Bonds Payable | 395,240 | 0 | 79,048 | 316,192 | 79,048 |
| Due to South Burlington - Capacity Rights | 11,688,281 | 0 | 559,544 | 11,128,737 | 519,735 |
| Compensated Absences Payable | 25,329 | 182 | 0 | 25,511 | 0 |
| Net Pension Liability | 17,288 | 0 | 11,433 | 5,855 | 0 |
| Total Business-type Activities | | | | | |
| Long-term Liabilities | \$ 13,611,138 | \$ 182 | \$ 825,025 | \$ 12,786,295 | \$ 768,783 |

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, however, the related loan receivable is allowed for and, therefore, the Town does not anticipate having to repay the State of Vermont.

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, 2015 was \$11,128,737.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 |
| 2016 | \$ 429,855 | \$ 203,850 | \$ 61,656 | \$ 249,048 | \$ 84,401 |
| 2017 | 489,052 | 197,363 | 61,656 | 259,048 | 72,342 |
| 2018 | 490,641 | 180,014 | 61,656 | 274,048 | 59,422 |
| 2019 | 492,260 | 162,350 | 61,656 | 289,048 | 45,467 |
| 2020 | 493,914 | 144,299 | 0 | 225,000 | 30,479 |
| 2021-2025 | 2,226,370 | 442,221 | 0 | 330,000 | 17,551 |
| 2026-2030 | 973,449 | 69,502 | 0 | 0 | 0 |
| 2031-2035 | 29,132 | 1,772 | 0 | 0 | 0 |
| Total | 5,624,673 | 1,401,371 | 246,624 | 1,626,192 | 309,662 |
| Less: Imputed Interest | 0 | 0 | (11,646) | 0 | 0 |
| Total | <u>\$ 5,624,673</u> | <u>\$ 1,401,371</u> | <u>\$ 234,978</u> | <u>\$ 1,626,192</u> | <u>\$ 309,662</u> |

J. Fund Balances

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

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

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.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 | \$ 1,312 |
| Nonspendable Inventories | <u>40,522</u> |
| Total General Fund | <u>41,834</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>\$134,884</u> |

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) | \$ 77,622 |
| Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue) | 43,983 |
| Restricted for Grant Expenses by Grant Agreement (Source of Revenue is Grant Revenue and Donations) | 10,530 |
| Restricted for Police Expenses by Grant Agreement (Source of Revenue is Grant Revenue) | <u>124,235</u> |
| Total Special Revenue Funds | <u>256,370</u> |

Capital Projects Funds:

| | |
|---|----------------|
| Restricted for Recreation Acquisition and Development Expenditures by Impact Fees (Source of Revenue is Impact Fees) | <u>166,443</u> |
|---|----------------|

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Permanent Funds:

| | |
|---|------------------|
| Burnham Memorial Library Expenses by Trust Agreement – Expendable Portion (Source of Revenue is Donations) | \$ 17,309 |
| Restricted for Cemetery Expenses by Trust Agreement – Expendable Portion (Source of Revenue is Sale of Lots) | <u>192,041</u> |
| Total Permanent Funds | <u>209,350</u> |
| Total Restricted Fund Balances | <u>\$632,163</u> |

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

Major Funds

General Fund:

| | |
|---|----------------|
| Assigned to Reduce Property Taxes in Fiscal Year 2016 | \$ 257,530 |
| Assigned to Reduce Property Taxes in Fiscal Year 2017 | 93,895 |
| Assigned to Transfer to Accrued General Fund Leave Time Fund in Fiscal Year 2017 | <u>93,895</u> |
| Total General Fund | <u>445,320</u> |

Capital Projects Fund:

| | |
|-------------------------------|------------------|
| Assigned for Capital Projects | <u>1,302,257</u> |
|-------------------------------|------------------|

Reserve Fund:

| | |
|---|------------------|
| Assigned for Reserve Fund Expenses for Reappraisal, Technology and Public Safety Capital Items | <u>1,152,189</u> |
|---|------------------|

Non-Major Funds

Capital Projects Funds:

| | |
|---|---------------|
| Assigned for Capital Equipment Expenditures | 272,933 |
| Assigned for Emma's Way Expenditures | <u>41,945</u> |

| | |
|------------------------------|---------|
| Total Capital Projects Funds | 314,878 |
|------------------------------|---------|

Debt Service Fund:

| | |
|---------------------------|------------|
| Assigned for Debt Service | <u>138</u> |
|---------------------------|------------|

| | |
|-----------------------|----------------|
| Total Non-Major Funds | <u>315,016</u> |
|-----------------------|----------------|

| | |
|------------------------------|--------------------|
| Total Assigned Fund Balances | <u>\$3,214,782</u> |
|------------------------------|--------------------|

The unassigned deficit of \$47,497 in the FEMA Fund will be funded with the collection of grant receivables.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2015 consisted of the following:

Governmental Activities:

| | |
|--|----------------------|
| Restricted for Revolving Loans by Grant Agreement | \$ 9,333 |
| Restricted for Community Development by Grant Agreements | 43,983 |
| Restricted for Grant Expenses by Grant Agreements | 23,042 |
| Restricted for Law Enforcement by Grant Agreements | 124,235 |
| Restricted for Recreation Acquisition/Development by Impact Fees | 166,443 |
| Restricted for Burnham Library by Donations - Non-Expendable Portion | 2,000 |
| Restricted for Burnham Library by Donations - Expendable Portion | 17,309 |
| Restricted for Cemetery by Trust Agreements - Non-Expendable Portion | 91,050 |
| Restricted for Cemetery by Trust Agreements - Expendable Portion | <u>192,041</u> |
| Total Governmental Activities | <u>\$669,436</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, 2015 consisted of the following:

Business-type Activities:

| | |
|--|------------------------|
| Wastewater Fund: | |
| Designated for South Burlington Plant Debt Service | \$1,719,825 |
| Designated for Wastewater Fund Expenditures | <u>900,872</u> |
| Total Wastewater Fund | <u>2,620,697</u> |
| Recreation Program Fund: | |
| Designated for Recreation Program Fund Expenses | <u>263,948</u> |
| Total Business-type Activities | <u>\$2,884,645</u> |

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

V. OTHER INFORMATION

A. PENSION PLANS

Defined Benefit Plan

Plan Description

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

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

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2014, the measurement date selected by the State of Vermont, VMERS was funded at 98.32% and had a plan fiduciary net position of \$534,525,477 and a total pension liability of \$543,652,090 resulting in a net pension liability of \$9,126,613. As of June 30, 2015, the Town's proportionate share of this was 1.95% resulting in a liability of \$177,972. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2014, the Town's proportion of 1.95% was an increase of 0.5066% from its proportion measured as of June 30, 2013.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

For the year ended June 30, 2015, the Town recognized pension expense of \$305,220.

As of June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Changes in proportional share of contributions | \$ 147,577 | \$ 0 |
| Difference between projected and actual earnings on pension plan investments | 0 | 548,792 |
| Town's required employer contributions made subsequent to the measurement date | <u>313,173</u> | <u>0</u> |
| | <u>\$ 460,750</u> | <u>\$ 548,792</u> |

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$313,173 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending <u>June 30</u> | |
|-------------------------------|------------------|
| 2016 | \$ 107,683 |
| 2017 | 107,683 |
| 2018 | 107,683 |
| 2019 | 107,683 |
| 2020 | <u>(29,517)</u> |
| Total | <u>\$401,215</u> |

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Group B, Group C and Group D provisions.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC): Group B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

Eligibility: Age 55 with five (5) years of service for Group B. Age 50 with twenty (20) years of service for Group D.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members, and payable without reduction to Group D members.

Vested Retirement Allowance:

Eligibility: Five (5) years of service.

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

Disability Retirement Allowance:

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

Amount: Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

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

Amount: For Groups B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Optional Benefit and Death after Retirement: For Groups B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

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

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

Member Contributions: Group B – 4.75% effective July 1, 2014 (increased from 4.625%). Group C – 9.625% effective July 1, 2014 and 9.75% effective January 1, 2015 (increased from 9.5%). Group D – 11.25% effective July 1, 2014 (increased from 11.125%).

Employer Contributions: Group B – 5.375% effective July 1, 2014 (increased from 5.125%). Group C – 6.875% from July 1, 2014 to December 31, 2014 (increased from 6.625%) and then 7.0% effective January 1, 2015. Group D – 9.75% effective July 1, 2014 (increased from 9.625%)

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

Significant Actuarial Assumptions and Methods

Interest Rate - A select-and-ultimate interest rate set, specified as follows. The interest rate set is restarted every year.

| | |
|---------------|--------------------------|
| Year 1: 6.25% | Year 10: 8.50% |
| Year 2: 6.75% | Year 11: 8.50% |
| Year 3: 7.00% | Year 12: 8.50% |
| Year 4: 7.50% | Year 13: 8.50% |
| Year 5: 7.75% | Year 14: 8.50% |
| Year 6: 8.25% | Year 15: 8.50% |
| Year 7: 8.25% | Year 16: 8.75% |
| Year 8: 8.25% | Year 17 and later: 9.00% |
| Year 9: 8.50% | |

Salary increases - 5% per year.

