

TOWN OF PITTSFORD, VERMONT

AUDIT REPORT

JUNE 30, 2016

TOWN OF PITTSFORD, VERMONT
 AUDIT REPORT
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Independent Auditor's Report

Board of Selectmen
Town of Pittsford, Vermont
P.O. Box 10, Plains Road
Pittsford, Vermont 05763-0010

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 Pittsford, Vermont as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Town of Pittsford, 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 Pittsford, 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 Pittsford, 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-activities, each major fund, and the aggregate remaining fund information of the Town of Pittsford, Vermont as of June 30, 2016 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Highway Fund and the Village Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, 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.

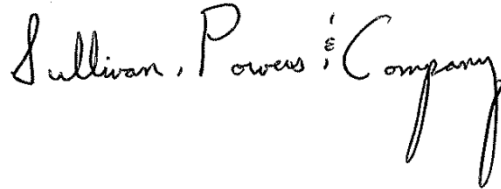
Other Information

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

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated February 10, 2017 on our consideration of the Town of Pittsford, 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 Pittsford, Vermont’s internal control over financial reporting and compliance.

February 10, 2017
Montpelier, Vermont
VT Lic. #92-000180

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

TOWN OF PITTSFORD, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

The Town of Pittsford (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal year ended June 30, 2016.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2016 by \$13,197,155 (*net position*). Of this amount, \$800,661 (*unrestricted net position*) may be used by the various funds of the Town to meet the Town's ongoing obligations.
- The Town's total net position increased by \$241,616. Of this amount, net position attributable to governmental activities increased by \$242,626. Net position attributable to business-type activities decreased by \$1,010.
- The General Fund had a current year deficit of \$38,740 reducing its fund balance to \$61,801.
- The Highway Fund had a current year deficit of \$86,765 reducing its fund balance to \$143,559.

Overview of the Town's Financial Statements:

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Pittsford's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Pittsford's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the two reported as net position.

The *statement of activities* presents information showing how the Town's net position changed during the past fiscal year. The *statement of activities* is on the full accrual basis (i.e. all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows) whereas the *statement of revenues, expenditures and changes in fund balance governmental funds* is on the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position and expenditures are recognized when the related liability is incurred). Thus in the *statement of activities* revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements combine information from governmental funds (which are supported primarily by tax dollars) with information from enterprise funds which are supported by user fees and charges (*business-type activities*). The governmental activities of the Town of Pittsford include general government, highways and streets, public safety, sanitation and culture and recreation. The business-type activities of the Town include water operations and sewer/wastewater treatment operations. The government-wide financial statements can be found in Exhibits A and B of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town has three types of funds: governmental funds, proprietary funds, and fiduciary funds. The proprietary funds of the Town are all Enterprise Funds. Fund financial statements can be found in Exhibits C through M of this report.

Notes to the financial statements. The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This supplementary information includes combining statements for various funds. The supplementary information can be found immediately following the notes to the financial statements.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Current and Other Assets	\$ 1,698,730	\$ 1,759,150	\$ 444,531	\$ 388,133	\$ 2,143,261	\$ 2,147,283
Capital Assets	6,709,565	6,411,736	9,462,567	9,649,057	16,172,132	16,060,793
Total Assets	<u>8,408,295</u>	<u>8,170,886</u>	<u>9,907,098</u>	<u>10,037,190</u>	<u>18,315,393</u>	<u>18,208,076</u>
Deferred Outflows of Resources	69,043	20,705	14,327	4,214	83,370	24,919
Current Liabilities	163,444	84,673	23,454	34,106	186,898	118,779
Long-term Liabilities	612,475	600,300	4,397,488	4,497,426	5,009,963	5,097,726
Total Liabilities	<u>775,919</u>	<u>684,973</u>	<u>4,420,942</u>	<u>4,531,532</u>	<u>5,196,861</u>	<u>5,216,505</u>
Deferred Inflows of Resources	4,661	52,486	86	8,465	4,747	60,951
Net Position						
Net Investment in Capital Assets	6,369,565	5,986,736	5,101,381	5,166,980	11,470,946	11,153,716
Restricted	925,548	909,951	0	0	925,548	909,951
Unrestricted	401,645	557,445	399,016	334,427	800,661	891,872
Total Net Position	<u>\$ 7,696,758</u>	<u>\$ 7,454,132</u>	<u>\$ 5,500,397</u>	<u>\$ 5,501,407</u>	<u>\$ 13,197,155</u>	<u>\$ 12,955,539</u>

As stated above, Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by \$13,197,155 and \$12,955,539 as of June 30, 2016 and 2015, respectively.

The largest portion of the Town's net position (\$11,470,946) are in its investment in capital assets (87%). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, infrastructure). Therefore, these assets are not available for future spending. A portion (7%, or \$925,548) of the Town's assets are subject to restrictions on how they may be used (e.g. highway maintenance, highway and fire vehicle replacement, building maintenance). The remaining balance of unrestricted net position (6%, or \$800,661) may be used to meet the government's ongoing obligations to citizens and creditors. Some of the amounts included in unrestricted net position have been assigned by management for particular purposes (e.g. capital projects).

Statement of Activities (Change in Net Position)

	Governmental Activities		Business-type Activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Revenues						
Program Revenues						
Charges for services	\$ 193,203	\$ 170,842	\$ 672,383	\$ 717,059	865,586	887,901
Operating grants and contributions	163,395	191,447	0	0	163,395	191,447
Capital grants and contributions	371,206	96,880	0	177,043	371,206	273,923
General Revenues						
Property taxes	1,822,375	1,788,162	0	0	1,822,375	1,788,162
Interest & Penalties on Delinquent Taxes	39,252	30,836	0	0	39,252	30,836
General State Grants	74,417	66,379	0	0	74,417	66,379
Unrestricted investment earnings	14,006	11,692	2,962	2,773	16,968	14,465
Other revenues	787	15,786	0	0	787	15,786
Total Revenues	<u>2,678,641</u>	<u>2,372,024</u>	<u>675,345</u>	<u>896,875</u>	<u>3,353,986</u>	<u>3,268,899</u>
Expenses						
Governmental activities						
General Government	842,105	752,189	0	0	842,105	752,189
Highways & Streets	912,798	1,007,216	0	0	912,798	1,007,216
Public Safety	393,718	342,884	0	0	393,718	342,884
Sanitation	86,659	80,551	0	0	86,659	80,551
Culture and Recreation	189,528	175,388	0	0	189,528	175,388
Interest on Long-term Debt	11,207	10,868	0	0	11,207	10,868
Business-type activities						
Water	0	0	359,159	552,066	359,159	552,066
Sewer	0	0	317,196	329,142	317,196	329,142
Total Expenses	<u>2,436,015</u>	<u>2,369,096</u>	<u>676,355</u>	<u>881,208</u>	<u>3,112,370</u>	<u>3,250,304</u>
Change in net position	242,626	2,928	(1,010)	15,667	241,616	18,595
Net position - Beginning of Year	<u>7,454,132</u>	<u>7,451,204</u>	<u>5,501,407</u>	<u>5,485,740</u>	<u>12,955,539</u>	<u>12,936,944</u>
Net position - End of Year	<u>\$7,696,758</u>	<u>\$7,454,132</u>	<u>\$ 5,500,397</u>	<u>\$ 5,501,407</u>	<u>\$ 13,197,155</u>	<u>\$ 12,955,539</u>

Governmental activities. Governmental activities increased the Town's net position by \$242,626 in FY16. The primary reasons are due to having invested more in capital outlays than the amount of depreciation in this period and increasing reserves.

Business-type activities. Business-type activities decreased the Town's net position by \$1,010. Specifically, the Water Fund had a current year surplus of \$11,669, whereas the Sewer Fund had a current year deficit of \$12,679. The sewer deficit was due to rates being inadequate to support both operational costs and debt service obligations.

The Pittsford Water Fund had a GAAP basis net position increase of \$11,669 in FY16. This surplus was derived primarily from an operating surplus of \$91,432. The Agency of Transportation is planning to upgrade U.S. Route 7, in segments, through the Town of Pittsford. The impact on the Pittsford Water System's infrastructure will be financially significant. Unrestricted net position (resources available to meet future obligations) were \$531,338 on June 30, 2016.

The Sewer Fund had a GAAP basis net position decrease of \$12,679. This decrease was primarily the result of non-operating interest expenses of \$56,440. Historically low user rates have increased twice in recent years and now appear to be adequate beginning in fiscal year 2015. Additionally, the Agency of Transportation is planning to upgrade U.S. Route 7 through the Town of Pittsford. The impact on the Pittsford Sewer System's infrastructure will be financially significant. Unrestricted net position (resources available to meet future obligations) were a negative balance of (\$132,322) on June 30, 2016.

Financial Analysis of Major Governmental Funds

The General Fund

The General Fund balance decreased \$38,740 from \$100,541 at the end of fiscal year 2015 to \$61,801 at the end of fiscal year 2016.

On the revenue side, delinquent tax penalty and interest revenues exceeded expectations (by \$9,334 and \$1,918 respectively), as did State PILOT (\$3,186). The Town also collected \$5,640 more than budgeted for the Omya truck detail. Interest income fell \$8,748 short of the target. Transfer Station permit charges fell short. Revenues from traffic fines and the COPS grant were substantially less than budgeted.

On the expense side, the Town saved a total of \$6,943 on Assistant Clerk/Treasurer costs during the period that the Town was recruiting for a replacement for a retiring staff member. The Town spent \$6,457 less than budgeted on computer contracts. The Town also saved money by spending less than budgeted on Zoning and Planning legal fees (\$1,699 and \$897 respectively). Due to a mild winter and falling oil prices, the Town saved money on heating and vehicle fuel across all departments. The Town spent far less than expected on mosquito control, as it was a fairly benign mosquito season and mosquito abatement efforts in Town were minimal. The Town spent \$4,624 more than budgeted on Pittsford Day. Recreation Department mower repairs caused a considerable cost overrun (\$8,886) in that line item. The Planning Commission outstripped its stipend budget by \$1,110 because of the expansion in membership ordered by the Select Board. Owing to a raise, the Lister's Secretary expense was \$1,418 greater than had been budgeted.

The Highway Fund

The Highway Fund balance decreased \$86,765 from \$230,324 at the end of fiscal year 2015 to \$143,559 at the end of fiscal year 2016.

On the revenue side, the Town received a VTrans grant to perform road reconstruction and paving work, via contractors, on a portion of West Creek Road. The Town also received an unbudgeted State grant for the installation of two box culverts. The expense for the culverts was incurred and reimbursed with grant funds in FY16, but the labor and material costs to install them won't be spent and reimbursed until FY17.

On the expense side, the Town incurred considerable expense for grant-funded sidewalk work, for which local matching funds had been budgeted in prior years. The Town benefitted thanks to a mild winter and resulting cost savings for labor, salt, sand and heating and vehicle fuel. Worker's compensation insurance exceeded the budgeted figure. New equipment and calcium carbonate purchases also exceeded the budgeted amounts.

Other Funds

The Town has the following other reserve funds at June 30, 2016:

Committed for Village Fund – Sidewalks	\$ 11,862
Assigned for Reappraisal Expenses	94,880
Restricted for State Planning Grants	7,837
Restricted for Land Records Preservation	42,175
Restricted for Veterans Memorial	504
Restricted for William Dennison Fund – Fire	97,791
Restricted for Well Drilling Fund	19,513
Restricted for Bridge Replacement	341,477
Assigned for Municipal Office Capital Improvements	(6,812)
Committed for Fire Department Capital	168,270
Assigned for Patrol Car Fund	(4,283)
Committed for Mower Replacement	18,877
Assigned for Cemetery Development	39,675
Restricted for Highway Capital Fund	287,562
Restricted for Belcher Miracle Fund – Recreation	<u>769</u>
 Total Other Funds	 <u>\$1,120,097</u>

Restricted Net Position and Reserved Fund Balances

The restricted net position was \$925,548 on June 30, 2016. These funds are reserved for specific future expenses, such as highway maintenance and other purposes determined by trust agreements.

