

Audited Financial Statements and
Other Supplementary Information

Town of Rockingham, Vermont

June 30, 2015



Proven Expertise and Integrity

TOWN OF ROCKINGHAM, VERMONT

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JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Rockingham, Vermont
Bellows Falls, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockingham, Vermont, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditors' 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 of 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 entity'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 entity'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 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 above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockingham, Vermont as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 12 and 60 through 65 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 Rockingham, Vermont's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015, on our consideration of Town of Rockingham, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 Town of Rockingham, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
November 5, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

(UNAUDITED)

The following management's discussion and analysis of Town of Rockingham, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Rockingham, Vermont's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension information, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Rockingham, Vermont are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, culture and recreation, solid waste and community development.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Rockingham, Vermont include the theater fund.

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 of Rockingham, Vermont, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Rockingham, Vermont can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Rockingham, Vermont presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, development fund, library fund, and trustees of public funds fund. All other funds are shown as nonmajor and are combined in the "Nonmajor funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Rockingham, Vermont maintains one proprietary fund, the theater fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Rockingham, Vermont. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Fiduciary Net Position – Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, Schedules of Proportionate Share of the Net Pension Liabilities and Schedules of Contributions.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$746,357 from \$18,855,640 to \$19,601,997. The Town's total business-type net position decreased by \$9,852 from \$871,677 to \$861,825.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$1,816,249 at the end of this year. Unrestricted net position for business-type activities decreased to a deficit balance of \$113,543.

Table 1
Town of Rockingham, Vermont
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2015</u>	<u>2014 (Restated)</u>	<u>2015</u>	<u>2014</u>
Assets:				
Current assets	\$ 3,006,295	\$ 3,471,205	\$ (98,140)	\$ 2,640
Noncurrent assets	22,359,354	22,041,004	1,964,168	2,029,592
Total Assets	<u>25,365,649</u>	<u>25,512,209</u>	<u>1,866,028</u>	<u>2,032,232</u>
Deferred Outflows of Resources:				
Deferred outflows related to pensions	359,698	66,797	-	-
Total Deferred Outflows of Resources	<u>359,698</u>	<u>66,797</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current liabilities	874,978	1,468,230	108,203	169,674
Long-term debt outstanding	5,025,437	5,228,610	896,000	990,881
Total Liabilities	<u>5,900,415</u>	<u>6,696,840</u>	<u>1,004,203</u>	<u>1,160,555</u>
Deferred Inflows of Resources:				
Prepaid taxes	18,175	13,974	-	-
Deferred grant revenue	5,828	12,552	-	-
Deferred inflows related to pensions	198,932	-	-	-
Total Deferred Inflows of Resources	<u>222,935</u>	<u>26,526</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	17,041,702	16,488,522	975,368	947,992
Restricted for: General fund	4,974	4,974	-	-
Development fund	303,286	291,565	-	-
Trustees of public funds fund	319,008	317,755	-	-
Special revenue funds	116,778	134,113	-	-
Unrestricted	1,816,249	1,618,711	(113,543)	(76,315)
Total Net Position	<u>\$ 19,601,997</u>	<u>\$ 18,855,640</u>	<u>\$ 861,825</u>	<u>\$ 871,677</u>

Table 2
Town of Rockingham, Vermont
Change in Net Position
For the Year Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2015</u>	<u>2014 (Restated)</u>	<u>2015</u>	<u>2014</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 213,145	\$ 223,115	\$ 234,632	\$ 259,484
Operating grants and contributions	20,571	1,115,530	-	2,774
Capital grants and contributions	-	21,227	-	-
<i>General Revenue:</i>				
Taxes	4,400,056	4,184,721	-	-
Grants and contributions not restricted to specific programs	501,326	-	-	-
Investment income	38,582	52,439	-	-
Other income	382,743	151,058	4,670	-
Total Revenues	<u>5,556,423</u>	<u>5,748,090</u>	<u>239,302</u>	<u>262,258</u>
Expenses				
General government	1,209,710	1,179,178	-	-
Culture and recreation	298,023	318,802	-	-
Public safety	146,867	139,492	-	-
Public works	2,151,657	2,180,606	-	-
Solid waste	118,039	117,443	-	-
Community development	93,657	88,916	-	-
Program expenses	621,246	864,877	-	-
Interest on long-term debt	159,739	163,753	-	-
Theater	-	-	386,900	415,404
Total expenses	<u>4,798,938</u>	<u>5,053,067</u>	<u>386,900</u>	<u>415,404</u>
Transfers	<u>(137,746)</u>	<u>(141,423)</u>	<u>137,746</u>	<u>141,423</u>
Extraordinary item - flood grants	<u>126,618</u>	<u>86,641</u>	<u>-</u>	<u>-</u>
Change in Net Position	746,357	640,241	(9,852)	(11,723)
Net Position - July 1	<u>18,855,640</u>	<u>18,215,399</u>	<u>871,677</u>	<u>883,400</u>
Net Position - June 30	<u>\$ 19,601,997</u>	<u>\$ 18,855,640</u>	<u>\$ 861,825</u>	<u>\$ 871,677</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 3.33%, while total expenses decreased by 5.03%.