Deaths:

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

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

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

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

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

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

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

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|--------------------|--------------------------------|---|
| Equity | 31.50% | 6.70% |
| Fixed Income | 33.00% | 2.94% |
| Alternatives | 15.50% | 6.26% |
| Multi-strategy | 20.00% | 5.98% |

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

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Discount Rate - The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.23%) or one percent higher (9.23%):

| <u>1% Decrease (7.23%)</u> | <u>Discount Rate (8.23%)</u> | <u>1% Increase (9.23%)</u> |
|----------------------------|------------------------------|----------------------------|
| \$1,499,308 | \$177,972 | \$(930,588) |

Additional Information

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

Defined Contribution Plan

The 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. Total covered payroll was \$1,278,090. Pension expense for the year ended June 30, 2015 was \$98,306.

Deferred Compensation Plan

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, taxes became due and payable on August 15, 2014, November 15, 2014 and March 15, 2015. 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 2015 were as follows:

| | <u>Residential</u> | <u>Non-Residential</u> |
|-----------|--------------------|------------------------|
| Town | .5714 | .5714 |
| Education | <u>1.4232</u> | <u>1.5334</u> |
| Total | <u>1.9946</u> | <u>2.1048</u> |

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

E. 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 2015, the Library contributed another \$2,419 to the Foundation. The balance of the Endowment Fund at June 30, 2015 is \$80,398.

F. 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 \$900,091.

Future land lease revenue is as follows:

| | |
|------------|------------------|
| 2016 | \$ 25,632 |
| 2017 | 26,337 |
| 2018 | 27,061 |
| 2019 | 27,806 |
| 2020 | 28,570 |
| Thereafter | <u>122,357</u> |
| | <u>\$257,763</u> |

G. COMMITMENTS

The Town of Colchester's voters have approved borrowing up to \$1,225,000 from the State of Vermont Special Environmental Revolving Fund to be used for low interest septic system improvement loans for Colchester residents and the Housing Foundation, Inc. As of June 30, 2015, the Town borrowed \$735,607 and has a balance owed of \$657,902.

H. SUBSEQUENT EVENTS

At the March 2015 annual Town meeting, voters approved a 1% percent local option sales tax, which will apply to sales, rooms, meals and alcohol. The tax went into effect October 1, 2015 and revenues are committed to expenditures or financing of voter approved capital projects within the Town and voter-approved intermunicipal financial support related thereto.

TOWN OF COLCHESTER, VERMONT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2015

| | <u>2015</u> |
|---|-------------------------------|
| Total Plan Net Pension Liability | \$ 9,126,613 |
| Town's Proportion of the Net Pension Liability | 1.9500% |
| Town's Proportionate Share of the Net Pension Liability | \$ 177,972 |
| Town's Covered Employee Payroll | \$ 4,566,655 |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll | 3.8972% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 98.32% as of June 30, 2014 |

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: None.

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COLCHESTER, VERMONT
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>2015</u> |
|---|--------------------|
| Contractually Required Contribution (Actuarially Determined) | \$ 313,173 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>313,173</u> |
| Contribution Excess/(Deficiency) | \$ <u><u>0</u></u> |
| Town's Covered Employee Payroll | \$ 4,566,655 |
| Contributions as a Percentage of Town's Covered Employee Payroll | 6.858% |

Notes to Schedule

Valuation Date: June 30, 2014

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COLCHESTER, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|--|---------------------------------|--------------|---|
| Revenues: | | | |
| Property Taxes | \$ 9,624,986 | \$ 9,572,315 | \$ (52,671) |
| Veteran's Tax Exemption | (19,500) | (19,640) | (140) |
| Interest on Delinquent Taxes | 40,000 | 52,392 | 12,392 |
| Penalties on Delinquent Taxes | 80,000 | 75,412 | (4,588) |
| Miscellaneous Tax Sale Charges | 0 | 1,672 | 1,672 |
| Liquor Licenses | 3,200 | 3,865 | 665 |
| Licenses - Town | 4,500 | 3,240 | (1,260) |
| Department of Motor Vehicles | 1,100 | 897 | (203) |
| Marriage Licenses | 1,200 | 972 | (228) |
| Dog Licenses | 9,000 | 8,064 | (936) |
| Payment in Lieu of Taxes | 160,000 | 176,367 | 16,367 |
| Current Use Hold Harmless | 15,000 | 34,011 | 19,011 |
| VLCT Insurance Distributions | 10,000 | 13,435 | 3,435 |
| Investment Income | 30,000 | 19,171 | (10,829) |
| Transfer from Reserve Fund | 33,600 | 0 | (33,600) |
| Wastewater Administration Charges | 98,146 | 98,146 | 0 |
| Transfer from Capital Projects Fund | 73,953 | 73,953 | 0 |
| Transfer from Community Development Fund | 0 | 29,000 | 29,000 |
| Miscellaneous | 20,000 | 22,038 | 2,038 |
| Support Payments | 155,576 | 92,225 | (63,351) |
| Milton Dispatch | 172,657 | 163,207 | (9,450) |
| Police | 3,000 | 3,116 | 116 |
| CUSI | 9,453 | 0 | (9,453) |
| Police Ordinance Fees | 1,500 | 2,780 | 1,280 |
| Ambulance | 335,000 | 352,697 | 17,697 |
| Recording Fees | 160,000 | 118,579 | (41,421) |
| Accessory Apartment/Seasonal Conversion | 500 | 950 | 450 |
| Building/Zoning Permits | 177,500 | 197,242 | 19,742 |
| Septic Permits | 2,000 | 1,290 | (710) |
| DRB Legal Notices | 1,200 | 1,839 | 639 |
| DRB/BLA Applications | 17,000 | 21,833 | 4,833 |
| Excavation W/Row | 9,000 | 10,625 | 1,625 |
| Certificates of Occupancy | 10,500 | 19,800 | 9,300 |
| GIS Income | 350 | 226 | (124) |
| State Wastewater Permits | 27,250 | 30,575 | 3,325 |
| Ordinance & Map Copies | 400 | 180 | (220) |
| Certified Copies of Vital Records | 5,000 | 5,533 | 533 |
| Copies & Maps | 16,000 | 17,726 | 1,726 |
| Use of Vault | 3,200 | 2,729 | (471) |
| Passports | 16,000 | 20,020 | 4,020 |
| Passport Photos | 6,000 | 8,050 | 2,050 |
| Road Miscellaneous | 2,500 | 3,181 | 681 |
| Dog Control | 1,775 | 1,595 | (180) |
| Green Mountain Passports | 100 | 241 | 141 |
| Recreation | 13,950 | 21,586 | 7,636 |
| Senior Center Rental | 150 | 0 | (150) |
| District Court Fines | 40,000 | 27,029 | (12,971) |
| Planning & Zoning Fines | 1,000 | 21,400 | 20,400 |
| Public Safety Grant | 10,000 | 11,332 | 1,332 |
| Boating Safety Grant | 20,000 | 23,677 | 3,677 |
| Act 68 Reimbursement | 45,000 | 57,412 | 12,412 |
| Act 60 Reimbursement | 6,850 | 6,876 | 26 |
| Annual School Payment | 22,659 | 23,451 | 792 |
| Annual School Payment - Maintenance | 18,000 | 18,000 | 0 |
| State Aid to Highways | 183,417 | 196,344 | 12,927 |
| Total Revenues | 11,679,672 | 11,648,656 | (31,016) |
| Expenditures: | | | |
| Selectboard: | | | |
| Salaries | 5,500 | 6,500 | (1,000) |
| Social Security | 497 | 497 | 0 |
| Town Meeting | 750 | 0 | 750 |
| Town Report | 1,000 | 1,381 | (381) |
| Printing & Binding | 7,000 | 1,078 | 5,922 |
| Miscellaneous | 175 | 0 | 175 |
| Contingency | 17,500 | 0 | 17,500 |
| Transfer to Recreation Program Fund | 0 | 2,000 | (2,000) |
| Total Selectboard | 32,422 | 11,456 | 20,966 |