The unassigned fund balance of the Governmental Funds was \$46,489 on June 30, 2016. The General Fund has an unassigned amount of \$57,584 however, the Patrol Car Fund had an unassigned deficit of \$4,283 and the Municipal Office Capital Building Fund had a deficit of \$6,812.

Capital Assets

Governmental Capital Assets increased \$297,829 in FY16, net of depreciation. Major capital additions for the year were as follows:

- Terounzo Road paving
- Pinewoods Road paving
- New sidewalk and curbing at Town Offices
- Reconstruction and paving of a portion of Oxbow Road
- Reconstruction and paving of a portion of West Creek Road
- Village Sidewalk construction (partial)
- Purchase of a backhoe

Business-Type Capital Assets decreased \$186,490 in FY16, net of depreciation. Major capital additions for the year were as follows:

Water line replacement on Blackberry Lane

During the year, the Town purchased a 2015 backhoe/loader for the Highway Department and traded in a 2001 John Deere backhoe.

Long Term Debt

All of the long term debt identified below is a general obligation of the Town of Pittsford. However, it has been the practice to fund repayment of the various obligations from their respective funds. As of June 30, 2016, the Town's Highway Fund had a bond balance of \$340,000, the proceeds of which were used for highway improvements.

The Town's debt to the State of Vermont Environmental Revolving Loan Fund, for the issuance of loans to Pittsford homeowners to drill water wells, fell to \$113,408.

The combined Pittsford/Florence Water System had a bond balance (current plus noncurrent balance) of \$4,361,186 that was used for system improvements. The Water System had a bond balance of \$2,597,175 and the Sewer System had a bond balance totaling \$1,764,011.

Economic Factors and Next Year's Budgets and Rates

- The national economy continues a slow "recovery" from recession, with repercussions at the State and local levels of government. The outlook for 2017 is one of cautious optimism, with signs of increased economic activity.

The following factors were considered in the development of budgets for FY17:

- **General Fund:**

- **Highway Fund:** In anticipation of the need for funding for the Phase II repair of the Kendall Hill Road Bridge and other bridge repair/replacement projects, the Select Board has maintained the amount budgeted annually for bridge repairs at \$50,000. The Town now puts into a Highway Capital Reserve Fund \$105,000 annually to cover the expected cost of new trucks and equipment.
- **Sewer Fund:** Effective July 1, 2014, sewer rates were raised again to address a chronic annual operating deficit and pay increased debt service obligations.

The following factors will influence budgets in future fiscal years:

- The Agency of Transportation's plans to upgrade U.S. Route 7 in segments as it passes through Pittsford will have to be addressed in this decade. Preliminary estimates from Stantec Engineering are that the Town will have to contribute approximately \$300,000 toward utility improvements when work is done on the segment of Route 7 running north from Plains Road. No definitive costs have been established at this time for the utility work that will be required in the Village segment of the Route 7 upgrade, but they will doubtless be significant.

Requests for Information

This financial report is designed to provide a general overview of the Town of Pittsford, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Pittsford, P.O. Box 10, 426 Plains Road, Pittsford, Vermont 05763.

TOWN OF PITTSFORD, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,235,530	\$ 0	\$ 1,235,530
Investments	99,810	0	99,810
Deposits with Insurance Company	1,700	0	1,700
Receivables (Net of Allowance for Uncollectibles)	323,624	318,908	642,532
Loans Receivable	89,600	0	89,600
Internal Balances	(119,297)	119,297	0
Prepaid Expenses	3,357	0	3,357
Inventories	64,406	6,326	70,732
Capital Assets:			
Land	103,699	68,355	172,054
Construction in Progress	250,055	43,180	293,235
Other Capital Assets, (Net of Accumulated Depreciation)	6,355,811	9,351,032	15,706,843
Total Assets	<u>8,408,295</u>	<u>9,907,098</u>	<u>18,315,393</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>69,043</u>	<u>14,327</u>	<u>83,370</u>
Total Deferred Outflows of Resources	<u>69,043</u>	<u>14,327</u>	<u>83,370</u>
<u>LIABILITIES</u>			
Accounts Payable	111,472	2,625	114,097
Accrued Payroll and Benefits Payable	19,785	2,262	22,047
Unearned Revenue	8,289	25	8,314
Accrued Interest Payable	2,244	18,542	20,786
Due to First Response Capital Fund	21,654	0	21,654
Noncurrent Liabilities:			
Due within One Year	99,176	128,941	228,117
Due in More than One Year	513,299	4,268,547	4,781,846
Total Liabilities	<u>775,919</u>	<u>4,420,942</u>	<u>5,196,861</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	4,248	0	4,248
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>413</u>	<u>86</u>	<u>499</u>
Total Deferred Inflows of Resources	<u>4,661</u>	<u>86</u>	<u>4,747</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,369,565	5,101,381	11,470,946
Restricted For:			
Highways and Streets	772,598	0	772,598
Public Safety	98,415	0	98,415
Records Preservation	42,175	0	42,175
Other	12,360	0	12,360
Unrestricted	<u>401,645</u>	<u>399,016</u>	<u>800,661</u>
Total Net Position	<u>\$ 7,696,758</u>	<u>\$ 5,500,397</u>	<u>\$ 13,197,155</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	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	\$ 842,105	\$ 48,553	\$ 2,500	\$ 3,770	\$ (787,282)	\$ 0	\$ (787,282)
Public Safety	393,718	35,037	20,923	0	(337,758)	0	(337,758)
Highways and Streets	912,798	8,554	139,972	367,436	(396,836)	0	(396,836)
Culture and Recreation	189,528	55,155	0	0	(134,373)	0	(134,373)
Sanitation	86,659	45,904	0	0	(40,755)	0	(40,755)
Interest on Long-term Debt	11,207	0	0	0	(11,207)	0	(11,207)
Total Governmental Activities	<u>2,436,015</u>	<u>193,203</u>	<u>163,395</u>	<u>371,206</u>	<u>(1,708,211)</u>	<u>0</u>	<u>(1,708,211)</u>
Business-type Activities:							
Water	359,159	363,116	0	0	0	3,957	3,957
Sewer	317,196	309,267	0	0	0	(7,929)	(7,929)
Total Business-type Activities	<u>676,355</u>	<u>672,383</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,972)</u>	<u>(3,972)</u>
Total	<u>\$ 3,112,370</u>	<u>\$ 865,586</u>	<u>\$ 163,395</u>	<u>\$ 371,206</u>	<u>(1,708,211)</u>	<u>(3,972)</u>	<u>(1,712,183)</u>
General Revenues:							
Property Taxes					1,822,375	0	1,822,375
Penalties and Interest on Delinquent Taxes					39,252	0	39,252
General State Grants					74,417	0	74,417
Unrestricted Investment Earnings					14,006	2,962	16,968
Other Revenues					787	0	787
Total General Revenues					<u>1,950,837</u>	<u>2,962</u>	<u>1,953,799</u>
Change in Net Position					242,626	(1,010)	241,616
Net Position - July 1, 2015					<u>7,454,132</u>	<u>5,501,407</u>	<u>12,955,539</u>
Net Position - June 30, 2016					<u>\$ 7,696,758</u>	<u>\$ 5,500,397</u>	<u>\$ 13,197,155</u>

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

TOWN OF PITTSFORD, VERMONT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2016

	General Fund	Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 1,235,530	\$ 0	\$ 0	\$ 1,235,530
Investments	0	0	99,810	99,810
Deposits with Insurance Company	1,700	0	0	1,700
Receivables (Net of Allowance for Uncollectibles)	140,798	180,826	2,000	323,624
Loans Receivable	0	0	89,600	89,600
Due from Other Funds	0	0	1,051,104	1,051,104
Prepaid Expenses	3,357	0	0	3,357
Inventory	236	64,170	0	64,406
Total Assets	<u>\$ 1,381,621</u>	<u>\$ 244,996</u>	<u>\$ 1,242,514</u>	<u>\$ 2,869,131</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 13,097	\$ 79,903	\$ 18,472	\$ 111,472
Accrued Payroll and Benefits Payable	16,756	3,029	0	19,785
Due to Other Funds	1,162,455	18,505	11,095	1,192,055
Unearned Revenue	8,289	0	0	8,289
Total Liabilities	<u>1,200,597</u>	<u>101,437</u>	<u>29,567</u>	<u>1,331,601</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Prepaid Property Taxes	4,248	0	0	4,248
Unavailable Property Taxes, Penalties and Interest	114,975	0	0	114,975
Unavailable Grants	0	0	2,000	2,000
Unavailable Loans Receivable	0	0	89,600	89,600
Total Deferred Inflows of Resources	<u>119,223</u>	<u>0</u>	<u>91,600</u>	<u>210,823</u>
<u>FUND BALANCES</u>				
Nonspendable	3,593	64,170	1,250	69,013
Restricted	624	79,389	797,628	877,641
Committed	0	0	238,684	238,684
Assigned	0	0	94,880	94,880
Unassigned/(Deficit)	57,584	0	(11,095)	46,489
Total Fund Balances	<u>61,801</u>	<u>143,559</u>	<u>1,121,347</u>	<u>1,326,707</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,381,621</u>	<u>\$ 244,996</u>	<u>\$ 1,242,514</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.				6,709,565
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.				206,575
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.				(614,719)
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>68,630</u>
Net Position of Governmental Activities				<u>\$ 7,696,758</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 1,011,837	\$ 798,100	\$ 20,008	\$ 1,829,945
Penalties and Interest on Delinquent Taxes	39,252	0	0	39,252
Intergovernmental	105,012	487,043	20,365	612,420
Charges for Services	138,960	7,367	0	146,327
Permits, Licenses and Fees	33,137	755	4,408	38,300
Fines and Forfeits	10,838	0	0	10,838
Loan Repayments	0	0	13,800	13,800
Investment Income	2,752	2,909	8,345	14,006
Donations	500	0	3,770	4,270
Other	1,991	1,727	135	3,853
Total Revenues	1,344,279	1,297,901	70,831	2,713,011
Expenditures:				
General Government	694,418	0	132,627	827,045
Public Safety	319,651	0	0	319,651
Highways and Streets	0	473,937	17,461	491,398
Culture and Recreation	179,891	0	0	179,891
Sanitation	85,381	0	0	85,381
Capital Outlay:				
General Government	7,013	0	36,690	43,703
Public Safety	6,892	0	0	6,892
Highways and Streets	500	658,672	93,867	753,039
Culture and Recreation	8,794	0	0	8,794
Debt Service:				
Principal	0	85,000	14,176	99,176
Interest	0	12,057	0	12,057
Total Expenditures	1,302,540	1,229,666	294,821	2,827,027
Excess/(Deficiency) of Revenues Over Expenditures	41,739	68,235	(223,990)	(114,016)
Other Financing Sources/(Uses):				
Transfers In	21	0	235,500	235,521
Transfers Out	(80,500)	(155,000)	(21)	(235,521)
Total Other Financing Sources/(Uses)	(80,479)	(155,000)	235,479	0
Net Change in Fund Balances	(38,740)	(86,765)	11,489	(114,016)
Fund Balances - July 1, 2015	100,541	230,324	1,109,858	1,440,723
Fund Balances - June 30, 2016	<u>\$ 61,801</u>	<u>\$ 143,559</u>	<u>\$ 1,121,347</u>	<u>\$ 1,326,707</u>