Revenues for the Town's business-type activities decreased by 8.75%, while total expenses decreased by 6.86%.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Rockingham, Vermont
Fund Balances - Governmental Funds
June 30,

	<u>2015</u>	<u>2014</u> <u>(Restated)</u>
General Fund:		
Nonspendable	\$ 317,299	\$ 307,406
Restricted	4,974	4,974
Committed	37,382	24,841
Unassigned	709,800	479,456
Total General Fund	<u>\$ 1,069,455</u>	<u>\$ 816,677</u>
Other Major Funds:		
Development Fund:		
Restricted	\$ 303,286	\$ 291,565
Library Fund:		
Nonspendable	-	14,498
Committed	187,180	165,197
Trustees of Public Funds Fund:		
Restricted	319,008	317,755
Total Other Major Funds	<u>\$ 809,474</u>	<u>\$ 789,015</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 116,778	\$ 134,113
Unassigned	-	(718,057)
Capital Projects Funds:		
Committed	98,483	197,908
Unassigned	-	(102,039)
Total Nonmajor Funds	<u>\$ 215,261</u>	<u>\$ (488,075)</u>

The general fund total fund balance increased by \$252,778 from the prior fiscal year. The development fund increased by \$11,721 from the prior fiscal year. The library fund increased by \$7,485 from the prior fiscal year. The trustees of public funds fund increased by \$1,253 from the prior fiscal year. The non-major fund balances increased by \$703,336 from the prior fiscal year.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$68,188. This was mostly a result of the increase of revenues from taxes and other income.

The general fund actual expenditures were under budget by \$184,590. All expenditures categories were under budget with the exception of general government and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2015, the net book value of the capital assets recorded by the Town increased by \$252,926 from the prior year. This is a result of capital additions of \$1,100,676 less current year depreciation of \$847,750.

**Table 4
Town of Rockingham, Vermont
Capital Assets (Net of Depreciation)
June 30,**

	2015	2014 (Restated)
Land	\$ 892,129	\$ 745,403
Construction in progress	241,513	154,675
Buildings and improvements	8,658,583	8,849,646
Machinery, equipment and vehicles	1,667,031	1,509,638
Infrastructure	12,864,266	12,811,234
Total	\$ 24,323,522	\$ 24,070,596

Debt

At June 30, 2015, the Town had \$6,306,452 in bonds and notes outstanding versus \$6,634,082 last year, a decrease of 4.94%. Other obligations include accrued compensated absences and net pension liability. For additional comparative information on the Town's outstanding debt, refer to Note 6 of Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

It is the Town's fund balance policy to achieve and maintain an unassigned fund balance equal to between 5% and 10% of its expenditures. At June 30, 2015, the Town's unassigned fund balance was in excess of its policy at approximately 13% of its total expenditures. The Town also maintains significant reserves for future operations, capital and program needs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at P.O. Box 370, Bellows Falls, Vermont 05101.