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COLCHESTER, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|-----------------------------------|---------------------------------|-----------|---|
| Civil Board: | | | |
| Salaries | \$ 15,887 | \$ 12,897 | \$ 2,990 |
| Civil Board Salaries | 7,813 | 3,200 | 4,613 |
| Health Insurance | 7,025 | 7,080 | (55) |
| Dental Insurance | 640 | 150 | 490 |
| Life/Disability Insurance | 193 | 164 | 29 |
| Social Security | 1,813 | 1,184 | 629 |
| Retirement | 1,350 | 1,085 | 265 |
| Unemployment Compensation | 524 | 483 | 41 |
| Workers Compensation | 47 | 52 | (5) |
| Postage | 2,000 | 693 | 1,307 |
| Machinery & Equipment | 300 | 0 | 300 |
| Miscellaneous | 6,600 | 8,127 | (1,527) |
| Total Civil Board | 44,192 | 35,115 | 9,077 |
| Town Manager: | | | |
| Salaries | 322,569 | 313,631 | 8,938 |
| Health Insurance | 53,982 | 33,495 | 20,487 |
| Dental Insurance | 5,461 | 3,865 | 1,596 |
| Life/Disability Insurance | 4,166 | 3,544 | 622 |
| Insurance - PACIF/CL Bond/E&O | 6,777 | 6,179 | 598 |
| Social Security | 24,897 | 24,477 | 420 |
| Retirement | 18,536 | 6,294 | 12,242 |
| Unemployment Compensation | 2,112 | 1,942 | 170 |
| Workers Compensation | 916 | 1,004 | (88) |
| Miscellaneous Benefits | 3,000 | 1,761 | 1,239 |
| Personnel Development | 5,000 | 7,568 | (2,568) |
| Employee & Volunteer | 1,500 | 2,402 | (902) |
| Dues & Publications | 5,000 | 3,958 | 1,042 |
| Professional Services | 3,000 | 9,324 | (6,324) |
| Legal | 19,000 | 9,159 | 9,841 |
| Legal - Union Negotiations | 5,000 | 0 | 5,000 |
| Legal - Human Resources | 5,000 | 8,225 | (3,225) |
| Telephone | 1,303 | 922 | 381 |
| Communications | 1,300 | 1,446 | (146) |
| Recruiting | 0 | 1,939 | (1,939) |
| Municipal Marketing | 0 | 393 | (393) |
| Flag Replacement | 300 | 162 | 138 |
| Advertising - Public Hearings | 3,000 | 7,285 | (4,285) |
| Office Supplies | 6,250 | 10,491 | (4,241) |
| Operating Supplies | 2,500 | 616 | 1,884 |
| Postage | 700 | 3,627 | (2,927) |
| Mileage Allowance & Reimbursement | 5,000 | 5,048 | (48) |
| Miscellaneous | 20,000 | 21,001 | (1,001) |
| Green Up Vermont | 500 | 252 | 248 |
| Total Town Manager | 526,769 | 490,010 | 36,759 |
| Community Development: | | | |
| Salaries | 65,000 | 61,770 | 3,230 |
| Health Insurance | 19,792 | 20,700 | (908) |
| Dental Insurance | 1,523 | 1,852 | (329) |
| Life/Disability Insurance | 1,027 | 811 | 216 |
| Insurance - PACIF/CL Bond/E&O | 2,117 | 1,930 | 187 |
| Social Security | 4,973 | 4,732 | 241 |
| Retirement | 3,494 | 3,430 | 64 |
| Unemployment Compensation | 528 | 485 | 43 |
| Workers Compensation | 222 | 228 | (6) |
| Personnel Development | 2,000 | 105 | 1,895 |
| Dues & Publications | 1,200 | 1,237 | (37) |
| Professional Services | 0 | 15 | (15) |
| Legal | 200 | 187 | 13 |
| Telephone | 0 | 84 | (84) |
| Maintenance - Vehicles | 400 | 954 | (554) |
| Advertising | 300 | 218 | 82 |
| Municipal Marketing | 19,400 | 24,769 | (5,369) |
| Operating Supplies | 200 | 318 | (118) |
| Public Relations | 0 | 45 | (45) |
| Total Community Development | 122,376 | 123,870 | (1,494) |

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COLCHESTER, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|-------------------------------|---------------------------------|------------|---|
| Finance: | | | |
| Salaries | \$ 180,305 | \$ 185,964 | \$ (5,659) |
| Overtime | 8,000 | 2,676 | 5,324 |
| Health Insurance | 49,536 | 53,731 | (4,195) |
| Dental Insurance | 4,367 | 2,517 | 1,850 |
| Life/Disability Insurance | 2,834 | 2,145 | 689 |
| Insurance - PACIF/CL Bond/E&O | 5,946 | 5,422 | 524 |
| Social Security | 14,405 | 14,666 | (261) |
| Retirement | 10,626 | 9,125 | 1,501 |
| Unemployment Compensation | 2,006 | 1,796 | 210 |
| Workers Compensation | 559 | 624 | (65) |
| Personnel Development | 750 | 344 | 406 |
| Dues & Publications | 425 | 0 | 425 |
| Professional Services | 47,000 | 36,695 | 10,305 |
| Telephone | 850 | 503 | 347 |
| Office Supplies | 2,600 | 2,733 | (133) |
| Postage | 1,850 | 1,703 | 147 |
| Computers | 23,000 | 22,354 | 646 |
| Miscellaneous | 150 | 40 | 110 |
| Total Finance | 355,209 | 343,038 | 12,171 |
| Assessor: | | | |
| Salaries | 112,422 | 81,173 | 31,249 |
| Lister Salaries | 1,000 | 165 | 835 |
| Health Insurance | 30,529 | 23,081 | 7,448 |
| Dental Insurance | 2,028 | 1,218 | 810 |
| Life/Disability Insurance | 1,451 | 1,020 | 431 |
| Insurance - PACIF/CL Bond/E&O | 4,110 | 3,748 | 362 |
| Social Security | 8,677 | 6,217 | 2,460 |
| Retirement | 8,087 | 6,385 | 1,702 |
| Unemployment Compensation | 1,178 | 1,025 | 153 |
| Workers Compensation | 2,488 | 2,685 | (197) |
| Personnel Development | 1,000 | 1,127 | (127) |
| Dues & Publications | 350 | 948 | (598) |
| Professional Services | 17,000 | 22,787 | (5,787) |
| Legal | 7,500 | 720 | 6,780 |
| Reappraisal Defense | 10,000 | 0 | 10,000 |
| Telephone | 521 | 168 | 353 |
| Maintenance - Vehicles | 300 | 0 | 300 |
| Operating Supplies | 567 | 498 | 69 |
| Postage | 700 | 710 | (10) |
| Gasoline | 500 | 833 | (333) |
| Computers | 1,000 | 373 | 627 |
| Total Assessor | 211,408 | 154,881 | 56,527 |
| Town Clerk: | | | |
| Salaries | 217,644 | 231,324 | (13,680) |
| Health Insurance | 58,145 | 54,118 | 4,027 |
| Dental Insurance | 5,494 | 4,067 | 1,427 |
| Life/Disability Insurance | 3,348 | 2,895 | 453 |
| Insurance - PACIF/CL Bond/E&O | 6,495 | 5,922 | 573 |
| Social Security | 16,650 | 18,019 | (1,369) |
| Retirement | 16,190 | 16,079 | 111 |
| Unemployment Compensation | 2,116 | 1,942 | 174 |
| Workers Compensation | 656 | 720 | (64) |
| Personnel Development | 2,000 | 1,599 | 401 |
| Dues & Publications | 425 | 270 | 155 |
| Legal | 5,000 | 8,748 | (3,748) |
| Telephone | 1,563 | 587 | 976 |
| Office Supplies | 1,349 | 0 | 1,349 |
| Operating Supplies | 10,000 | 11,772 | (1,772) |
| Postage | 7,000 | 6,692 | 308 |
| Machinery & Equipment | 500 | 0 | 500 |
| Computers | 750 | 0 | 750 |
| Miscellaneous | 500 | 0 | 500 |
| Total Town Clerk | 355,825 | 364,754 | (8,929) |

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COLCHESTER, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|-----------------------------------|---------------------------------|------------|---|
| Information/Technology: | | | |
| Salaries | \$ 122,923 | \$ 122,657 | \$ 266 |
| Health Insurance | 23,917 | 21,562 | 2,355 |
| Dental Insurance | 2,423 | 1,130 | 1,293 |
| Life/Disability Insurance | 1,866 | 1,535 | 331 |
| Insurance - PACIF/CL Bond/E&O | 2,615 | 2,384 | 231 |
| Social Security | 9,404 | 10,347 | (943) |
| Retirement | 8,052 | 6,256 | 1,796 |
| Unemployment Compensation | 1,356 | 1,219 | 137 |
| Workers Compensation | 349 | 225 | 124 |
| Personnel Development | 4,000 | 0 | 4,000 |
| Professional Services | 0 | 2,225 | (2,225) |
| Internet Provider | 1,650 | 294 | 1,356 |
| Web File Maintenance | 1,480 | 533 | 947 |
| Telephone | 261 | 1,350 | (1,089) |
| Communications | 0 | 3,584 | (3,584) |
| Repairs & Maintenance | 8,000 | 12,106 | (4,106) |
| Office Supplies | 800 | 63 | 737 |
| Mileage Allowance & Reimbursement | 175 | 0 | 175 |
| Machinery & Equipment | 9,000 | 4,027 | 4,973 |
| Computers | 0 | 4,129 | (4,129) |
| Software | 3,000 | 4,003 | (1,003) |
| Total Information/Technology | 201,271 | 199,629 | 1,642 |
| Planning/Zoning: | | | |
| Salaries | 320,156 | 303,588 | 16,568 |
| Salaries - Planning Commission | 4,102 | 3,600 | 502 |
| Overtime | 3,000 | 3,232 | (232) |
| Health Insurance | 74,118 | 68,444 | 5,674 |
| Dental Insurance | 7,520 | 6,924 | 596 |
| Life/Disability Insurance | 4,872 | 3,889 | 983 |
| Insurance - PACIF/CL Bond/E&O | 11,228 | 10,238 | 990 |
| Social Security | 25,035 | 23,845 | 1,190 |
| Retirement | 20,324 | 19,810 | 514 |
| Unemployment Compensation | 3,168 | 2,912 | 256 |
| Workers Compensation | 2,747 | 3,091 | (344) |
| Personnel Development | 5,350 | 2,682 | 2,668 |
| Dues & Publications | 2,000 | 934 | 1,066 |
| Professional Services | 13,000 | 10,715 | 2,285 |
| Legal | 32,500 | 26,952 | 5,548 |
| Telephone | 1,824 | 838 | 986 |
| Communications | 700 | 875 | (175) |
| Maintenance - Vehicles | 1,000 | 715 | 285 |
| Recruiting | 1,000 | 231 | 769 |
| Advertising - Public Meetings | 1,500 | 2,265 | (765) |
| Printing & Binding | 1,300 | 524 | 776 |
| Operating Supplies | 5,000 | 5,098 | (98) |
| Postage | 2,000 | 1,760 | 240 |
| Gasoline | 2,040 | 951 | 1,089 |
| Mileage Allowance & Reimbursement | 500 | 731 | (231) |
| Computers | 13,350 | 21,900 | (8,550) |
| GIS | 500 | 300 | 200 |
| Total Planning/Zoning | 559,834 | 527,044 | 32,790 |
| Police: | | | |
| Salaries | 1,853,579 | 1,850,595 | 2,984 |
| Shift Differential | 23,430 | 24,322 | (892) |
| Longevity Differential | 0 | 180 | (180) |
| Supervisor Differential | 0 | 1,494 | (1,494) |
| Seasonal Staff | 4,500 | 5,228 | (728) |
| Overtime | 137,033 | 183,335 | (46,302) |
| Overtime 2.0 | 23,538 | 13,168 | 10,370 |
| Overtime 3.0 | 17,000 | 5,249 | 11,751 |
| Health Insurance | 401,700 | 364,896 | 36,804 |
| Dental Insurance | 41,548 | 27,785 | 13,763 |
| Life/Disability Insurance | 29,444 | 23,747 | 5,697 |
| Insurance - PACIF/CL Bond/E&O | 91,758 | 82,872 | 8,886 |
| Social Security | 157,520 | 162,217 | (4,697) |
| Retirement | 179,109 | 197,189 | (18,080) |