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

TOWN OF PITTSFORD, 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, 2016

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

Net change in fund balances - total governmental funds (Exhibit D)	\$	(114,016)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$812,428) is allocated over their estimated useful lives and reported as depreciation expense (\$470,598). This is the amount by which capital outlays exceeded depreciation in the current period.		341,830
The net effect of various transactions involving capital assets (i.e., sales, loss on disposal of assets, capital grants and donations) is to decrease net position.		(44,001)
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$99,176) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		99,176
The issuance of loans receivable (\$0) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$13,800) 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.		(13,800)
Governmental funds report employer pension contributions as expenditures (\$21,185). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$30,645) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(9,460)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the decrease in deferred revenue over last year.		(5,570)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(11,533)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>242,626</u></u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Property Taxes:			
Taxes	\$ 1,003,883	\$ 1,011,837	\$ 7,954
Interest on Delinquent Taxes	16,000	17,918	1,918
Penalty on Delinquent Taxes	12,000	21,334	9,334
Other Revenue	<u>0</u>	<u>652</u>	<u>652</u>
Total Property Taxes	<u>1,031,883</u>	<u>1,051,741</u>	<u>19,858</u>
Fees and Permits:			
First Class Liquor Licenses	300	460	160
Second Class Liquor Licenses	400	490	90
Junk Yard Licenses	50	25	(25)
Marriage Licenses	1,000	855	(145)
Burial Permits	50	40	(10)
Town Computer Purchases	100	164	64
Certified Copy Fees	1,200	1,544	344
Recording Fees	20,000	17,396	(2,604)
Photocopy Fees	3,000	2,295	(705)
DMV Fees	300	198	(102)
Posting Permits	100	100	0
Site Plan Review/Zoning Fees	3,000	2,985	(15)
Fire Wardens Permit Fees	200	170	(30)
Miscellaneous Fees	<u>500</u>	<u>160</u>	<u>(340)</u>
Total Fees and Permits	<u>30,200</u>	<u>26,882</u>	<u>(3,318)</u>
Intergovernmental Revenues:			
State PILOT	41,000	44,186	3,186
Current Use Reimbursement	31,000	30,178	(822)
School Billing Fee - Act 68	8,800	9,672	872
Vermont Railroad Tax	<u>200</u>	<u>53</u>	<u>(147)</u>
Total Intergovernmental Revenues	<u>81,000</u>	<u>84,089</u>	<u>3,089</u>
Research Revenues:	<u>400</u>	<u>230</u>	<u>(170)</u>
Solid Waste:			
Annual User Permits	13,000	11,494	(1,506)
Garbage Bag Charges	34,000	34,410	410
Recycling Income	<u>2,000</u>	<u>0</u>	<u>(2,000)</u>
Total Solid Waste	<u>49,000</u>	<u>45,904</u>	<u>(3,096)</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous Receipts:			
School Share of Election Costs	\$ 600	\$ 600	\$ 0
Maclure Library Phone Reimbursement	0	736	736
Donations	0	500	500
Investment Interest	11,500	2,752	(8,748)
Water Administration Fee	8,000	8,000	0
Sewer Administration Fee	7,000	7,000	0
Green Mountain Passport	0	36	36
	<u>27,100</u>	<u>19,624</u>	<u>(7,476)</u>
Total Miscellaneous Receipts			
Recreation:			
Annual Family Permits	2,500	2,123	(377)
Daily Gate Passes	2,000	2,631	631
Tennis Court Permits	200	140	(60)
Group Picnic Charges	3,000	3,190	190
School Programs	2,500	2,462	(38)
Trail Run Revenue	0	2,905	2,905
Belcher-Mericle Interest	0	21	21
Recreation Area Donations	1,000	2,360	1,360
Pittsford Day Revenues	0	1,863	1,863
5K Race Revenue	0	638	638
Youth League Registration	3,000	3,045	45
Girls Softball Registration	500	595	95
Youth League Donations	3,000	1,750	(1,250)
Shoot Out Donations	1,500	0	(1,500)
Day Camp Registrations	10,500	13,917	3,417
Summer Programs	4,000	3,599	(401)
Fall Programs	5,000	7,433	2,433
Winter Programs	4,500	4,335	(165)
Spring Programs	3,500	2,169	(1,331)
	<u>46,700</u>	<u>55,176</u>	<u>8,476</u>
Total Recreation			
Animal Management Fees:			
Dog Licenses	6,500	5,989	(511)
Other Animal Revenue	100	0	(100)
	<u>6,600</u>	<u>5,989</u>	<u>(611)</u>
Total Animal Management Fees			

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Police:			
Traffic Fines	\$ 15,000	\$ 10,838	\$ (4,162)
Insurance Reports	100	90	(10)
Parking Ticket Revenue	0	250	250
Miscellaneous Revenue	400	325	(75)
Contract Service Revenue	0	2,660	2,660
DUI State Grant Revenue	200	0	(200)
Safety Grant Revenue	10,000	6,509	(3,491)
OMYA Truck Detail Revenue	12,600	18,240	5,640
COPS Grant	65,000	14,414	(50,586)
	<u>103,300</u>	<u>53,326</u>	<u>(49,974)</u>
Total Police			
Fire Department:			
Insurance Claims - Equipment	0	789	789
Knox Lock Box Revenue	0	550	550
	<u>0</u>	<u>1,339</u>	<u>1,339</u>
Total Fire Department			
	<u>1,376,183</u>	<u>1,344,300</u>	<u>(31,883)</u>
Total Revenues			
Expenditures:			
Legislation:			
Selectmen Services	6,000	6,000	0
Public Officials Insurance	3,300	3,358	(58)
Selectmen Expenses	400	1,149	(749)
Secretary/Clerk	1,700	1,817	(117)
Recording Secretary	2,700	2,935	(235)
FICA/Medicare	900	1,264	(364)
	<u>15,000</u>	<u>16,523</u>	<u>(1,523)</u>
Total Legislation			
Management:			
Town Manager	85,000	85,654	(654)
Secretary	38,600	37,814	786
Overtime	0	58	(58)
FICA/Medicare	10,500	10,825	(325)
Retirement Insurance	6,500	7,582	(1,082)
Medical Insurance	23,000	22,003	997
Dental Insurance	1,400	1,185	215
Life Insurance	1,300	1,178	122
Workers Compensation Insurance	400	475	(75)
Property Insurance	2,200	2,600	(400)

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Management/(Cont'd):			
General Liability Insurance	\$ 2,100	\$ 1,495	\$ 605
Employment Practices	2,200	3,111	(911)
Unemployment Insurance	300	552	(252)
Mileage Reimbursement	300	2,241	(1,941)
Training	1,600	1,009	591
Health and Safety Expense	1,500	1,713	(213)
Car Allowance	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Management	<u>181,900</u>	<u>184,495</u>	<u>(2,595)</u>
Elections:			
Ballot Clerks	2,000	2,014	(14)
FICA/Medicare	150	154	(4)
Notices, Warnings, Ads	200	0	200
Ballots and Supplies	1,500	1,111	389
Ballot Machine Setup	<u>1,000</u>	<u>590</u>	<u>410</u>
Total Elections	<u>4,850</u>	<u>3,869</u>	<u>981</u>
Finance:			
Clerk and Treasurer	58,900	59,372	(472)
Assistant Clerk and Treasurer	38,000	34,657	3,343
Bookkeeper	12,900	12,900	0
FICA/Medicare	7,800	7,033	767
Retirement Insurance	4,200	3,966	234
Medical Insurance	16,000	12,400	3,600
Dental Insurance	900	857	43
Life Insurance	1,200	1,191	9
Workers Compensation Insurance	500	474	26
Unemployment Insurance	300	117	183
Mileage Reimbursement	400	207	193
State Dues - Clerks Association	100	110	(10)
Training Fees	800	438	362
Bank Fees	<u>50</u>	<u>25</u>	<u>25</u>
Total Finance	<u>142,050</u>	<u>133,747</u>	<u>8,303</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Administration:			
Office Supplies	\$ 14,500	\$ 15,841	\$ (1,341)
Computer Supplies	6,000	5,226	774
Computer Contracts	20,000	13,543	6,457
Website Maintenance/Expenses	1,000	2,379	(1,379)
Newsletter Printing and Postage	5,000	4,656	344
Postage - General	4,000	3,217	783
Tax Bills and Postage	1,000	1,000	0
Town Report Coordinator	1,400	1,400	0
Town Report Printing	3,000	3,423	(423)
Town Report Postage	1,100	1,047	53
Tax Collector Expense	200	0	200
CPA Audit	26,600	26,133	467
Legal Fees and Tax Collection	4,000	1,112	2,888
Total Administration	87,800	78,977	8,823
Agencies:			
VLCT Dues	4,200	4,175	25
Rutland Economic Development Corporation	500	500	0
Rutland Regional Planning Commission	900	925	(25)
Total Agencies	5,600	5,600	0
Zoning:			
Zoning Administrator	12,000	12,296	(296)
Zoning Board	500	0	500
Zoning Clerical	400	555	(155)
FICA/Medicare	1,000	983	17
Mileage Reimbursement	200	29	171
Zoning Hearings	800	625	175
Zoning Expense	600	755	(155)
Legal Fees - Zoning	4,500	2,801	1,699
Total Zoning	20,000	18,044	1,956
Planning Commission:			
Planning Commission Stipends	2,000	3,110	(1,110)
Planning Commission Clerical	1,400	1,810	(410)
FICA/Medicare	250	357	(107)
Mileage Reimbursement	150	83	67
Planning Grant Expense	400	215	185
Town Plan	1,000	1,159	(159)
Legal Fees	2,000	1,103	897
Total Planning Commission	7,200	7,837	(637)

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Board of Civil Authority:			
Board of Civil Authority	\$ 1,000	\$ 1,634	\$ (634)
Clerical	500	475	25
FICA/Medicare	100	161	(61)
Supplies	100	9	91
Legal Fees	500	0	500
Miscellaneous	150	415	(265)
	<u>2,350</u>	<u>2,694</u>	<u>(344)</u>
Total Board of Civil Authority			
Municipal Plant and Equipment:			
FICA/Medicare - Custodians	200	195	5
Building Maintenance Supplies	3,000	1,634	1,366
Heating Fuel	3,500	1,877	1,623
Municipal Building Fund Transfer	7,000	7,000	0
Cemetery Development Fund Transfer	2,000	2,000	0
Contracts - Facilities	6,200	5,667	533
Copier Maintenance	5,000	4,996	4
Fire/Security Alarm Maintenance	600	673	(73)
Communications	100	0	100
Telephones	3,400	4,124	(724)
Maclure Library Phones	500	734	(234)
Modem Online Telephone	800	0	800
Labor and Equipment Use by Highway	700	105	595
New Equipment for Building	500	0	500
Building Repairs/Maintenance	5,000	4,518	482
Utilities	6,500	3,073	3,427
	<u>45,000</u>	<u>36,596</u>	<u>8,404</u>
Total Municipal Plant and Equipment			
Fire Warden:			
Fire Warden Fees	200	83	117
Burn Permit Expense	400	0	400
FICA/Medicare	0	6	(6)
Mileage Expenses	1,200	715	485
	<u>1,800</u>	<u>804</u>	<u>996</u>
Total Fire Warden			

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Miscellaneous:			
Marriage License Fees	\$ 800	\$ 700	\$ 100
Emergency Management Fees	300	0	300
E-911 Contract Services	50	0	50
E-911 Mileage/ Supplies	100	0	100
Contracted Services - Accounting	2,000	1,900	100
Warnings - Meetings/Ordinance	200	0	200
Memorial Day Flags	500	786	(286)
Tax Abatement Costs	600	722	(122)
Ads/Special Meetings	250	55	195
Legal Fees - Not Budgeted	0	490	(490)
Total Miscellaneous	4,800	4,653	147
Listers:			
Lister's Services	21,600	21,240	360
Lister's Secretary	12,000	13,418	(1,418)
FICA/Medicare	2,500	2,651	(151)
Worker's Compensation Insurance	200	237	(37)
Unemployment Insurance	100	110	(10)
Lister's Mileage Reimbursement	500	487	13
Training Fees	500	310	190
Lister's Expenses	3,000	708	2,292
Property Map Changes	2,200	2,220	(20)
Total Listers	42,600	41,381	1,219
Special Appropriations:			
Rutland Community Services	3,020	3,020	0
Tax Transfer - First Response	20,000	20,000	0
Rutland National Resource Conservation	250	250	0
Visiting Nurse/Hospice	4,931	4,931	0
R.C. Humane Society	1,000	1,000	0
Vermont Green-Up Day Expenses	250	250	0
Benn-Rut Opport. Council	925	925	0
Rutland West Neighborhood	900	900	0
American Red Cross	1,000	1,000	0
Pittsford Cemetery Association	900	900	0
VT Rural Fire Protection	100	100	0
SWVT Council on Aging	1,100	1,100	0
Transportation	5,000	5,000	0
Pittsford Historical Society	4,052	4,052	0
Rutland Senior Volunteer Program	427	427	0
Rutland Regional Ambulance Service	11,964	11,964	0
VT Center for Independent Living	314	314	0