TOWN OF ROCKINGHAM, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,203,111	\$ 890	\$ 1,204,001
Investments	496,465	-	496,465
Accounts receivable (net of allowance for uncollectibles):			
Taxes	341,736	-	341,736
Other	96	-	96
Loans receivable (net of allowance for uncollectibles)	497,409	-	497,409
Due from other governments	49,649	-	49,649
Prepaid expenses	97,638	1,500	99,138
Inventory	115,333	-	115,333
Tax acquired property	104,328	-	104,328
Internal balances	100,530	(100,530)	-
Total current assets	<u>3,006,295</u>	<u>(98,140)</u>	<u>2,908,155</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,133,642	-	1,133,642
Infrastructure, buildings, equipment and vehicles net of accumulated depreciation	21,225,712	1,964,168	23,189,880
Total noncurrent assets	<u>22,359,354</u>	<u>1,964,168</u>	<u>24,323,522</u>
TOTAL ASSETS	<u>25,365,649</u>	<u>1,866,028</u>	<u>27,231,677</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	359,698	-	359,698
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>359,698</u>	<u>-</u>	<u>359,698</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 25,725,347</u>	<u>\$ 1,866,028</u>	<u>\$ 27,591,375</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 87,047	\$ 4,997	\$ 92,044
Accrued expenses	71,352	4,029	75,381
Accrued interest payable	42,129	3,194	45,323
Due to other governments	14,708	-	14,708
Current portion of long-term obligations	659,742	95,983	755,725
Total current liabilities	<u>874,978</u>	<u>108,203</u>	<u>983,181</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	4,432,237	896,000	5,328,237
Notes payable	300,000	-	300,000
Net pension liability	293,200	-	293,200
Total noncurrent liabilities	<u>5,025,437</u>	<u>896,000</u>	<u>5,921,437</u>
TOTAL LIABILITIES	<u>5,900,415</u>	<u>1,004,203</u>	<u>6,904,618</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	18,175	-	18,175
Deferred grant revenue	5,828	-	5,828
Deferred inflows related to pensions	198,932	-	198,932
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>222,935</u>	<u>-</u>	<u>222,935</u>
NET POSITION			
Net investment in capital assets	17,041,702	975,368	18,017,070
Restricted for: General fund	4,974	-	4,974
Development fund	303,286	-	303,286
Trustees of public funds fund	319,008	-	319,008
Special revenue funds	116,778	-	116,778
Unrestricted	1,816,249	(113,543)	1,702,706
TOTAL NET POSITION	<u>19,601,997</u>	<u>861,825</u>	<u>20,463,822</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 25,725,347</u>	<u>\$ 1,866,028</u>	<u>\$ 27,591,375</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,209,710	\$ 76,228	\$ -	\$ -	\$ (1,133,482)	\$ -	\$ (1,133,482)
Culture and recreation	298,023	27,973	-	-	(270,050)	-	(270,050)
Public safety	146,867	5,813	-	-	(141,054)	-	(141,054)
Public works	2,151,657	370	-	-	(2,151,287)	-	(2,151,287)
Solid waste	118,039	102,761	-	-	(15,278)	-	(15,278)
Community development	93,657	-	-	-	(93,657)	-	(93,657)
Program expenses	621,246	-	20,571	-	(600,675)	-	(600,675)
Interest on long-term debt	159,739	-	-	-	(159,739)	-	(159,739)
Total governmental activities	<u>4,798,938</u>	<u>213,145</u>	<u>20,571</u>	<u>-</u>	<u>(4,565,222)</u>	<u>-</u>	<u>(4,565,222)</u>
Business-type activities:							
Theater fund	<u>386,900</u>	<u>234,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,268)</u>	<u>(152,268)</u>
Total business-type activities	<u>386,900</u>	<u>234,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,268)</u>	<u>(152,268)</u>
Total government	<u>\$ 5,185,838</u>	<u>\$ 447,777</u>	<u>\$ 20,571</u>	<u>\$ -</u>	<u>(4,565,222)</u>	<u>(152,268)</u>	<u>(4,717,490)</u>

STATEMENT B (CONTINUED)
TOWN OF ROCKINGHAM, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Governmental Activities	Business-type Activities	Totals
Changes in net position:			
Net (expense) revenue	(4,565,222)	(152,268)	(4,717,490)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	4,399,176	-	4,399,176
Grants and contributions not restricted to specific programs	501,326	-	501,326
Investment income	38,582	-	38,582
Other income	382,743	4,670	387,413
Extraordinary item - flood grants	126,618	-	126,618
Transfers	(137,746)	137,746	-
Total general revenues and transfers	5,311,579	142,416	5,453,995
Change in net position	746,357	(9,852)	736,505
NET POSITION - JULY 1, RESTATED	18,855,640	871,677	19,727,317
NET POSITION - JUNE 30	\$ 19,601,997	\$ 861,825	\$ 20,463,822

See accompanying independent auditors' report and notes to financial statements.