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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, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------------|------------------|---|
| Police/(Cont'd): | | | |
| Retirement Health Savings | \$ 1,311 | \$ 0 | \$ 1,311 |
| Unemployment Compensation | 15,989 | 14,789 | 1,200 |
| Workers Compensation | 73,804 | 80,900 | (7,096) |
| Miscellaneous Benefits | 0 | 66 | (66) |
| Personnel Development | 3,500 | 3,711 | (211) |
| Dues & Publications | 1,400 | 2,299 | (899) |
| Training | 16,370 | 17,319 | (949) |
| Uniforms & Equipment | 32,500 | 40,140 | (7,640) |
| Legal | 500 | 174 | 326 |
| Utilities | 20,000 | 22,929 | (2,929) |
| Telephone | 9,500 | 10,113 | (613) |
| Communications | 35,000 | 31,521 | 3,479 |
| Communications Public Safety | 24,500 | 24,426 | 74 |
| New Vehicle Equipment | 0 | 1,820 | (1,820) |
| Vehicle Maintenance & Transportation | 37,850 | 28,411 | 9,439 |
| Maintenance - Town Office & Building | 22,000 | 28,218 | (6,218) |
| Office Supplies | 8,500 | 11,460 | (2,960) |
| Operating Supplies | 0 | 183 | (183) |
| Police - Photo & Fingerprint | 6,728 | 7,259 | (531) |
| Postage | 1,100 | 1,198 | (98) |
| Gasoline | 80,320 | 66,893 | 13,427 |
| Computers | 10,300 | 6,854 | 3,446 |
| Miscellaneous | 12,000 | 12,773 | (773) |
| Boating Safety - Federal Grant | 8,750 | 9,256 | (506) |
| Special Programs | 3,000 | 2,413 | 587 |
| Transfer to Reserve Fund - Capital Equipment Boat | 20,000 | 20,000 | 0 |
| Total Police | <u>3,405,081</u> | <u>3,387,402</u> | <u>17,679</u> |
| Rescue: | | | |
| Salaries | 232,796 | 238,373 | (5,577) |
| Rescue Per Diem | 11,250 | 33,961 | (22,711) |
| Ambulance Personnel | 33,000 | 33,146 | (146) |
| Overtime | 32,000 | 23,454 | 8,546 |
| Health Insurance | 38,019 | 35,159 | 2,860 |
| Dental Insurance | 3,392 | 2,860 | 532 |
| Life/Disability Insurance | 3,414 | 3,073 | 341 |
| Insurance - PACIF/CL Bond/E&O | 13,481 | 12,292 | 1,189 |
| Social Security | 23,642 | 27,640 | (3,998) |
| Retirement | 14,725 | 15,027 | (302) |
| Unemployment Compensation | 3,539 | 3,289 | 250 |
| Workers Compensation | 17,993 | 20,603 | (2,610) |
| Training | 8,500 | 5,834 | 2,666 |
| Uniforms | 3,500 | 1,702 | 1,798 |
| Legal | 500 | 0 | 500 |
| Health & Safety | 500 | 0 | 500 |
| Utilities | 11,000 | 12,938 | (1,938) |
| Telephone | 500 | 754 | (254) |
| Communications | 1,700 | 1,666 | 34 |
| Janitorial Services | 1,500 | 1,853 | (353) |
| Vehicle Maintenance & Transportation | 5,000 | 6,052 | (1,052) |
| Equipment - Repair/Maintenance | 1,000 | 1,314 | (314) |
| Maintenance - Building | 5,300 | 5,353 | (53) |
| Communications Maintenance/Repair | 500 | 0 | 500 |
| Office Supplies | 1,700 | 1,247 | 453 |
| Operating Supplies | 16,000 | 16,463 | (463) |
| Postage | 75 | 85 | (10) |
| Gasoline | 6,400 | 4,843 | 1,557 |
| Machinery & Equipment | 1,200 | 878 | 322 |
| Technology Upgrades | 1,500 | 826 | 674 |
| Miscellaneous | 5,200 | 4,567 | 633 |
| Ambulance Personnel Donations | 500 | 772 | (272) |
| Special Programs | 500 | 12 | 488 |
| Transfer to Reserve Fund - Rescue Capital Equipment | 10,900 | 10,900 | 0 |
| Transfer to Reserve Fund - Rescue Capital Communication | 6,300 | 6,300 | 0 |
| Total Rescue | <u>517,026</u> | <u>533,236</u> | <u>(16,210)</u> |

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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, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------------|------------|---|
| Fire Departments: | | | |
| Colchester Center Volunteer Fire | \$ 460,300 | \$ 460,300 | \$ 0 |
| Mallets Bay Fire Dept | 355,052 | 355,052 | 0 |
| Total Fire Departments | 815,352 | 815,352 | 0 |
| Technical Rescue: | | | |
| Salaries | 9,000 | 10,955 | (1,955) |
| Insurance - PACIF/CL Bond/E&O | 2,098 | 1,928 | 170 |
| Social Security | 689 | 838 | (149) |
| Workers Compensation | 567 | 628 | (61) |
| Training | 4,000 | 4,005 | (5) |
| Uniforms | 2,500 | 1,296 | 1,204 |
| Health & Safety | 1,400 | 0 | 1,400 |
| Utilities | 1,100 | 140 | 960 |
| Communications | 2,900 | 3,076 | (176) |
| Vehicle Maintenance & Transportation | 1,500 | 1,344 | 156 |
| Equipment - Repair/Maintenance | 2,000 | 2,004 | (4) |
| Maintenance - Building | 500 | 1,876 | (1,376) |
| Communications Maintenance/Repair | 300 | 33 | 267 |
| Gasoline | 2,663 | 2,062 | 601 |
| Machinery & Equipment | 2,800 | 3,381 | (581) |
| Transfer to Reserve Fund - Tech. Rescue Capital Equipment | 6,000 | 6,000 | 0 |
| Transfer to Reserve Fund - Tech. Rescue Capital Communication | 2,000 | 2,000 | 0 |
| Total Technical Rescue | 42,017 | 41,566 | 451 |
| Police Dispatch: | | | |
| Salaries | 300,990 | 290,734 | 10,256 |
| Shift Differential | 9,966 | 8,052 | 1,914 |
| Contractual Reimbursement | 0 | 125 | (125) |
| Overtime | 33,748 | 31,172 | 2,576 |
| Overtime 2.0 | 11,051 | 9,968 | 1,083 |
| Health Insurance | 116,937 | 83,102 | 33,835 |
| Dental Insurance | 7,425 | 4,922 | 2,503 |
| Life/Disability Insurance | 4,599 | 3,218 | 1,381 |
| Social Security | 27,215 | 25,873 | 1,342 |
| Retirement | 19,525 | 18,125 | 1,400 |
| Unemployment Compensation | 3,696 | 3,398 | 298 |
| Workers Compensation | 817 | 896 | (79) |
| Communications | 0 | 4,875 | (4,875) |
| Total Police Dispatch | 535,969 | 484,460 | 51,509 |
| Public Works - Administration: | | | |
| Salaries | 352,147 | 353,545 | (1,398) |
| Health Insurance | 70,551 | 81,000 | (10,449) |
| Dental Insurance | 7,615 | 3,372 | 4,243 |
| Life/Disability Insurance | 5,441 | 4,447 | 994 |
| Insurance - PACIF/CL Bond/E&O | 2,615 | 2,384 | 231 |
| Social Security | 27,283 | 27,021 | 262 |
| Retirement | 25,624 | 23,029 | 2,595 |
| Unemployment Compensation | 2,640 | 2,427 | 213 |
| Workers Compensation | 12,815 | 13,907 | (1,092) |
| Personnel Development | 4,500 | 4,796 | (296) |
| Dues & Publications | 550 | 1,356 | (806) |
| Professional Services | 32,700 | 37,077 | (4,377) |
| Legal | 1,000 | 0 | 1,000 |
| Telephone | 782 | 419 | 363 |
| Communications | 880 | 2,135 | (1,255) |
| Vehicle Maintenance & Transportation | 500 | 198 | 302 |
| Advertising - Recruiting | 250 | 445 | (195) |
| Office Supplies | 950 | 1,198 | (248) |
| Operating Supplies | 400 | 94 | 306 |
| Postage | 501 | 507 | (6) |
| Gasoline | 960 | 302 | 658 |
| Mileage Allowance & Reimbursement | 4,500 | 4,529 | (29) |
| Computers | 4,300 | 4,375 | (75) |
| Total Public Works - Administration | 559,504 | 568,563 | (9,059) |