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Special Appropriations/(Cont'd):			
Rutland County Adult Ed.	\$ 1,305	\$ 1,305	\$ 0
Association for Retarded Citizens	400	400	0
Rutland County Women's Network	200	200	0
VT Association of Conservation	100	0	100
Maclure Library	78,500	78,500	0
Diversion/Restoration	3,600	3,600	0
Pittsford Food Shelf	1,000	1,000	0
Bowen Walker Appropriation	1,500	1,500	0
Rutland Parent Child Center	400	400	0
Boy & Girls Club	3,000	3,000	0
	<u>146,138</u>	<u>146,038</u>	<u>100</u>
Total Special Appropriations			
Health Officer:			
Health Officer Labor	1,000	943	57
FICA/Medicare	50	71	(21)
Mileage	50	0	50
Health Officer Expenses	50	0	50
Mosquito Control	10,000	1,755	8,245
	<u>11,150</u>	<u>2,769</u>	<u>8,381</u>
Total Health Officer			
Solid Waste Management:			
Labor - Facility	21,000	19,833	1,167
Labor - Highway	1,700	0	1,700
FICA/Medicare	1,750	1,597	153
Insurance Workman's Comp.	1,900	2,382	(482)
Labor-Contract	1,000	0	1,000
New Equipment	300	0	300
Supplies	1,600	1,132	468
Telephone	350	418	(68)
Insurance - Property and Liability	300	187	113
Unemployment Insurance	150	52	98
Portalet Contract	1,600	1,440	160
Waste Removal Fees	32,000	38,530	(6,530)
RCSWD Surcharge	6,000	5,303	697
Tire Disposal Fees	0	35	(35)
State Franchise Tax	2,100	1,771	329
Container Rental/Purchase	4,600	4,386	214
Labor and Equipment Use by Highway	500	1,232	(732)
Utilities	2,700	1,945	755
Equipment Maintenance	500	5,138	(4,638)
	<u>80,050</u>	<u>85,381</u>	<u>(5,331)</u>
Total Solid Waste Management			

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Hydrant:			
Hydrant Fee to Water Department	\$ 35,000	\$ 35,000	\$ 0
Total Fire Hydrant	35,000	35,000	0
Constables:			
Local Services	93,700	94,590	(890)
Overtime Expense	0	17,129	(17,129)
Utility Services	0	1,775	(1,775)
Clerical	3,000	2,552	448
FICA/Medicare	7,500	8,577	(1,077)
Retirement Insurance	2,000	2,590	(590)
Medical Insurance	16,000	14,706	1,294
Dental Insurance	800	774	26
Life Insurance	600	537	63
New Equipment	2,000	1,896	104
Contracted Services	500	871	(371)
Supplies	2,500	2,538	(38)
Insurance - Property/Liability	4,200	5,953	(1,753)
Insurance - Worker's Compensation	3,100	4,649	(1,549)
Insurance - Car	1,500	1,227	273
Unemployment Insurance	300	390	(90)
Mileage Reimbursement	300	436	(136)
Legal and Administration	300	323	(23)
Patrol Car - Fuel and Maintenance	9,000	9,869	(869)
Patrol Car Replace Fund	7,000	7,000	0
Equipment Maintenance	600	440	160
Communications	4,400	3,047	1,353
Safety Equipment Grant	0	6,509	(6,509)
OMYA Donation Expenses	0	568	(568)
Training Fees	1,000	763	237
Reimbursement for Expenses	300	318	(18)
Total Constables	160,600	190,027	(29,427)
Fire Department:			
Firemen Expenses	35,000	37,347	(2,347)
FICA/Medicare	2,500	2,859	(359)
Building Fuel	9,000	4,340	4,660
Vehicle Fuel	4,500	2,436	2,064
Small Tools	1,500	495	1,005
Hose & Fittings	1,500	521	979
Protective Equipment	7,000	8,790	(1,790)

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department/(Cont'd):			
Supplies	\$ 1,200	\$ 2,277	\$ (1,077)
Knox Box Lock Expense	0	550	(550)
Ins. - Worker's Comp	14,000	13,237	763
Ins. - Vehicles	5,000	3,996	1,004
Ins. - General Liability	500	572	(72)
Ins. - Accident	1,200	3,201	(2,001)
Ins. - Property	1,200	1,628	(428)
Telephone	800	673	127
Communications	2,500	1,346	1,154
Fire Alarm System	500	353	147
Dispatching Service	1,500	614	886
Building Maintenance	10,000	5,995	4,005
Truck Maintenance	12,000	8,468	3,532
Equipment Maintenance	1,500	876	624
Ladder Truck Certificate	500	0	500
New Equipment	2,000	100	1,900
Utilities	3,500	2,309	1,191
Training Fees	1,500	960	540
Mutual Aid Assoc. Fees	1,000	1,000	0
Vehicle Replacement Fund	62,500	62,500	0
	<u>183,900</u>	<u>167,443</u>	<u>16,457</u>
Total Fire Department			
Recreation Programs:			
Lifeguards	21,000	23,576	(2,576)
Management	46,650	44,130	2,520
Overtime	0	4,088	(4,088)
Grounds Management	10,000	10,152	(152)
Day Camp Labor	7,500	9,370	(1,870)
FICA/Medicare	6,800	6,720	80
Retirement Insurance	1,900	1,964	(64)
Medical Insurance	21,200	19,827	1,373
Dental Insurance	1,500	1,368	132
Life Insurance	600	540	60
Insurance - Workman's Comp.	3,500	4,143	(643)
Insurance - Property / Liability	400	805	(405)
Vehicle Insurance	250	217	33
Insurance - General Liability	500	0	500
Insurance - Unemployment	300	545	(245)
Mileage Reimbursement	50	0	50

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Programs/(Cont'd):			
Supplies - Recreation Area General	\$ 1,500	\$ 1,657	\$ (157)
Supplies - Day Camp	2,000	2,196	(196)
Spring Programs	3,000	2,457	543
Summer Programs	2,000	3,896	(1,896)
Mower Maintenance & Fuel	1,000	9,886	(8,886)
Fall Programs	2,000	3,986	(1,986)
Winter Programs	2,500	5,112	(2,612)
Mower Replacement Fund	2,000	2,000	0
Training	250	385	(135)
Pavilion Rental Deposit Return	0	25	(25)
Signup Refunds	0	540	(540)
Shootout Expenses	1,500	0	1,500
League Fees/Coaches, Umpires	1,800	1,200	600
Supplies - Youth League	2,000	2,160	(160)
Trail Run Expenses	0	1,380	(1,380)
Summer Softball Expense	500	1,265	(765)
Pittsford Day Celebration	10,000	14,624	(4,624)
State League Membership	150	250	(100)
Telephone	400	419	(19)
Communications	720	766	(46)
Donation Expenses	1,000	3,399	(2,399)
Rubbish Removal Contract	800	780	20
Other Contract Services	250	0	250
Advertising	200	55	145
Portalet Contract	500	400	100
Ballfield Maintenance	1,000	603	397
Signs Replacement	100	0	100
Equipment Rentals	1,000	0	1,000
Labor and Equipment Use by Highway	1,000	686	314
Utilities	800	674	126
Pool Water Tests	300	130	170
Trails and Tree Planting	2,000	0	2,000
Trails and Bridging Maintenance	750	445	305
Green up Day Expense	200	0	200
Capital Improvements	4,000	1,864	2,136
	<u>169,370</u>	<u>190,685</u>	<u>(21,315)</u>
Total Recreation Programs	<u>169,370</u>	<u>190,685</u>	<u>(21,315)</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Animal Management:			
Animal Control	\$ 1,000	\$ 650	\$ 350
FICA/Medicare	200	50	150
Mileage Reimbursement	300	240	60
Supplies	500	546	(46)
Contract Services	300	107	193
Ins.- Property/Liability	25	19	6
Ins.- Workman's Comp.	750	708	42
Legal - Animal Control	200	0	200
Animal Census	600	599	1
Vet/Humane Shelter Fees	300	132	168
Rabies Fees To State	2,900	2,601	299
Postage	50	50	0
Total Animal Management	<u>7,125</u>	<u>5,702</u>	<u>1,423</u>
Debt Service and Fixed Charges:			
Rutland County Tax	<u>24,900</u>	<u>24,775</u>	<u>125</u>
Total Debt Service and Fixed Charges	<u>24,900</u>	<u>24,775</u>	<u>125</u>
Total Expenditures	<u>1,379,183</u>	<u>1,383,040</u>	<u>(3,857)</u>
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u><u>(3,000)</u></u>	(38,740)	\$ <u><u>(35,740)</u></u>
Fund Balance - July 1, 2015		<u>100,541</u>	
Fund Balance - June 30, 2016		\$ <u><u>61,801</u></u>	

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 798,100	\$ 798,100	\$ 0
State Aid	127,000	126,007	(993)
Grant Revenue	175,000	361,036	186,036
Overload Permits	600	755	155
Investment Income	4,000	2,909	(1,091)
Interfund Charges for Services	6,750	1,295	(5,455)
Interfund Sale of Fuel	8,200	6,072	(2,128)
Miscellaneous Revenue	0	1,727	1,727
Total Revenues	1,119,650	1,297,901	178,251
Expenditures:			
General:			
Labor - Vacation and Services	27,000	30,197	(3,197)
Labor - Maintenance	40,000	48,895	(8,895)
Mileage Reimbursement	100	277	(177)
Social Security Contribution	13,500	13,135	365
Insurance - Retirement	8,000	7,651	349
Insurance - Medical	43,000	42,175	825
Insurance - Dental	4,100	3,328	772
Insurance - Life	3,000	2,946	54
Workman's Comp/Unemployment	9,300	17,534	(8,234)
Insurance - General Liability	2,500	1,552	948
Insurance - Property	1,700	2,363	(663)
Insurance - Vehicle	5,700	5,120	580
Bridges Insurance	2,800	2,102	698
Legal and Administrative	200	250	(50)
Small Tool Purchases	1,200	1,506	(306)
Communications	1,000	1,383	(383)
Telephone	1,500	1,229	271
Heating Fuel	3,500	1,450	2,050
Training Fees	200	194	6
Equipment Rentals	2,000	0	2,000
Uniform Rentals	4,200	3,550	650
Highway Capital Reserve	105,000	105,000	0
Advertising/Postage	400	442	(42)
Utilities	5,000	4,496	504
Supplies	1,100	828	272
New Equipment Purchases	500	3,366	(2,866)
Building Expenses	3,300	540	2,760
Total General	289,800	301,509	(11,709)

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Class II Maintenance:			
Labor	\$ 20,250	\$ 20,823	\$ (573)
Cold Patch/Hot Mix	1,000	1,163	(163)
Signs and Posts	1,000	2,778	(1,778)
Gravel/Stone	41,800	2,201	39,599
Culverts and Bands	12,500	5,044	7,456
Contracted Services	0	2,400	(2,400)
Paving	114,000	0	114,000
Supplies/Miscellaneous	16,100	138	15,962
Total Class II Maintenance	206,650	34,547	172,103
Class III Maintenance:			
Labor	50,400	48,861	1,539
Overtime	5,000	213	4,787
Cold Patch and Hot Mix	1,000	1,362	(362)
Signs and Posts	1,500	2,178	(678)
Calcium Chloride	9,000	16,408	(7,408)
Gravel and Stone	20,000	19,345	655
Culverts and Bands	3,000	4,201	(1,201)
Contract Services	0	10,841	(10,841)
Paving	141,000	130,313	10,687
Supplies/Miscellaneous	13,000	1,222	11,778
Total Class III Maintenance	243,900	234,944	8,956
Winter Maintenance:			
Labor	35,500	18,697	16,803
Sodium Chloride	79,000	50,204	28,796
Sand	15,000	11,827	3,173
Gravel/Stone	2,000	0	2,000
Contract Services	1,000	0	1,000
Town Equipment Drawing Sand	1,500	0	1,500
Supplies/Miscellaneous	500	91	409
Total Winter Maintenance	134,500	80,819	53,681
Highway Vehicles:			
Supplies	3,000	345	2,655
Vehicle Fuel	40,000	18,201	21,799
Contract Services	0	179	(179)
In-Shop Repairs and Maintenance	14,000	15,837	(1,837)
Outside Maintenance and Repairs	12,000	15,729	(3,729)
Total Highway Vehicles	69,000	50,291	18,709