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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, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------------|------------|---|
| Public Works - Highway: | | | |
| Salaries | \$ 384,307 | \$ 393,705 | \$ (9,398) |
| Shift Differential | 10,517 | 7,953 | 2,564 |
| Overtime | 45,225 | 28,614 | 16,611 |
| Overtime 2.0 | 6,310 | 5,963 | 347 |
| Health Insurance | 104,960 | 86,733 | 18,227 |
| Dental Insurance | 10,291 | 7,000 | 3,291 |
| Life/Disability Insurance | 6,109 | 4,859 | 1,250 |
| Insurance - PACIF/CL Bond/E&O | 18,936 | 14,438 | 4,498 |
| Social Security | 34,146 | 34,357 | (211) |
| Retirement | 26,265 | 26,157 | 108 |
| Unemployment Compensation | 4,224 | 3,883 | 341 |
| Workers Compensation | 20,769 | 23,228 | (2,459) |
| Personnel Development | 400 | 0 | 400 |
| Uniforms | 6,643 | 5,860 | 783 |
| Commercial Drivers Licenses | 600 | 700 | (100) |
| Street Lights | 0 | 59,600 | (59,600) |
| Traffic Signals | 8,670 | 7,139 | 1,531 |
| Communications | 998 | 897 | 101 |
| Tree Maintenance | 12,000 | 3,485 | 8,515 |
| Tires & Tubes | 8,500 | 8,395 | 105 |
| Striping | 25,720 | 23,091 | 2,629 |
| Truck 1 - 2003 International | 750 | 306 | 444 |
| Truck 2 - 2003 International | 750 | 151 | 599 |
| Truck 3 - 2007 International | 750 | 927 | (177) |
| Truck 4 - 2008 Chevy | 500 | 4 | 496 |
| Truck 5 - 2007 International | 1,850 | 1,305 | 545 |
| Truck 6 - 2006 International | 750 | 683 | 67 |
| Grader | 6,480 | 4,660 | 1,820 |
| Loader | 500 | 476 | 24 |
| Tractor/Mower | 1,950 | 875 | 1,075 |
| Drott | 500 | 621 | (121) |
| Holder | 500 | 507 | (7) |
| Trackless Sidewalk | 1,000 | 411 | 589 |
| Truck 18 - 2009 International | 750 | 2,465 | (1,715) |
| Truck 8 - 2006 Chevy | 500 | 1,225 | (725) |
| Truck 9 - 2002 Chevy Crew Cab | 500 | 434 | 66 |
| Truck 10 - 2004 Chevy 4X4 | 500 | 906 | (406) |
| Truck 20 - 2012 Chevy 2500 | 500 | 1,947 | (1,447) |
| Chain Saws | 300 | 379 | (79) |
| Sanders | 2,000 | 1,384 | 616 |
| Snowplows | 11,390 | 11,167 | 223 |
| Bridges | 250 | 0 | 250 |
| Roller/Trailer | 50 | 0 | 50 |
| Paint Trailer | 100 | 580 | (480) |
| Street Light Lease | 0 | 61,656 | (61,656) |
| Hired Equipment - Winter | 500 | 1,000 | (500) |
| Hired Equipment - Summer | 500 | 465 | 35 |
| Operating Supplies | 4,000 | 3,576 | 424 |
| Equipment Supplies | 1,750 | 1,712 | 38 |
| Small Tools & Equipment | 2,250 | 2,527 | (277) |
| Chloride | 10,681 | 9,046 | 1,635 |
| Gravel | 17,181 | 18,156 | (975) |
| Asphalt Repair | 3,500 | 5,184 | (1,684) |
| Signs | 8,000 | 5,120 | 2,880 |
| Winter Sand | 18,531 | 25,347 | (6,816) |
| Winter Salt | 109,524 | 112,754 | (3,230) |
| Gasoline | 70,137 | 50,623 | 19,514 |
| Transfer to Capital Projects Fund - Street Lights | 125,628 | 41,488 | 84,140 |
| Total Public Works - Highway | 1,140,892 | 1,116,124 | 24,768 |
| Public Works - Maintenance Facility: | | | |
| Salaries | 179,764 | 180,650 | (886) |
| Shift Differential | 684 | 444 | 240 |
| Seasonal Labor | 11,885 | 11,550 | 335 |
| Overtime | 1,693 | 1,770 | (77) |
| Overtime 2.0 | 394 | 1,056 | (662) |
| Health Insurance | 25,586 | 24,605 | 981 |
| Dental Insurance | 3,938 | 3,642 | 296 |
| Life/Disability Insurance | 2,746 | 2,366 | 380 |
| Insurance - PACIF/CL Bond/E&O | 5,686 | 5,185 | 501 |

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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, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------------|----------------|---|
| Public Works - Maintenance Facility/(Cont'd): | | | |
| Social Security | \$ 14,873 | \$ 15,800 | \$ (927) |
| Retirement | 10,688 | 11,388 | (700) |
| Unemployment Compensation | 1,976 | 1,819 | 157 |
| Workers Compensation | 9,046 | 9,805 | (759) |
| Miscellaneous Benefits | 0 | 26 | (26) |
| Training | 995 | 975 | 20 |
| Uniforms | 2,804 | 2,806 | (2) |
| Utilities | 16,500 | 17,392 | (892) |
| Telephone | 1,563 | 503 | 1,060 |
| Repairs & Maintenance | 13,825 | 13,098 | 727 |
| Vehicle Maintenance & Transportation | 500 | 303 | 197 |
| Office Supplies | 150 | 100 | 50 |
| Operating Supplies | 3,775 | 3,854 | (79) |
| Equipment Supplies | 14,000 | 13,705 | 295 |
| Welding Supplies | 1,000 | 950 | 50 |
| Gasoline | 1,173 | 687 | 486 |
| Machinery & Equipment | 3,000 | 3,010 | (10) |
| Computers | 200 | 0 | 200 |
| | <u>328,444</u> | <u>327,489</u> | <u>955</u> |
| Total Public Works - Maintenance Facility | | | |
| | <u>328,444</u> | <u>327,489</u> | <u>955</u> |
| Stormwater: | | | |
| Salaries | 83,945 | 83,748 | 197 |
| Overtime | 2,103 | 2,584 | (481) |
| Health Insurance | 23,358 | 20,988 | 2,370 |
| Dental Insurance | 1,072 | 550 | 522 |
| Life/Disability Insurance | 1,244 | 1,072 | 172 |
| Insurance - PACIF/CL Bond/E&O | 2,700 | 2,462 | 238 |
| Social Security | 6,583 | 6,460 | 123 |
| Retirement | 5,694 | 5,707 | (13) |
| Unemployment Compensation | 1,142 | 1,050 | 92 |
| Workers Compensation | 3,906 | 4,234 | (328) |
| Uniforms | 1,635 | 1,865 | (230) |
| Legal | 500 | 0 | 500 |
| Catch Basins | 4,250 | 1,807 | 2,443 |
| Sweeper | 2,500 | 2,464 | 36 |
| Sweeper - 2007 Sterling | 2,500 | 3,311 | (811) |
| Water for Sweeper | 0 | 788 | (788) |
| Storm Water Pumps | 935 | 867 | 68 |
| Stormwater Permitting | 5,200 | 4,703 | 497 |
| Treatment Structures | 2,880 | 3,170 | (290) |
| Small Tools & Equipment | 450 | 435 | 15 |
| Culverts | 5,000 | 5,204 | (204) |
| Gasoline | 6,309 | 4,146 | 2,163 |
| Public Outreach & Education | 5,000 | 5,000 | 0 |
| Water Quality Testing | 5,727 | 5,418 | 309 |
| | <u>174,633</u> | <u>168,033</u> | <u>6,600</u> |
| Total Stormwater | | | |
| | <u>174,633</u> | <u>168,033</u> | <u>6,600</u> |
| Buildings: | | | |
| Salaries | 45,880 | 46,062 | (182) |
| Overtime | 1,064 | 3,980 | (2,916) |
| Overtime 2.0 | 0 | 353 | (353) |
| Health Insurance | 8,948 | 8,602 | 346 |
| Dental Insurance | 536 | 109 | 427 |
| Life/Disability Insurance | 700 | 603 | 97 |
| Insurance - PACIF/CL Bond/E&O | 2,963 | 2,107 | 856 |
| Social Security | 3,591 | 3,801 | (210) |
| Retirement | 3,212 | 3,224 | (12) |
| Unemployment Compensation | 528 | 485 | 43 |
| Workers Compensation | 1,905 | 2,066 | (161) |
| Utilities - Town Office | 30,100 | 31,446 | (1,346) |
| Utilities - Meeting House | 6,272 | 7,379 | (1,107) |
| Utilities - Historical Society | 2,541 | 2,388 | 153 |
| Communications | 600 | 461 | 139 |
| Janitorial Services | 0 | 886 | (886) |
| Cleaning Town Hall | 10,460 | 9,700 | 760 |
| Vehicle Maintenance & Transportation | 650 | 52 | 598 |
| Equipment - Repair/Maintenance | 1,000 | 0 | 1,000 |
| Maintenance - Town Office | 15,736 | 18,903 | (3,167) |
| Maintenance - Meeting House | 10,000 | 6,463 | 3,537 |

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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, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------------|----------------|---|
| Buildings/(Cont'd): | | | |
| Maintenance - Historical Society | \$ 410 | \$ 1,235 | \$ (825) |
| Equipment - Rentals/Leases | 20,000 | 13,972 | 6,028 |
| Operating Supplies | 2,870 | 3,343 | (473) |
| Postage | 500 | 0 | 500 |
| Gasoline | 1,500 | 1,133 | 367 |
| Miscellaneous | 420 | 522 | (102) |
| Total Buildings | <u>172,386</u> | <u>169,275</u> | <u>3,111</u> |
| Health Services: | | | |
| Visiting Nurse Association | 18,000 | 36,000 | (18,000) |
| Animal Control Contract | 16,877 | 16,037 | 840 |
| Animal Control Fees | 4,000 | 3,575 | 425 |
| Total Health Services | <u>38,877</u> | <u>55,612</u> | <u>(16,735)</u> |
| Parks: | | | |
| Salaries | 59,548 | 59,783 | (235) |
| Seasonal Labor | 133,029 | 119,482 | 13,547 |
| Overtime | 3,681 | 6,669 | (2,988) |
| Overtime 2.0 | 0 | 536 | (536) |
| Health Insurance | 49,014 | 31,686 | 17,328 |
| Dental Insurance | 1,523 | 526 | 997 |
| Life/Disability Insurance | 910 | 784 | 126 |
| Insurance - PACIF/CL Bond/E&O | 5,763 | 5,255 | 508 |
| Social Security | 15,014 | 14,260 | 754 |
| Retirement | 3,399 | 3,378 | 21 |
| Unemployment Compensation | 4,287 | 3,858 | 429 |
| Workers Compensation | 7,302 | 7,625 | (323) |
| Personnel Development | 500 | 448 | 52 |
| Contractual Services | 19,500 | 11,754 | 7,746 |
| Utilities | 19,000 | 24,325 | (5,325) |
| Telephone | 1,000 | 1,226 | (226) |
| Communications | 300 | 309 | (9) |
| Repairs & Maintenance | 14,500 | 13,556 | 944 |
| Vehicle Maintenance & Transportation | 3,000 | 2,797 | 203 |
| Equipment - Repair/Maintenance | 4,500 | 2,575 | 1,925 |
| Equipment - Rentals/Leases | 1,000 | 0 | 1,000 |
| Operating Supplies | 15,000 | 19,786 | (4,786) |
| Grass Seed | 5,500 | 762 | 4,738 |
| Fertilizer | 12,000 | 10,853 | 1,147 |
| Gasoline | 13,000 | 11,618 | 1,382 |
| Machinery & Equipment | 9,000 | 7,153 | 1,847 |
| Miscellaneous | 0 | 779 | (779) |
| Transfer to Capital Projects Fund - Parks Capital | 0 | 81,000 | (81,000) |
| Total Parks | <u>401,270</u> | <u>442,783</u> | <u>(41,513)</u> |
| Recreation: | | | |
| Salaries | 122,440 | 126,129 | (3,689) |
| Health Insurance | 19,158 | 17,066 | 2,092 |
| Dental Insurance | 2,521 | 1,860 | 661 |
| Life/Disability Insurance | 1,872 | 1,662 | 210 |
| Insurance - PACIF/CL Bond/E&O | 5,525 | 5,038 | 487 |
| Social Security | 9,711 | 10,383 | (672) |
| Retirement | 6,879 | 7,352 | (473) |
| Unemployment Compensation | 924 | 849 | 75 |
| Workers Compensation | 4,063 | 4,408 | (345) |
| Personnel Development | 4,000 | 3,339 | 661 |
| Dues & Publications | 1,000 | 935 | 65 |
| Legal | 1,000 | 270 | 730 |
| Utilities | 2,900 | 2,584 | 316 |
| Telephone | 1,303 | 671 | 632 |
| Communications | 900 | 181 | 719 |
| Maintenance - Bayside Activity Center | 2,050 | 1,751 | 299 |
| Printing/Publicity | 2,000 | 711 | 1,289 |
| Office Supplies | 1,850 | 1,965 | (115) |
| Operating Supplies | 1,400 | 1,703 | (303) |
| Postage | 1,200 | 1,317 | (117) |
| Gasoline | 484 | 0 | 484 |
| Mileage Allowance & Reimbursement | 4,700 | 4,805 | (105) |

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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, 2015

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---------------------------------|---------------------|---|
| Recreation/(Cont'd): | | | |
| Computers | \$ 4,500 | \$ 4,518 | \$ (18) |
| Special Programs | 4,000 | 4,552 | (552) |
| Fair Day | 8,500 | 8,500 | 0 |
| Transfer to Recreation Acquisition and Development Fund | <u>4,000</u> | <u>4,000</u> | <u>0</u> |
| Total Recreation | <u>218,880</u> | <u>216,549</u> | <u>2,331</u> |
| Library: | | | |
| Salaries | 336,278 | 330,619 | 5,659 |
| Temporary Subs | 13,387 | 20,555 | (7,168) |
| Health Insurance | 93,476 | 68,708 | 24,768 |
| Dental Insurance | 8,503 | 3,989 | 4,514 |
| Life/Disability Insurance | 5,248 | 3,854 | 1,394 |
| Insurance - PACIF/CL Bond/E&O | 8,541 | 7,788 | 753 |
| Social Security | 26,749 | 26,653 | 96 |
| Retirement | 21,987 | 20,289 | 1,698 |
| Unemployment Compensation | 4,491 | 4,147 | 344 |
| Workers Compensation | 1,039 | 1,131 | (92) |
| Personnel Development | 3,500 | 1,685 | 1,815 |
| Dues & Publications | 690 | 576 | 114 |
| Programming | 1,500 | 1,510 | (10) |
| Utilities | 13,000 | 13,873 | (873) |
| Telephone | 2,800 | 3,458 | (658) |
| Communications | 2,950 | 1,034 | 1,916 |
| Janitorial Services | 11,000 | 9,877 | 1,123 |
| Maintenance - Library | 12,000 | 3,904 | 8,096 |
| Maintenance - Building | 6,000 | 2,112 | 3,888 |
| Advertising - Recruiting | 100 | 525 | (425) |
| Printing/Publicity | 2,400 | 2,453 | (53) |
| Operating Supplies | 5,400 | 5,859 | (459) |
| Postage | 4,200 | 3,975 | 225 |
| Mileage Allowance & Reimbursement | 2,000 | 1,165 | 835 |
| Books - Adult | 17,750 | 17,402 | 348 |
| Books - Juvenile | 14,300 | 13,971 | 329 |
| Periodicals | 2,400 | 2,436 | (36) |
| Audio/Visual Materials | 5,000 | 4,560 | 440 |
| Computers | 8,889 | 4,036 | 4,853 |
| Electronic Resources | 5,000 | 5,700 | (700) |
| Transfer to Reserve Fund - Library | <u>0</u> | <u>331</u> | <u>(331)</u> |
| Total Library | <u>640,578</u> | <u>588,175</u> | <u>52,403</u> |
| Cemetery: | | | |
| Insurance - PACIF/CL Bond/E&O | 367 | 335 | 32 |
| Repairs & Maintenance | 17,875 | 17,915 | (40) |
| Miscellaneous | <u>3,120</u> | <u>4,282</u> | <u>(1,162)</u> |
| Total Cemetery | <u>21,362</u> | <u>22,532</u> | <u>(1,170)</u> |
| Intergovernmental Expenditures: | | | |
| Chittenden County Transportation Authority | 67,100 | 65,523 | 1,577 |
| Chamber Of Commerce | 1,250 | 1,170 | 80 |
| VT Council On World Affairs | 500 | 500 | 0 |
| Greater Burlington Industrial Corporation | 6,000 | 12,000 | (6,000) |
| Chittenden County Regional Planning | 25,123 | 25,123 | 0 |
| Winooski Valley Park District | 43,000 | 42,999 | 1 |
| VT League of Cities & Towns | 18,550 | 18,550 | 0 |
| Handicap Transportation | 17,625 | 12,550 | 5,075 |
| County Tax | 91,447 | 90,503 | 944 |
| Local Motion | 2,500 | 2,500 | 0 |
| Transfer to Reserve Fund - Conservation | <u>2,500</u> | <u>2,500</u> | <u>0</u> |
| Total Intergovernmental Expenditures | <u>275,595</u> | <u>273,918</u> | <u>1,677</u> |
| Total Expenditures | <u>11,697,172</u> | <u>11,460,866</u> | <u>236,306</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | \$ <u>(17,500)</u> | 187,790 | \$ <u>205,290</u> |
| Fund Balance - July 1, 2014 | | <u>1,768,261</u> | |
| Fund Balance - June 30, 2015 | | \$ <u>1,956,051</u> | |