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Bridges:			
Labor	\$ 2,500	\$ 9,322	\$ (6,822)
Supplies	0	17	(17)
Bridge Replacement Reserve Fund	50,000	50,000	0
Guardrails	5,000	5,750	(750)
Bridge Painting	0	1,402	(1,402)
Total Bridges	57,500	66,491	(8,991)
Special Projects:			
Culvert Grant Project	21,200	0	21,200
Sidewalks	0	1,314	(1,314)
West Creek Road Project	0	306,798	(306,798)
Firehill Road Culvert Project	0	121,095	(121,095)
Arch Street Sidewalk Project	0	89,801	(89,801)
Total Special Projects	21,200	519,008	(497,808)
Debt Service:			
Principal	85,000	85,000	0
Interest	12,100	12,057	43
Total Debt Service	97,100	97,057	43
Total Expenditures	1,119,650	1,384,666	(265,016)
Excess/(Deficiency) of Revenues Over Expenditures	\$ 0	(86,765)	\$ (86,765)
Fund Balance - July 1, 2015		230,324	
Fund Balance - June 30, 2016		\$ 143,559	

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

TOWN OF PITTSFORD, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 VILLAGE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 20,000	\$ 20,008	\$ 8
Intergovernmental	0	6,400	6,400
Interest Income	0	173	173
Total Revenues	20,000	26,581	6,581
Expenditures:			
Village Street Lights	20,000	14,453	5,547
Capital Outlay	0	11,539	(11,539)
Total Expenditures	20,000	25,992	(5,992)
Excess of Revenues Over Expenditures	\$ 0	589	\$ 589
Fund Balance - July 1, 2015		11,273	
Fund Balance - June 30, 2016		\$ 11,862	

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Receivables	\$ 169,072	\$ 149,836	\$ 318,908
Due from Other Funds	375,223	0	375,223
Inventory	4,954	1,372	6,326
Total Current Assets	<u>549,249</u>	<u>151,208</u>	<u>700,457</u>
Noncurrent Assets:			
Capital Assets:			
Land	66,855	1,500	68,355
Construction in Progress	43,180	0	43,180
Vehicles	54,562	0	54,562
Buildings and Building Improvements	46,991	2,614,321	2,661,312
Distribution and Collection Systems	7,001,158	1,811,768	8,812,926
Less: Accumulated Depreciation	<u>(1,372,787)</u>	<u>(804,981)</u>	<u>(2,177,768)</u>
Total Noncurrent Assets	<u>5,839,959</u>	<u>3,622,608</u>	<u>9,462,567</u>
Total Assets	<u>6,389,208</u>	<u>3,773,816</u>	<u>10,163,024</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS			
	<u>9,334</u>	<u>4,993</u>	<u>14,327</u>
Total Deferred Outflows of Resources	<u>9,334</u>	<u>4,993</u>	<u>14,327</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	512	2,113	2,625
Accrued Payroll and Benefits Payable	1,443	819	2,262
Due to Other Funds	0	255,926	255,926
Unearned Revenue	25	0	25
Accrued Interest Payable	2,654	15,888	18,542
General Obligation Bonds Payable - Current Portion	<u>59,679</u>	<u>69,262</u>	<u>128,941</u>
Total Current Liabilities	<u>64,313</u>	<u>344,008</u>	<u>408,321</u>
Noncurrent Liabilities:			
Compensated Absences Payable	7,344	5,598	12,942
Net Pension Liability	15,211	8,149	23,360
General Obligation Bonds Payable - Noncurrent Portion	<u>2,537,496</u>	<u>1,694,749</u>	<u>4,232,245</u>
Total Noncurrent Liabilities	<u>2,560,051</u>	<u>1,708,496</u>	<u>4,268,547</u>
Total Liabilities	<u>2,624,364</u>	<u>2,052,504</u>	<u>4,676,868</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS			
	<u>56</u>	<u>30</u>	<u>86</u>
Total Deferred Inflows of Resources	<u>56</u>	<u>30</u>	<u>86</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,242,784	1,858,597	5,101,381
Unrestricted/(Deficit)	<u>531,338</u>	<u>(132,322)</u>	<u>399,016</u>
Total Net Position	<u>\$ 3,774,122</u>	<u>\$ 1,726,275</u>	<u>\$ 5,500,397</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Water Fund	Sewer Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for Services	\$ 322,846	\$ 277,915	\$ 600,761
Penalties & Interest	3,970	4,844	8,814
Hydrant Fee	35,000	0	35,000
Contract - Otter Valley	0	25,508	25,508
Reserve Flow Fees/Permits	<u>1,300</u>	<u>1,000</u>	<u>2,300</u>
Total Operating Revenues	<u>363,116</u>	<u>309,267</u>	<u>672,383</u>
Operating Expenses:			
Labor and Stipends	83,006	59,543	142,549
Social Security	7,229	4,401	11,630
Insurances - Medical, Dental & Life	15,360	14,281	29,641
Retirement	3,824	2,685	6,509
Workmen's Comp/Unemployment	4,174	4,214	8,388
Insurance - General Liability/Property	1,819	3,209	5,028
Supplies	5,112	10,491	15,603
Postage/Billing Program	400	50	450
Advertising/Dues and Subscriptions	451	0	451
Telephone/Communications	1,893	3,028	4,921
Training	55	572	627
Property Tax	1,105	0	1,105
Contracts	12,065	12,255	24,320
Vermont Permit Renewals	3,106	0	3,106
Administration	8,000	7,000	15,000
Interfund Services Expenses	2,175	1,260	3,435
Utilities	5,590	18,066	23,656
Testing	2,999	2,831	5,830
Sludge/Refuse Removal	0	20,121	20,121
Maintenance	1,193	3,731	4,924
Mileage Reimbursement	20	2,494	2,514
Vehicle Fuel	3,206	0	3,206
Small Equipment Purchases	464	1,261	1,725
Depreciation	108,390	87,350	195,740
Other	<u>48</u>	<u>1,913</u>	<u>1,961</u>
Total Operating Expenses	<u>271,684</u>	<u>260,756</u>	<u>532,440</u>
Operating Income	<u>91,432</u>	<u>48,511</u>	<u>139,943</u>
Non-Operating Revenues/(Expenses):			
Investment Income	2,962	0	2,962
Interest Expense	<u>(87,475)</u>	<u>(56,440)</u>	<u>(143,915)</u>
Total Non-Operating Revenues/(Expenses)	<u>(84,513)</u>	<u>(56,440)</u>	<u>(140,953)</u>
Net Income Before Transfers	<u>6,919</u>	<u>(7,929)</u>	<u>(1,010)</u>
Transfers:			
Transfers In	4,750	0	4,750
Transfers Out	<u>0</u>	<u>(4,750)</u>	<u>(4,750)</u>
Total Transfers	<u>4,750</u>	<u>(4,750)</u>	<u>0</u>
Change in Net Position	11,669	(12,679)	(1,010)
Net Position - July 1, 2015	<u>3,762,453</u>	<u>1,738,954</u>	<u>5,501,407</u>
Net Position - June 30, 2016	<u>\$ 3,774,122</u>	<u>\$ 1,726,275</u>	<u>\$ 5,500,397</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 337,185	\$ 314,543	\$ 651,728
Receipts from Interfund Services	35,000	0	35,000
Payments for Goods and Services	(41,213)	(82,799)	(124,012)
Payment for Interfund Services	(10,175)	(8,260)	(18,435)
Payments for Wages and Benefits	(115,021)	(83,932)	(198,953)
	<u>205,776</u>	<u>139,552</u>	<u>345,328</u>
Net Cash Provided by Operating Activities			
Cash Flows From Noncapital Financing Activities:			
(Increase)/Decrease in Due from Other Funds	(59,383)	0	(59,383)
Increase/(Decrease) in Due to Other Funds	0	(13,714)	(13,714)
Transfers Received from Other Funds	4,750	0	4,750
Transfers Paid to Other Funds	0	(4,750)	(4,750)
	<u>(54,633)</u>	<u>(18,464)</u>	<u>(73,097)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities			
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(9,250)	0	(9,250)
Principal Paid on General Obligation Bonds Payable	(57,015)	(63,876)	(120,891)
Interest Paid on General Obligation Bonds Payable	(87,840)	(57,212)	(145,052)
	<u>(154,105)</u>	<u>(121,088)</u>	<u>(275,193)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities			
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	2,962	0	2,962
	<u>2,962</u>	<u>0</u>	<u>2,962</u>
Net Cash Provided by Investing Activities			
Net Increase in Cash	0	0	0
Cash - July 1, 2015	0	0	0
Cash - June 30, 2016	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	91,432	48,511	139,943
Depreciation	108,390	87,350	195,740
(Increase)/Decrease in Receivables	12,138	5,276	17,414
(Increase)/Decrease in Inventory	(752)	37	(715)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	(6,340)	(3,773)	(10,113)
Increase/(Decrease) in Accounts Payable	(935)	(2,814)	(3,749)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(2,115)	(582)	(2,697)
Increase/(Decrease) in Unearned Revenue	(3,069)	0	(3,069)
Increase/(Decrease) in Compensated Absences Payable	(276)	614	338
Increase/(Decrease) in Net Pension Liability	13,261	7,354	20,615
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	(5,958)	(2,421)	(8,379)
	<u>(5,958)</u>	<u>(2,421)</u>	<u>(8,379)</u>
Net Cash Provided by Operating Activities	<u>\$ 205,776</u>	<u>\$ 139,552</u>	<u>\$ 345,328</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private-Purpose Trust Fund <u>Bowen Walker Fund</u>	<u>Agency Fund First Response Capital Fund</u>
<u>ASSETS</u>		
Investments	\$ 28,628	\$ 0
Due from Other Funds	<u>0</u>	<u>21,654</u>
Total Assets	<u>28,628</u>	<u>21,654</u>
<u>LIABILITIES</u>		
Due to Others	<u>0</u>	<u>21,654</u>
Total Liabilities	<u>0</u>	<u>21,654</u>
<u>NET POSITION</u>		
Net Position:		
Restricted	<u>28,628</u>	<u>0</u>
Total Net Position	<u>\$ 28,628</u>	<u>\$ 0</u>

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

TOWN OF PITTSFORD, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Private-Purpose Trust Fund Bowen Walker Fund</u>
Additions:	
Investment Income	\$ <u>441</u>
Total Additions	<u>441</u>
Deductions:	
Miscellaneous	<u>441</u>
Total Deductions	<u>441</u>
Change in Net Position	0
Net Position - June 30, 2015	<u>28,628</u>
Net Position - June 30, 2016	<u><u>\$ 28,628</u></u>

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

TOWN OF PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

The Town of Pittsford, Vermont, (herein the "Town") was formed in 1761 and operates under a Selectboard-Manager form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning, zoning, water, sewer and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Pittsford (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 Pittsford, 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 PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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 function or segment. 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 governmental and enterprise 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.

Highway Fund – This fund accounts for the maintenance and operation of the Town highways.

The Town reports on the following major enterprise funds:

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

Sewer Fund – This fund accounts for the operations of the Town's Wastewater Department.

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

TOWN OF PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Additionally, the Town reports the following fund types:

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

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the 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.

TOWN OF PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases 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. 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 cash 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 PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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. Unbilled revenues consist of revenues earned as of June 30, but not yet billed as of that date.

4. Internal Balances

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

5. Inventories and Prepaid Expenses

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the Governmental Funds consists of sand, gravel and stone, sodium chloride and culverts. Inventories in the Proprietary Funds consists of fuel and materials.