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TOWN OF COLCHESTER, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Debt Service Fund | Total |
|---|-----------------------------|------------------------------|--------------------|-------------------------|---------------------|
| <u>ASSETS</u> | | | | | |
| Cash | \$ 259,158 | \$ 0 | \$ 22,167 | \$ 0 | \$ 281,325 |
| Investments | 0 | 0 | 208,342 | 0 | 208,342 |
| Receivables | 12,512 | 47,497 | 275 | 0 | 60,284 |
| Notes Receivable (Net of Allowance for Uncollectibles) | 589,613 | 0 | 0 | 0 | 589,613 |
| Due from Other Funds | <u>134,499</u> | <u>483,213</u> | <u>72,444</u> | <u>138</u> | <u>690,294</u> |
| Total Assets | <u>\$ 995,782</u> | <u>\$ 530,710</u> | <u>\$ 303,228</u> | <u>\$ 138</u> | <u>\$ 1,829,858</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 4,285 | \$ 1,892 | \$ 828 | \$ 0 | \$ 7,005 |
| Accrued Payroll and Benefits Payable | 63 | 0 | 0 | 0 | 63 |
| Due to Other Funds | 4,224 | 47,497 | 0 | 0 | 51,721 |
| Unearned Revenue | <u>128,715</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>128,715</u> |
| Total Liabilities | <u>137,287</u> | <u>49,389</u> | <u>828</u> | <u>0</u> | <u>187,504</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Unavailable Grants | 12,512 | 47,497 | 0 | 0 | 60,009 |
| Unavailable Notes Receivable | <u>589,613</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>589,613</u> |
| Total Deferred Inflows of Resources | <u>602,125</u> | <u>47,497</u> | <u>0</u> | <u>0</u> | <u>649,622</u> |
| <u>FUND BALANCES</u> | | | | | |
| Nonspendable | 0 | 0 | 93,050 | 0 | 93,050 |
| Restricted | 256,370 | 166,443 | 209,350 | 0 | 632,163 |
| Assigned | 0 | 314,878 | 0 | 138 | 315,016 |
| Unassigned/(Deficit) | <u>0</u> | <u>(47,497)</u> | <u>0</u> | <u>0</u> | <u>(47,497)</u> |
| Total Fund Balances | <u>256,370</u> | <u>433,824</u> | <u>302,400</u> | <u>138</u> | <u>992,732</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 995,782</u> | <u>\$ 530,710</u> | <u>\$ 303,228</u> | <u>\$ 138</u> | <u>\$ 1,829,858</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, 2015

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Debt Service Fund | Total |
|--|-----------------------------|------------------------------|--------------------|-------------------------|-------------------|
| Revenues: | | | | | |
| Property Taxes | \$ 0 | \$ 380,628 | \$ 0 | \$ 626,961 | \$ 1,007,589 |
| Intergovernmental | 196,476 | 367,100 | 0 | 0 | 563,576 |
| Charges for Services | 0 | 0 | 6,970 | 0 | 6,970 |
| Permits, Licenses and Fees | 0 | 117,880 | 0 | 0 | 117,880 |
| Loan Repayments | 13,647 | 0 | 0 | 0 | 13,647 |
| Loan Interest Income | 5,555 | 0 | 0 | 0 | 5,555 |
| Investment Income | 893 | 1,465 | 2,671 | 0 | 5,029 |
| Donations | 0 | 0 | 3,766 | 0 | 3,766 |
| Other | 0 | 1,475 | 441 | 0 | 1,916 |
| Total Revenues | <u>216,571</u> | <u>868,548</u> | <u>13,848</u> | <u>626,961</u> | <u>1,725,928</u> |
| Expenditures: | | | | | |
| General Government | 5,905 | 3,337 | 0 | 0 | 9,242 |
| Public Safety | 91,750 | 2,909 | 0 | 0 | 94,659 |
| Public Works | 0 | 6,127 | 0 | 0 | 6,127 |
| Culture and Recreation | 3,275 | 13,143 | 11,231 | 0 | 27,649 |
| Community Development | 432,829 | 0 | 0 | 0 | 432,829 |
| Capital Outlay: | | | | | |
| Public Safety | 74,757 | 76,383 | 0 | 0 | 151,140 |
| Public Works | 0 | 189,382 | 0 | 0 | 189,382 |
| Culture and Recreation | 0 | 112,883 | 0 | 0 | 112,883 |
| Debt Service: | | | | | |
| Principal | 10,836 | 0 | 0 | 414,642 | 425,478 |
| Interest | 3,278 | 0 | 0 | 212,318 | 215,596 |
| Total Expenditures | <u>622,630</u> | <u>404,164</u> | <u>11,231</u> | <u>626,960</u> | <u>1,664,985</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | <u>(406,059)</u> | <u>464,384</u> | <u>2,617</u> | <u>1</u> | <u>60,943</u> |
| Other Financing Sources/(Uses): | | | | | |
| Proceeds from Long-term Debt | 424,994 | 0 | 0 | 0 | 424,994 |
| Proceeds from Sale of Equipment and Vehicles | 0 | 16,418 | 0 | 0 | 16,418 |
| Transfers In | 0 | 4,000 | 0 | 0 | 4,000 |
| Transfers Out | (29,948) | (19,618) | 0 | 0 | (49,566) |
| Total Other Financing Sources/(Uses) | <u>395,046</u> | <u>800</u> | <u>0</u> | <u>0</u> | <u>395,846</u> |
| Net Change in Fund Balances | (11,013) | 465,184 | 2,617 | 1 | 456,789 |
| Fund Balances/(Deficit) - July 1, 2014 | <u>267,383</u> | <u>(31,360)</u> | <u>299,783</u> | <u>137</u> | <u>535,943</u> |
| Fund Balances - June 30, 2015 | <u>\$ 256,370</u> | <u>\$ 433,824</u> | <u>\$ 302,400</u> | <u>\$ 138</u> | <u>\$ 992,732</u> |

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TOWN OF COLCHESTER, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015

| | Revolving Loan Fund | Community Development Fund | Grant Fund | Police Special Revenue Fund | Heritage Project Fund | Total |
|---|---------------------------|----------------------------------|------------------|-----------------------------------|-----------------------------|-------------------|
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 130,699 | \$ 0 | \$ 0 | \$ 128,459 | \$ 0 | \$ 259,158 |
| Receivables | 0 | 0 | 12,512 | 0 | 0 | 12,512 |
| Notes Receivable (Net of Allowance for Uncollectibles) | 185,869 | 403,744 | 0 | 0 | 0 | 589,613 |
| Due from Other Funds | <u>64,866</u> | <u>43,983</u> | <u>25,650</u> | <u>0</u> | <u>0</u> | <u>134,499</u> |
| Total Assets | <u>\$ 381,434</u> | <u>\$ 447,727</u> | <u>\$ 38,162</u> | <u>\$ 128,459</u> | <u>\$ 0</u> | <u>\$ 995,782</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 79 | \$ 0 | \$ 4,206 | \$ 0 | \$ 0 | \$ 4,285 |
| Accrued Payroll and Benefits Payable | 0 | 0 | 63 | 0 | 0 | 63 |
| Due to Other Funds | 0 | 0 | 0 | 4,224 | 0 | 4,224 |
| Unearned Revenue | <u>117,864</u> | <u>0</u> | <u>10,851</u> | <u>0</u> | <u>0</u> | <u>128,715</u> |
| Total Liabilities | <u>117,943</u> | <u>0</u> | <u>15,120</u> | <u>4,224</u> | <u>0</u> | <u>137,287</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Unavailable Grants | 0 | 0 | 12,512 | 0 | 0 | 12,512 |
| Unavailable Notes Receivable | <u>185,869</u> | <u>403,744</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>589,613</u> |
| Total Deferred Inflows of Resources | <u>185,869</u> | <u>403,744</u> | <u>12,512</u> | <u>0</u> | <u>0</u> | <u>602,125</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted | <u>77,622</u> | <u>43,983</u> | <u>10,530</u> | <u>124,235</u> | <u>0</u> | <u>256,370</u> |
| Total Fund Balances | <u>77,622</u> | <u>43,983</u> | <u>10,530</u> | <u>124,235</u> | <u>0</u> | <u>256,370</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 381,434</u> | <u>\$ 447,727</u> | <u>\$ 38,162</u> | <u>\$ 128,459</u> | <u>\$ 0</u> | <u>\$ 995,782</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, 2015