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

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

6. Pensions

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. 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 Municipal 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 PITTSFORD, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

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 four 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 Municipal Employees Retirement System. The business-type activities and proprietary funds report deferred inflows of resources from one source; deferred inflows related to the Town’s participation in the Vermont Municipal Employees Retirement System. The governmental funds report deferred inflows of resources from four sources; prepaid property taxes, unavailable property taxes, penalties and interest, unavailable grants and unavailable loans receivable. 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	\$ 1,000	Not Depreciated
Vehicles	5,000	5-20 Years
Computers	1,000	4-6 Years
Equipment	1,000	5-20 Years
Buildings and Building Improvements	5,000	40-100 Years
Infrastructure	5,000	30-50 Years
Water and Wastewater Distribution and and Collection Systems	5,000	30-100 Years

TOWN OF PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

9. Compensated Absences

It is the policy of the Town of Pittsford to permit employees to accumulate earned but unused vacation time up to forty-eight (48) hours and comp-time up to eighty (80) hours. No liability is reported for unpaid accumulated sick leave because it is not a vested benefit. Upon retirement, termination, or death, unused vacation time and comp-time is paid at current pay rates. The accrual for unused compensated absences 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. Payment 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 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 liabilities on their balance sheets.

11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental 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, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

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

TOWN OF PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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. Any budget changes require voter approval. There were no budget amendments during the year.

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$3,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Exhibit F.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2016, expenditures in the General Fund, Highway Fund and Village Fund exceeded appropriations by \$3,857, \$265,016 and \$5,992, respectively. These over-expenditures were funded by excess revenues and available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2016 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$1,235,205
Cash on Hand	<u>325</u>
Total Cash	<u>1,235,530</u>

TOWN OF PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Investments:

Certificates of Deposit	\$ <u>128,438</u>
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Total Cash and Investments	\$ <u>1,363,968</u>
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The Town has three (3) certificates of deposit at Lake Sunapee Bank ranging from \$2,019 to \$97,791 with interest rates ranging from .3% to 2.71%. All of the certificates of deposit mature by fiscal year 2021.

Custodial Credit Risk

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

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 378,438	\$ 378,438
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit by the Federal Home Loan Bank of Boston	<u>985,205</u>	<u>1,032,207</u>
Total	<u>\$1,363,643</u>	<u>\$1,410,645</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,235,205
Investments – Certificates of Deposit	<u>128,438</u>
Total	<u>\$1,363,643</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 does not have any policy to limit the exposure to interest rate risk. The Town's certificates of deposit are not subject to interest rate risk disclosure.

TOWN OF PITTSFORD, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit are not subject to credit risk disclosure.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town's certificates of deposit are not subject to concentration of credit risk disclosure.

B. Receivables

Receivables as of June 30, 2016, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Delinquent Taxes Receivable	\$ 109,492	\$ 0	\$ 109,492
Penalties and Interest Receivable	18,390	1,491	19,881
Grants Receivable	189,335	0	189,335
Accounts Receivable	7,407	80	7,487
Billed Services	0	317,337	317,337
Allowance for Doubtful Accounts	<u>(1,000)</u>	<u>0</u>	<u>(1,000)</u>
 Total	 <u>\$ 323,624</u>	 <u>\$ 318,908</u>	 <u>\$ 642,532</u>

C. Loans Receivable

Loans receivable as of June 30, 2016 are as follows:

Loans Receivable, Twenty-One (21) Loans to Residents for Well Drilling Principal Due Quarterly Over Ten (10) Years, Interest at 0%, Maximum Loan Amount is \$6,000, Secured by Liens on Properties. Repayment of the Income from the Loans will be Used to Pay the Well Drilling Loan Program Bond Described in Note IV.I.	<u>\$89,600</u>
 Total Loans Receivable	 <u>\$89,600</u>

An analysis of the change in loans receivable is as follows:

<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2016</u>
<u>\$103,400</u>	<u>\$ 0</u>	<u>\$ 13,800</u>	<u>\$89,600</u>

TOWN OF PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

D. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 103,699	\$ 0	\$ 0	\$ 103,699
Construction in Progress	44,640	441,676	236,261	250,055
Total Capital Assets, Not Being Depreciated	<u>148,339</u>	<u>441,676</u>	<u>236,261</u>	<u>353,754</u>
Capital Assets, Being Depreciated:				
Vehicles	2,109,843	103,867	66,087	2,147,623
Computers	22,181	7,013	0	29,194
Equipment	426,274	12,037	15,222	423,089
Buildings and Building Improvements	987,915	14,100	0	1,002,015
Infrastructure	6,206,239	479,996	65,349	6,620,886
Totals	<u>9,752,452</u>	<u>617,013</u>	<u>146,658</u>	<u>10,222,807</u>
Less Accumulated Depreciation for:				
Vehicles	830,540	111,907	56,087	886,360
Computers	7,768	4,930	0	12,698
Equipment	248,889	22,890	13,535	258,244
Buildings and Building Improvements	351,503	20,309	0	371,812
Infrastructure	2,050,355	310,562	23,035	2,337,882
Totals	<u>3,489,055</u>	<u>470,598</u>	<u>92,657</u>	<u>3,866,996</u>
Total Capital Assets, Being Depreciated	<u>6,263,397</u>	<u>146,415</u>	<u>54,001</u>	<u>6,355,811</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,411,736</u>	<u>\$ 588,091</u>	<u>\$ 290,262</u>	<u>\$ 6,709,565</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 68,355	\$ 0	\$ 0	\$ 68,355
Construction in Progress	43,180	0	0	43,180
Total Capital Assets, Not Being Depreciated	<u>111,535</u>	<u>0</u>	<u>0</u>	<u>111,535</u>
Capital Assets, Being Depreciated:				
Vehicles	54,562	0	0	54,562
Buildings and Building Improvements	2,661,312	0	0	2,661,312
Distribution and Collection Systems	8,803,676	9,250	0	8,812,926
Totals	<u>11,519,550</u>	<u>9,250</u>	<u>0</u>	<u>11,528,800</u>
Less Accumulated Depreciation for:				
Vehicles	5,603	6,723	0	12,326
Buildings and Building Improvements	485,266	57,292	0	542,558
Distribution and Collection Systems	1,491,159	131,725	0	1,622,884
Totals	<u>1,982,028</u>	<u>195,740</u>	<u>0</u>	<u>2,177,768</u>
Total Capital Assets, Being Depreciated	<u>9,537,522</u>	<u>(186,490)</u>	<u>0</u>	<u>9,351,032</u>
Business-type Activities Capital Assets, Net	<u>\$ 9,649,057</u>	<u>\$ (186,490)</u>	<u>\$ 0</u>	<u>\$ 9,462,567</u>

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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 16,278	Water	\$ 108,390
Public Safety	71,577	Sewer	<u>87,350</u>
Highways and Streets	374,193		
Culture and Recreation	7,272		
Sanitation	<u>1,278</u>		
 Total Depreciation Expense - Governmental Activities	 \$ <u>470,598</u>	 Total Depreciation Expense - Business-type Activities	 \$ <u>195,740</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2016 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,162,455
Highway Fund	0	18,505
Non-Major Governmental Funds	1,051,104	11,095
Water Fund	375,223	0
Sewer Fund	0	255,926
Agency Fund	<u>21,654</u>	<u>0</u>
 Total	 \$ <u>1,447,981</u>	 \$ <u>1,447,981</u>

Interfund transfers during the year ended June 30, 2016 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Municipal Office Fund	\$ 7,000	Appropriation
General Fund	Fire Department Fund	62,500	Appropriation
General Fund	Patrol Car Fund	7,000	Appropriation
General Fund	Mower Replacement Fund	2,000	Appropriation
General Fund	Cemetery Development Fund	2,000	Appropriation
Highway Fund	Bridge Reserve Fund	50,000	Appropriation
Highway Fund	Highway Capital Fund	105,000	Appropriation
Belcher Mericle Fund	General Fund	<u>21</u>	Transfer Interest Earnings
 Total		 \$ <u>235,521</u>	

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F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$3,555 from the difference between the expected and actual experience, \$22,395 from changes in assumptions, \$21,725 from the difference between the projected and actual investment earnings, \$183 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 \$21,185 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Governmental Activities is \$69,043.

Deferred outflows of resources in the Business-type Activities consists of \$738 from the difference between the expected and actual experience, \$4,652 from changes in assumptions, \$4,513 from the difference between the projected and actual investment earnings, \$38 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 \$4,386 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Business-type Activities is \$14,327.

Deferred outflows of resources in the Water Fund consists of \$480 from the difference between the expected and actual experience, \$3,029 from changes in assumptions, \$2,939 from the difference between the projected and actual investment earnings, \$25 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 \$2,861 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Water Fund is \$9,334.

Deferred outflows of resources in the Sewer Fund consists of \$258 from the difference between the expected and actual experience, \$1,623 from changes in assumptions, \$1,574 from the difference between the projected and actual investment earnings, \$13 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 \$1,525 of required employer pension contributions subsequent to the measurement date, as further described in Note V.A. Total deferred outflows of resources in the Sewer Fund is \$4,993.

G. Unearned Revenue

Unearned revenue in the General Fund consists of \$8,289 of recreation fees received in advance.

Unearned revenue in the Water Fund consists of \$25 of water fees received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$4,248 of prepaid property taxes and \$413 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), as further described in Note V.A. Total deferred inflows of resources in the Governmental Activities is \$4,661.

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Deferred inflows of resources in the Business-type Activities consists of \$86 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), as further described in Note V.A.

Deferred inflows of resources in the General Fund consists of \$114,975 of delinquent property taxes, penalties and interest on those taxes not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$4,248 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$119,223.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$2,000 of grant revenue and \$89,600 of loans 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 \$91,600.

Deferred inflows of resources in the Water Fund consists of \$56 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), as further described in Note V.A.

Deferred inflows of resources in the Sewer Fund consists of \$30 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), as further described in Note V.A.

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 United States Department of Agriculture (USDA) offers a number of low interest loan programs for various purposes. The Town has borrowed money from the USDA for water and sewer system improvements.

The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the State of Vermont Special Environmental Revolving Fund for sewer projects and to fund water drilling 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.

TOWN OF PITTSFORD, VERMONT
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It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

Long-term liabilities outstanding as of June 30, 2016 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Highway Improvements, Principal Payments of \$85,000 Payable on December 1 Annually, Interest at 5.02% Payable on June 1 and December 1, Due December, 2019	\$425,000	\$ 0	\$85,000	\$340,000
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Drilling Loan Program, Principal Payments of \$14,176 Payable on December 1 Annually, 0% Interest, Due December, 2023	<u>127,584</u>	<u>0</u>	<u>14,176</u>	<u>113,408</u>
Total Governmental Activities	<u>\$552,584</u>	<u>\$ 0</u>	<u>\$99,176</u>	<u>\$453,408</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Pittsford Water System Improvements, Principal Payments Ranging from \$2,667 to \$17,426 Payable on December 1 Annually, Interest Ranging from 5.7% to 7.7% Payable on June 1 and December 1, Due December, 2018	\$ 62,255	\$ 0	\$ 13,796	\$ 48,459
Bond Payable, Vermont Municipal Bond Bank, Florence Water System Improvements, Principal Payments Ranging from \$584 to \$3,673 Payable on December 1 Annually, Interest Ranging from 5.7% to 7.7% Payable on June 1 and December 1, Due December, 2018	13,143	0	2,917	10,226

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, USDA Rural Development, Water System Improvements, Principal and Interest Payments of \$58,318 Payable on June 23 and December 23, Interest at 3.25%, Due June, 2050	\$2,427,057	\$ 0	\$ 38,058	\$2,388,999
Bond Payable, USDA Rural Development, System Improvements, Principal and Interest Payments of \$3,187 Payable on May 15 and November 15, Interest at 2.75%, Due November, 2053	150,730	0	2,244	148,486
Bond Payable, Vermont Municipal Bond Bank, Water Supply Improvements Authorized to \$10,000, Principal Payments of \$2,000 Payable on December 1 Annually Beginning December, 2019, Due December, 2023	1,005	0	0	1,005
Bond Payable, State of Vermont Special Environmental Revolving Fund, Pollution Control Loan, Sewer Line Upgrades, Principal Payments of \$8,943 Payable on October 1 Annually, 0% Interest, Due October, 2019	44,717	0	8,943	35,774
Bond Payable, Vermont Municipal Bond Bank, Sewer System Improvements, Principal Payments Ranging from \$17,647 to \$36,707 Payable on December 1 Annually, Interest at 3.93% Payable on June 1 and December 1, Due December, 2031	466,641	0	19,810	446,831
Bond Payable, Vermont Municipal Bond Bank, Sewer System Improvements, Principal Payments Ranging from \$5,430 to \$11,294 Payable on December 1 Annually, Interest at 3.93% Payable on June 1 and December 1, Due December, 2031	143,582	0	6,096	137,486

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, USDA Rural Development, Sewer System Improvements, Principal and Interest Payments of \$30,541 Payable on February 1 and August 1, Interest at 2.75%, Due August, 2042	\$1,172,947	\$ 0	\$ 29,027	\$1,143,920
Total Business-type Activities	\$4,482,077	\$ 0	\$ 120,891	\$4,361,186

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 552,584	\$ 0	\$ 99,176	\$ 453,408	\$ 99,176
Compensated Absences Payable	34,232	12,383	0	46,615	0
Net Pension Liability	13,484	98,968	0	112,452	0
Total Governmental Activities Long-term Liabilities	\$ 600,300	\$ 111,351	\$ 99,176	\$ 612,475	\$ 99,176
Business-type Activities					
General Obligation Bonds Payable	\$ 4,482,077	\$ 0	\$ 120,891	\$ 4,361,186	\$ 128,941
Compensated Absences Payable	12,604	338	0	12,942	0
Net Pension Liability	2,745	20,615	0	23,360	0
Total Business-type Activities Long-term Liabilities	\$ 4,497,426	\$ 20,953	\$ 120,891	\$ 4,397,488	\$ 128,941

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

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

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Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 99,176	\$ 3,544	\$ 128,941	\$ 138,882
2018	99,176	(127)	133,637	133,387
2019	99,176	3,876	136,803	129,357
2020	99,176	2,301	109,411	124,980
2021	14,176	0	111,977	121,385
2022-2026	42,528	0	617,812	548,616
2027-2031	0	0	726,961	438,729
2032-2036	0	0	644,175	325,229
2037-2041	0	0	693,138	227,322
2042-2046	0	0	582,805	123,527
2047-2051	0	0	460,376	36,364
2052-2056	0	0	15,150	627
Total	\$ <u>453,408</u>	\$ <u>9,594</u>	\$ <u>4,361,186</u>	\$ <u>2,348,405</u>

The Town refinanced the highway improvements bond. The savings is being applied to interest payments and will result in a refund of interest.

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.

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

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Expenses	\$ 3,357
Nonspendable Inventory	<u>236</u>
Total General Fund	<u>3,593</u>

Highway Fund:

Nonspendable Inventory	<u>64,170</u>
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Non-Major Funds

Permanent Fund:

Nonspendable Belcher Mericle Fund Principal	<u>1,250</u>
Total Nonspendable Fund Balances	<u>\$69,013</u>

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

Major Funds

General Fund:

Restricted for Police Department Expenses by Donations (Source of Revenue is Donations)	\$ <u>624</u>
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Highway Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	<u>79,389</u>
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TOWN OF PITTSFORD, VERMONT
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Non-Major Funds

Special Revenue Funds:

Restricted for Planning Expenses by Grant Agreement (Source of Revenue is Grant Revenue)	\$ 7,837
Restricted for Records Preservation Expenses by Statute (Source of Revenue is Restoration Fees)	42,175
Restricted for Veterans Memorial Expenses by Donations (Source of Revenue is Donations)	504
Restricted for William Dennison Expenses by Trust Agreement (Source of Revenue is Donations)	97,791
Restricted for Well Drilling Debt Service by Debt Agreement (Source of Revenue is Debt Proceeds)	<u>19,513</u>
Total Special Revenue Funds	<u>167,820</u>

Capital Projects Funds:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Bridge Expenditures	341,477
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Capital Expenditures	<u>287,562</u>
Total Capital Projects Funds	<u>629,039</u>

Permanent Fund:

Restricted for Belcher Mericle Expenses by Trust Agreement – Expendable Portion	<u>769</u>
Total Non-Major Funds	<u>797,628</u>

Total Restricted Fund Balances \$877,641

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

Non-Major Funds

Special Revenue Funds:

Committed for Village Expenses by the Voters	\$ <u>11,862</u>
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Capital Projects Funds:

Committed for Fire Department Expenses by the Voters	168,270
Committed for Mower Replacement Expenses by the Voters	18,877
Committed for Cemetery Development Expenses by the Voters	<u>39,675</u>

Total Capital Projects Funds 226,822

Total Committed Fund Balances \$238,684

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The fund balance in the following fund is assigned as follows:

Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>\$94,880</u>
Total Assigned Fund Balances	<u>\$94,880</u>

The unassigned deficit of \$6,812 in the Municipal Office Fund will be funded with future transfers from the General Fund.

The unassigned deficit of \$4,283 in the Patrol Car Fund will be funded with future transfers from the General Fund.

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2016 consisted of the following:

Governmental Activities:

Restricted for Police Department Expenses by Donations	\$ 624
Inventories Restricted for Highway Use by Statute	64,170
Restricted for Highway Expenditures by Statute	708,428
Restricted for Planning Expenses by Grant Agreement	7,837
Restricted for Records Preservation Expenses by Statute	42,175
Restricted for Veterans Memorial Expenses by Donations	2,504
Restricted for William Dennison Expenses by Trust Agreement	97,791
Restricted for Belcher Mericle Expenses by Trust Agreement	
– Non-Expendable Portion	1,250
Restricted for Belcher Mericle Expenses by Trust Agreement	
– Expendable Portion	<u>769</u>
Total Governmental Activities	<u>\$925,548</u>

TOWN OF PITTSFORD, VERMONT
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The designated net position of the Town as of June 30, 2016 consisted of the following:

Business-type Activities:

Water Fund:

Designated for Water Operations	\$232,029
Designated for Water Capital – Improvements	271,914
Designated for Water Capital – Truck	<u>27,395</u>

Total Water Fund 531,338

Sewer Fund:

Designated for Sewer Capital – Improvements	83,743
Designated in Excess of Unrestricted Net Position	<u>(83,743)</u>

Total Sewer Fund 0

Total Business-type Activities \$531,338

The unrestricted deficit in the Sewer Fund of \$132,322 will be funded in future years with additional revenues.

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, 2016, the retirement system consisted of 436 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.

TOWN OF PITTSFORD, VERMONT
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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, Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2015, the measurement date selected by the State of Vermont, VMERS was funded at 87.42% and had a plan fiduciary net position of \$535,903,742 and a total pension liability of \$612,999,552 resulting in a net pension liability of \$77,095,810. As of June 30, 2016, the Town's proportionate share of this was 0.1762% resulting in a liability of \$135,812. The net pension liability was measured as of June 30, 2015, 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, 2015, the Town's proportion of 0.1762% was a decrease of 0.0016% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Governmental Activities, the Water Fund and the Sewer Fund recognized pension expense of \$30,645, \$3,824, and \$2,685, respectively.

As of June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,293	\$ 0
Changes in assumptions	27,047	0
Difference between projected and actual investment earnings	26,238	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	221	499
Town's required employer contributions made subsequent to the measurement date	25,571	0
	\$ 83,370	\$ 499

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$25,571 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

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Year Ending <u>June 30</u>	
2017	\$11,245
2018	11,245
2019	11,245
2020	<u>23,565</u>
Total	<u>\$57,300</u>

Summary of System Provisions

Membership: Full time employees of participating municipalities. The Town elected coverage under Group A provisions.

Creditable Service: Service as a member plus purchased service.

Average Final Compensation (AFC): Group A – Average annual compensation during highest five (5) consecutive years.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service.

Amount – Group A – 1.4% of AFC times service.

Maximum benefit is 60% of AFC for Group A. 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 A.

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

TOWN OF PITTSFORD, VERMONT
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Death Benefit:

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

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

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

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

Post-Retirement Adjustments: Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A.

Member Contributions – Group A – 2.5% effective July 1, 2000 (decreased from 3.0%).

Employer Contributions – Group A – 4.0%.

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.

TOWN OF PITTSFORD, VERMONT
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Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

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 1.5% per annum for Group A 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.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.61%
Fixed Income	1.91%
Alternatives	6.93%
Multi-strategy	4.88%

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 PITTSFORD, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Discount Rate: The discount rate used to measure the total pension liability was 7.95%, a decrease from 8.23% in the prior year. 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 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$271,275	\$135,812	\$22,255

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.

Deferred Compensation Plan

The Town also offers its employees a deferred compensation plan through the International City/County Management Association's "ICMA" Retirement Corporation in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Town has no liability for losses under the 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.

The Town also makes matching contributions to two (2) employee's IRA accounts provided by an insurance company. The Town's expense for the year ended June 30, 2016 was \$1,020.

B. 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.

TOWN OF PITTSFORD, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

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.

C. 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 collected three (3) times per year. During the tax year ended June 30, 2016, taxes were due and payable on August 10, 2015, September 10, 2015 and November 13, 2015. The Town assesses a 2% penalty on delinquent taxes when the account is delinquent for 10 days and then another 6% for accounts greater than 10 days delinquent and interest is charged at one percent (1%) per month after the taxes become delinquent on November 11, 2015. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2016 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.2628	.2628
Highway	.2083	.2083
Village	.0408	.0408
Local Agreement	.0022	.0022
Education	<u>1.4867</u>	<u>1.3956</u>
 Total	 <u>2.0008</u>	 <u>1.9097</u>

D. OTHER COMMITMENTS

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.

The Town of Pittsford voters have approved borrowing up to \$200,000 from the State of Vermont Special Environmental Loan Fund to be used to issue no interest (0%) well drilling loans for residents who can no longer get water from the Town of Proctor. The terms of the loans are for ten (10) years with a maximum loan amount of \$6,000. As of June 30, 2016, the Town has drawn \$141,760 of this amount and repaid \$28,352 leaving a balance owed of \$113,408.

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

E. CONCENTRATION OF REVENUE

The Town receives a major portion of its revenue from OMYA, Inc. For the year ended June 30, 2016, the Town received 19.9% of its total property taxes and 16.7% of total water sales from OMYA, Inc.