| | Revolving Loan Fund | Community Development Fund | Grant Fund | Police Special Revenue Fund | Heritage Project Fund | Total |
|--|---------------------------|----------------------------------|------------------|-----------------------------------|-----------------------------|-------------------|
| Revenues: | | | | | | |
| Intergovernmental | \$ 7,835 | \$ 0 | \$ 179,979 | \$ 8,662 | \$ 0 | \$ 196,476 |
| Loan Repayments | 13,647 | 0 | 0 | 0 | 0 | 13,647 |
| Loan Interest Income | 5,555 | 0 | 0 | 0 | 0 | 5,555 |
| Investment Income | <u>124</u> | <u>195</u> | <u>74</u> | <u>500</u> | <u>0</u> | <u>893</u> |
| Total Revenues | <u>27,161</u> | <u>195</u> | <u>180,053</u> | <u>9,162</u> | <u>0</u> | <u>216,571</u> |
| Expenditures: | | | | | | |
| General Government | 0 | 0 | 5,905 | 0 | 0 | 5,905 |
| Public Safety | 0 | 0 | 56,199 | 35,551 | 0 | 91,750 |
| Culture and Recreation | 0 | 0 | 3,275 | 0 | 0 | 3,275 |
| Community Development | 7,835 | 424,994 | 0 | 0 | 0 | 432,829 |
| Capital Outlay: | | | | | | |
| Public Safety | 0 | 0 | 44,162 | 30,595 | 0 | 74,757 |
| Debt Service: | | | | | | |
| Principal | 10,836 | 0 | 0 | 0 | 0 | 10,836 |
| Interest | <u>3,278</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>3,278</u> |
| Total Expenditures | <u>21,949</u> | <u>424,994</u> | <u>109,541</u> | <u>66,146</u> | <u>0</u> | <u>622,630</u> |
| Excess/(Deficiency) of Revenues Over Expenditures | <u>5,212</u> | <u>(424,799)</u> | <u>70,512</u> | <u>(56,984)</u> | <u>0</u> | <u>(406,059)</u> |
| Other Financing Sources/(Uses): | | | | | | |
| Proceeds from Long-term Debt | 0 | 424,994 | 0 | 0 | 0 | 424,994 |
| Transfers Out | <u>0</u> | <u>(29,000)</u> | <u>0</u> | <u>0</u> | <u>(948)</u> | <u>(29,948)</u> |
| Total Other Financing Sources/(Uses) | <u>0</u> | <u>395,994</u> | <u>0</u> | <u>0</u> | <u>(948)</u> | <u>395,046</u> |
| Net Change in Fund Balances | 5,212 | (28,805) | 70,512 | (56,984) | (948) | (11,013) |
| Fund Balances/(Deficit) - July 1, 2014 | <u>72,410</u> | <u>72,788</u> | <u>(59,982)</u> | <u>181,219</u> | <u>948</u> | <u>267,383</u> |
| Fund Balances - June 30, 2015 | <u>\$ 77,622</u> | <u>\$ 43,983</u> | <u>\$ 10,530</u> | <u>\$ 124,235</u> | <u>\$ 0</u> | <u>\$ 256,370</u> |

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TOWN OF COLCHESTER, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

| | Recreation Acquisition and Development Fund | Capital Equipment Fund | FEMA Fund | Emma's Way Fund | Total |
|---|--|------------------------------|------------------|-----------------------|-------------------|
| <u>ASSETS</u> | | | | | |
| Receivables | \$ 0 | \$ 0 | \$ 47,497 | \$ 0 | \$ 47,497 |
| Due from Other Funds | <u>166,863</u> | <u>272,941</u> | <u>0</u> | <u>43,409</u> | <u>483,213</u> |
| Total Assets | <u>\$ 166,863</u> | <u>\$ 272,941</u> | <u>\$ 47,497</u> | <u>\$ 43,409</u> | <u>\$ 530,710</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 420 | \$ 8 | \$ 0 | \$ 1,464 | \$ 1,892 |
| Due to Other Funds | <u>0</u> | <u>0</u> | <u>47,497</u> | <u>0</u> | <u>47,497</u> |
| Total Liabilities | <u>420</u> | <u>8</u> | <u>47,497</u> | <u>1,464</u> | <u>49,389</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Unavailable Grants | <u>0</u> | <u>0</u> | <u>47,497</u> | <u>0</u> | <u>47,497</u> |
| Total Deferred Inflows of Resources | <u>0</u> | <u>0</u> | <u>47,497</u> | <u>0</u> | <u>47,497</u> |
| <u>FUND BALANCES/(DEFICIT)</u> | | | | | |
| Restricted | 166,443 | 0 | 0 | 0 | 166,443 |
| Assigned | 0 | 272,933 | 0 | 41,945 | 314,878 |
| Unassigned/(Deficit) | <u>0</u> | <u>0</u> | <u>(47,497)</u> | <u>0</u> | <u>(47,497)</u> |
| Total Fund Balances/(Deficit) | <u>166,443</u> | <u>272,933</u> | <u>(47,497)</u> | <u>41,945</u> | <u>433,824</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 166,863</u> | <u>\$ 272,941</u> | <u>\$ 47,497</u> | <u>\$ 43,409</u> | <u>\$ 530,710</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, 2015

| | Recreation Acquisition and Development Fund | Capital Equipment Fund | FEMA Fund | Emma's Way Fund | Total |
|---|--|------------------------------|--------------|-----------------------|------------|
| Revenues: | | | | | |
| Property Taxes | \$ 0 | \$ 380,628 | \$ 0 | \$ 0 | \$ 380,628 |
| Intergovernmental | 0 | 0 | 367,100 | 0 | 367,100 |
| Permits, Licenses and Fees | 69,825 | 0 | 0 | 48,055 | 117,880 |
| Investment Income | 459 | 989 | 0 | 17 | 1,465 |
| Other | 0 | 1,475 | 0 | 0 | 1,475 |
| Total Revenues | 70,284 | 383,092 | 367,100 | 48,072 | 868,548 |
| Expenditures: | | | | | |
| General Government | 0 | 3,337 | 0 | 0 | 3,337 |
| Public Safety | 0 | 2,909 | 0 | 0 | 2,909 |
| Public Works | 0 | 0 | 0 | 6,127 | 6,127 |
| Culture and Recreation | 2,402 | 10,741 | 0 | 0 | 13,143 |
| Capital Outlay: | | | | | |
| Public Safety | 0 | 76,383 | 0 | 0 | 76,383 |
| Public Works | 0 | 189,382 | 0 | 0 | 189,382 |
| Culture and Recreation | 63,775 | 49,108 | 0 | 0 | 112,883 |
| Total Expenditures | 66,177 | 331,860 | 0 | 6,127 | 404,164 |
| Excess of Revenues Over Expenditures | 4,107 | 51,232 | 367,100 | 41,945 | 464,384 |
| Other Financing Sources/(Uses): | | | | | |
| Proceeds from Sale of Equipment and Vehicles | 0 | 16,418 | 0 | 0 | 16,418 |
| Transfers In | 4,000 | 0 | 0 | 0 | 4,000 |
| Transfers Out | 0 | 0 | (19,618) | 0 | (19,618) |
| Total Other Financing Sources/(Uses) | 4,000 | 16,418 | (19,618) | 0 | 800 |
| Net Change in Fund Balances | 8,107 | 67,650 | 347,482 | 41,945 | 465,184 |
| Fund Balances/(Deficit) - July 1, 2014 | 158,336 | 205,283 | (394,979) | 0 | (31,360) |
| Fund Balances/(Deficit) - June 30, 2015 | \$ 166,443 | \$ 272,933 | \$ (47,497) | \$ 41,945 | \$ 433,824 |

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TOWN OF COLCHESTER, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR PERMANENT FUNDS
 JUNE 30, 2015

| | Burnham Memorial Library Fund | Cemetery Fund | Total |
|--|--|--------------------------|--------------------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 18,687 | \$ 3,480 | \$ 22,167 |
| Investments | 0 | 208,342 | 208,342 |
| Receivables | 0 | 275 | 275 |
| Due from Other Funds | <u>950</u> | <u>71,494</u> | <u>72,444</u> |
| Total Assets | \$ <u><u>19,637</u></u> | \$ <u><u>283,591</u></u> | \$ <u><u>303,228</u></u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts Payable | \$ <u>328</u> | \$ <u>500</u> | \$ <u>828</u> |
| Total Liabilities | <u>328</u> | <u>500</u> | <u>828</u> |
| Fund Balances: | | | |
| Nonspendable | 2,000 | 91,050 | 93,050 |
| Restricted | <u>17,309</u> | <u>192,041</u> | <u>209,350</u> |
| Total Fund Balances | <u>19,309</u> | <u>283,091</u> | <u>302,400</u> |
| Total Liabilities and Fund Balances | \$ <u><u>19,637</u></u> | \$ <u><u>283,591</u></u> | \$ <u><u>303,228</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, 2015

| | Burnham Memorial Library Fund | Cemetery Fund | Total |
|-------------------------------|--|--------------------------|--------------------------|
| Revenues: | | | |
| Charges for Services | \$ 5,180 | \$ 1,790 | \$ 6,970 |
| Investment Income | 0 | 2,671 | 2,671 |
| Donations | 3,766 | 0 | 3,766 |
| Other | <u>441</u> | <u>0</u> | <u>441</u> |
| Total Revenues | <u>9,387</u> | <u>4,461</u> | <u>13,848</u> |
| Expenditures: | | | |
| Culture and Recreation | <u>11,231</u> | <u>0</u> | <u>11,231</u> |
| Total Expenditures | <u>11,231</u> | <u>0</u> | <u>11,231</u> |
| Net Change in Fund Balances | (1,844) | 4,461 | 2,617 |
| Fund Balances - July 1, 2014 | <u>21,153</u> | <u>278,630</u> | <u>299,783</u> |
| Fund Balances - June 30, 2015 | \$ <u><u>19,309</u></u> | \$ <u><u>283,091</u></u> | \$ <u><u>302,400</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, 2015, 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 February 9, 2016.

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".

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.

February 9, 2016
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company