TOWN OF PITTSFORD, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2016

	2016	2015
Total Plan Net Pension Liability	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.1762%	0.1778%
Town's Proportionate Share of the Net Pension Liability	\$ 135,812	\$ 16,229
Town's Covered Employee Payroll	\$ 639,266	\$ 615,601
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	21.2450%	2.6363%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net pension liability was lowered from 8.23% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

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

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TOWN OF PITTSFORD, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 25,571	\$ 24,624
Contributions in Relation to the Actuarially Determined Contributions	<u>25,571</u>	<u>24,624</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 639,266	\$ 615,601
Contributions as a Percentage of Town's Covered Employee Payroll	4.000%	4.000%

Notes to Schedule

Valuation Date: June 30, 2015

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

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TOWN OF PITTSFORD, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Belcher Mericle Fund	Total
<u>ASSETS</u>				
Investments	\$ 97,791	\$ 0	\$ 2,019	\$ 99,810
Receivables	2,000	0	0	2,000
Loans Receivable	89,600	0	0	89,600
Due from Other Funds	<u>195,243</u>	<u>855,861</u>	<u>0</u>	<u>1,051,104</u>
Total Assets	<u>\$ 384,634</u>	<u>\$ 855,861</u>	<u>\$ 2,019</u>	<u>\$ 1,242,514</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 18,472	\$ 0	\$ 0	\$ 18,472
Due to Other Funds	<u>0</u>	<u>11,095</u>	<u>0</u>	<u>11,095</u>
Total Liabilities	<u>18,472</u>	<u>11,095</u>	<u>0</u>	<u>29,567</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	2,000	0	0	2,000
Unavailable Loans Receivable	<u>89,600</u>	<u>0</u>	<u>0</u>	<u>89,600</u>
Total Deferred Inflows of Resources	<u>91,600</u>	<u>0</u>	<u>0</u>	<u>91,600</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	1,250	1,250
Restricted	167,820	629,039	769	797,628
Committed	11,862	226,822	0	238,684
Assigned	94,880	0	0	94,880
Unassigned/(Deficit)	<u>0</u>	<u>(11,095)</u>	<u>0</u>	<u>(11,095)</u>
Total Fund Balances	<u>274,562</u>	<u>844,766</u>	<u>2,019</u>	<u>1,121,347</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 384,634</u>	<u>\$ 855,861</u>	<u>\$ 2,019</u>	<u>\$ 1,242,514</u>

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TOWN OF PITTSFORD, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Belcher Mericle Fund	Total
Revenues:				
Property Taxes	\$ 20,008	\$ 0	\$ 0	\$ 20,008
Intergovernmental	20,365	0	0	20,365
Permits, Licenses and Fees	4,408	0	0	4,408
Loan Repayments	13,800	0	0	13,800
Investment Income	2,172	6,152	21	8,345
Donations	3,770	0	0	3,770
Other	135	0	0	135
Total Revenues	64,658	6,152	21	70,831
Expenditures:				
General Government	132,627	0	0	132,627
Highways and Streets	0	17,461	0	17,461
Capital Outlay:				
General Government	11,539	25,151	0	36,690
Highways and Streets	0	93,867	0	93,867
Debt Service:				
Principal	14,176	0	0	14,176
Total Expenditures	158,342	136,479	0	294,821
Excess/(Deficiency) of Revenues Over Expenditures	(93,684)	(130,327)	21	(223,990)
Other Financing Sources/(Uses):				
Transfers In	0	235,500	0	235,500
Transfers Out	0	0	(21)	(21)
Total Other Financing Sources/(Uses)	0	235,500	(21)	235,479
Net Change in Fund Balances	(93,684)	105,173	0	11,489
Fund Balances - July 1, 2015	368,246	739,593	2,019	1,109,858
Fund Balances - June 30, 2016	\$ 274,562	\$ 844,766	\$ 2,019	\$ 1,121,347

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TOWN OF PITTSFORD, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Village Fund	Reappraisal Fund	State Planning Grants Fund	Land Records Preservation Fund	Veterans Memorial Fund	William Dennison Fund	Well Drilling Fund	Total
<u>ASSETS</u>								
Investments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,791	\$ 0	\$ 97,791
Receivables	0	0	0	0	2,000	0	0	2,000
Loans Receivable	0	0	0	0	0	0	89,600	89,600
Due from Other Funds	<u>12,997</u>	<u>112,217</u>	<u>7,837</u>	<u>42,175</u>	<u>504</u>	<u>0</u>	<u>19,513</u>	<u>195,243</u>
Total Assets	<u>\$ 12,997</u>	<u>\$ 112,217</u>	<u>\$ 7,837</u>	<u>\$ 42,175</u>	<u>\$ 2,504</u>	<u>\$ 97,791</u>	<u>\$ 109,113</u>	<u>\$ 384,634</u>
<u>LIABILITIES</u>								
Accounts Payable	<u>\$ 1,135</u>	<u>\$ 17,337</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,472</u>
Total Liabilities	<u>1,135</u>	<u>17,337</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,472</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable Grants	0	0	0	0	2,000	0	0	2,000
Unavailable Loans Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>89,600</u>	<u>89,600</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>0</u>	<u>89,600</u>	<u>91,600</u>
<u>FUND BALANCES</u>								
Restricted	0	0	7,837	42,175	504	97,791	19,513	167,820
Committed	11,862	0	0	0	0	0	0	11,862
Assigned	<u>0</u>	<u>94,880</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>94,880</u>
Total Fund Balances	<u>11,862</u>	<u>94,880</u>	<u>7,837</u>	<u>42,175</u>	<u>504</u>	<u>97,791</u>	<u>19,513</u>	<u>274,562</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,997</u>	<u>\$ 112,217</u>	<u>\$ 7,837</u>	<u>\$ 42,175</u>	<u>\$ 2,504</u>	<u>\$ 97,791</u>	<u>\$ 109,113</u>	<u>\$ 384,634</u>

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TOWN OF PITTSFORD, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Village Fund	Reappraisal Fund	State Planning Grants Fund	Land Records Preservation Fund	Veterans Memorial Fund	William Dennison Fund	Well Drilling Fund	Total
Revenues:								
Property Taxes	\$ 20,008	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,008
Intergovernmental	6,400	13,965	0	0	0	0	0	20,365
Permits, Licenses and Fees	0	0	0	4,408	0	0	0	4,408
Loan Repayments	0	0	0	0	0	0	13,800	13,800
Investment Income/(Loss)	173	1,180	58	296	(3)	318	150	2,172
Donations	0	0	0	0	3,770	0	0	3,770
Other	0	0	0	0	0	0	135	135
Total Revenues	<u>26,581</u>	<u>15,145</u>	<u>58</u>	<u>4,704</u>	<u>3,767</u>	<u>318</u>	<u>14,085</u>	<u>64,658</u>
Expenditures:								
General Government	14,453	114,174	0	0	4,000	0	0	132,627
Capital Outlay:								
General Government	11,539	0	0	0	0	0	0	11,539
Debt Service:								
Principal	0	0	0	0	0	0	14,176	14,176
Total Expenditures	<u>25,992</u>	<u>114,174</u>	<u>0</u>	<u>0</u>	<u>4,000</u>	<u>0</u>	<u>14,176</u>	<u>158,342</u>
Net Change in Fund Balances	589	(99,029)	58	4,704	(233)	318	(91)	(93,684)
Fund Balances - July 1, 2015	<u>11,273</u>	<u>193,909</u>	<u>7,779</u>	<u>37,471</u>	<u>737</u>	<u>97,473</u>	<u>19,604</u>	<u>368,246</u>
Fund Balances - June 30, 2016	<u><u>\$ 11,862</u></u>	<u><u>\$ 94,880</u></u>	<u><u>\$ 7,837</u></u>	<u><u>\$ 42,175</u></u>	<u><u>\$ 504</u></u>	<u><u>\$ 97,791</u></u>	<u><u>\$ 19,513</u></u>	<u><u>\$ 274,562</u></u>

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TOWN OF PITTSFORD, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2016

	Bridge Reserve Fund	Municipal Office Fund	Fire Department Fund	Patrol Car Fund	Mower Replacement Fund	Cemetery Development Fund	Highway Capital Fund	Total
<u>ASSETS</u>								
Due from Other Funds	\$ 341,477	\$ 0	\$ 168,270	\$ 0	\$ 18,877	\$ 39,675	\$ 287,562	\$ 855,861
Total Assets	\$ 341,477	\$ 0	\$ 168,270	\$ 0	\$ 18,877	\$ 39,675	\$ 287,562	\$ 855,861
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Due to Other Funds	\$ 0	\$ 6,812	\$ 0	\$ 4,283	\$ 0	\$ 0	\$ 0	\$ 11,095
Total Liabilities	0	6,812	0	4,283	0	0	0	11,095
Fund Balances/(Deficit):								
Restricted	341,477	0	0	0	0	0	287,562	629,039
Committed	0	0	168,270	0	18,877	39,675	0	226,822
Unassigned/(Deficit)	0	(6,812)	0	(4,283)	0	0	0	(11,095)
Total Fund Balances/(Deficit)	341,477	(6,812)	168,270	(4,283)	18,877	39,675	287,562	844,766
Total Liabilities and Fund Balances	\$ 341,477	\$ 0	\$ 168,270	\$ 0	\$ 18,877	\$ 39,675	\$ 287,562	\$ 855,861

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TOWN OF PITTSFORD, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Bridge Reserve Fund	Municipal Office Fund	Fire Department Fund	Patrol Car Fund	Mower Replacement Fund	Cemetery Development Fund	Highway Capital Fund	Total
Revenues:								
Investment Income/(Loss)	\$ 2,491	\$ (28)	\$ 1,036	\$ (44)	\$ 134	\$ 287	\$ 2,276	\$ 6,152
Total Revenues	<u>2,491</u>	<u>(28)</u>	<u>1,036</u>	<u>(44)</u>	<u>134</u>	<u>287</u>	<u>2,276</u>	<u>6,152</u>
Expenditures:								
Highways and Streets	17,461	0	0	0	0	0	0	17,461
Capital Outlay:								
General Government	0	25,151	0	0	0	0	0	25,151
Highways and Streets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>93,867</u>	<u>93,867</u>
Total Expenditures	<u>17,461</u>	<u>25,151</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>93,867</u>	<u>136,479</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(14,970)</u>	<u>(25,179)</u>	<u>1,036</u>	<u>(44)</u>	<u>134</u>	<u>287</u>	<u>(91,591)</u>	<u>(130,327)</u>
Other Financing Sources:								
Transfers In	<u>50,000</u>	<u>7,000</u>	<u>62,500</u>	<u>7,000</u>	<u>2,000</u>	<u>2,000</u>	<u>105,000</u>	<u>235,500</u>
Total Other Financing Sources	<u>50,000</u>	<u>7,000</u>	<u>62,500</u>	<u>7,000</u>	<u>2,000</u>	<u>2,000</u>	<u>105,000</u>	<u>235,500</u>
Net Change in Fund Balances	35,030	(18,179)	63,536	6,956	2,134	2,287	13,409	105,173
Fund Balances/(Deficit) - July 1, 2015	<u>306,447</u>	<u>11,367</u>	<u>104,734</u>	<u>(11,239)</u>	<u>16,743</u>	<u>37,388</u>	<u>274,153</u>	<u>739,593</u>
Fund Balances/(Deficit) - June 30, 2016	<u>\$ 341,477</u>	<u>\$ (6,812)</u>	<u>\$ 168,270</u>	<u>\$ (4,283)</u>	<u>\$ 18,877</u>	<u>\$ 39,675</u>	<u>\$ 287,562</u>	<u>\$ 844,766</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"

Board of Selectmen
Town of Pittsford, Vermont
P.O. Box 10, Plains Road
Pittsford, Vermont 05763-0010

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 Pittsford, Vermont, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Pittsford, Vermont's basic financial statements, and have issued our report thereon dated February 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pittsford, 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 Pittsford, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Pittsford, Vermont's internal control.

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

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 Pittsford, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Item 2016-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Pittsford, 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".

We also noted certain other matters that we reported to the management of the Town of Pittsford, Vermont in a separate letter dated February 10, 2017.

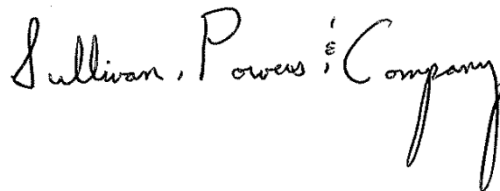
Town of Pittsford, Vermont's Response to the Deficiency in Internal Control

The Town of Pittsford, Vermont's response to the deficiency in internal control identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Pittsford, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Pittsford, 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 Pittsford, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 10, 2017
Montpelier, Vermont
VT Lic. #92-000180



TOWN OF PITTSFORD, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2016

Deficiencies in Internal Control:

Material Weakness:

2016-1 Reconciliation of Balance Sheet Accounts

Criteria:

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

Condition:

A number of balance sheet accounts such as cash, receivables, due from/(to) other funds, property, plant and equipment, accounts payable, accrued payroll, bond payable, unearned revenue, accumulated depreciation, and transfers were not reconciled to the actual balances at year end which resulted in various adjustments to revenue and expenses.

Cause:

Unknown.

Effect:

The Town's account balances were incorrect.

Recommendation:

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

Chad,

2016-1 Reconciliation of Balance Sheet Accounts

Reconciliation of all balance sheet accounts to supporting documentation is being processed as quickly as possible at the close of each month. An improvement with more attention to detail has been seen with our new Accountant, Patricia Johnson who was hired September 28, 2016.

Helen McKinlay