STATEMENT C

TOWN OF ROCKINGHAM, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Development Fund	Library Fund	Trustees of Public Funds Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,084,699	\$ -	\$ 93,870	\$ 24,542	\$ -	\$ 1,203,111
Investments	-	-	202,399	294,066	-	496,465
Accounts receivable (net of allowance for uncollectibles):						
Taxes	341,736	-	-	-	-	341,736
Other	96	-	-	-	-	96
Loans receivable (net of allowance for uncollectibles)	-	497,409	-	-	-	497,409
Due from other governments	30,643	-	-	-	19,006	49,649
Prepaid expenses	97,638	-	-	-	-	97,638
Inventory	115,333	-	-	-	-	115,333
Tax acquired property	104,328	-	-	-	-	104,328
Due from other funds	206,383	307,877	-	400	217,192	731,852
TOTAL ASSETS	\$ 1,980,856	\$ 805,286	\$ 296,269	\$ 319,008	\$ 236,198	\$ 3,637,617
LIABILITIES						
Accounts payable	\$ 73,845	\$ -	\$ 2,785	\$ -	\$ 10,417	\$ 87,047
Accrued expenses	61,118	-	8,709	-	1,525	71,352
Due to other governments	14,708	-	-	-	-	14,708
Due to other funds	525,469	-	96,858	-	8,995	631,322
TOTAL LIABILITIES	675,140	-	108,352	-	20,937	804,429
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	18,175	-	-	-	-	18,175
Deferred grant revenue	500	4,591	737	-	-	5,828
Deferred revenue - loans	-	497,409	-	-	-	497,409
Deferred tax revenues	217,586	-	-	-	-	217,586
TOTAL DEFERRED INFLOWS OF RESOURCES	236,261	502,000	737	-	-	738,998
FUND BALANCES						
Nonspendable	317,299	-	-	-	-	317,299
Restricted	4,974	303,286	-	319,008	116,778	744,046
Committed	37,382	-	187,180	-	98,483	323,045
Assigned	-	-	-	-	-	-
Unassigned	709,800	-	-	-	-	709,800
TOTAL FUND BALANCES	1,069,455	303,286	187,180	319,008	215,261	2,094,190
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,980,856	\$ 805,286	\$ 296,269	\$ 319,008	\$ 236,198	\$ 3,637,617

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2015

	Total Governmental Funds
	Total Governmental Funds
Total Fund Balances	\$ 2,094,190
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, net of accumulated depreciation	22,359,354
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	217,586
Deferred revenue - loans	497,409
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	359,698
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(4,867,652)
Notes payable	(450,000)
Accrued compensated absences	(74,327)
Accrued interest payable	(42,129)
Net pension liability	(293,200)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(198,932)
Net position of governmental activities	\$ 19,601,997

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Development Fund	Library Fund	Trustees of Public Funds Fund	Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 4,510,114	\$ -	\$ -	\$ -	\$ -	\$ 4,510,114
Intergovernmental revenue	500,448	-	-	-	808,991	1,309,439
Charges for services	213,145	-	-	-	-	213,145
Investment income	1,823	14,051	21,135	1,573	-	38,582
Other revenues	290,582	11,674	29,757	4,680	46,050	382,743
TOTAL REVENUES	5,516,112	25,725	50,892	6,253	855,041	6,454,023
EXPENDITURES						
Current:						
General government	1,160,129	-	-	-	-	1,160,129
Culture and recreation	202,764	-	-	-	-	202,764
Public safety	110,257	-	-	-	-	110,257
Public works	2,278,580	-	-	-	-	2,278,580
Solid waste	118,039	-	-	-	-	118,039
Community development	93,657	-	-	-	-	93,657
Program expenses	-	14,004	364,207	-	243,035	621,246
Capital outlay	-	-	-	-	360,463	360,463
Debt service:						
Principal	434,830	-	-	-	150,000	584,830
Interest	154,505	-	-	-	5,234	159,739
TOTAL EXPENDITURES	4,552,761	14,004	364,207	-	758,732	5,689,704
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	963,351	11,721	(313,315)	6,253	96,309	764,319
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	-	350,000	350,000
Transfers in	5,000	-	320,800	-	307,027	632,827
Transfers (out)	(715,573)	-	-	(5,000)	(50,000)	(770,573)
TOTAL OTHER FINANCING SOURCES (USES)	(710,573)	-	320,800	(5,000)	607,027	212,254
NET CHANGE IN FUND BALANCES	252,778	11,721	7,485	1,253	703,336	976,573
FUND BALANCES - JULY 1, RESTATED	816,677	291,565	179,695	317,755	(488,075)	1,117,617
FUND BALANCES - JUNE 30	\$ 1,069,455	\$ 303,286	\$ 187,180	\$ 319,008	\$ 215,261	\$ 2,094,190

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 976,573</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset additions	1,100,676
Capital asset disposals	-
Depreciation expense	<u>(782,326)</u>
	<u>318,350</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	(110,058)
Deferred revenue - FEMA	(661,802)
Deferred revenue - loans	878
	<u>(770,982)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	<u>292,901</u>
Debt proceeds provide current financial resources to governmental funds, but issuing long-term liabilities in the Statement of Net Position.	<u>(350,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, reduces long-term liabilities in the Statement of Net Position.	<u>584,830</u>
Deferred inflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	<u>(198,932)</u>
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:	
Accrued compensated absences	24
Accrued interest	186
Net pension liability	<u>(106,593)</u>
	<u>(106,383)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 746,357</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Enterprise Fund</u>
	<u>Theater Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 890
Prepaid expenses	1,500
Due from other funds	-
Total current assets	<u>2,390</u>
Noncurrent assets:	
Capital assets:	
Buildings and equipment, net of accumulated depreciation	<u>1,964,168</u>
Total noncurrent assets	<u>1,964,168</u>
TOTAL ASSETS	<u><u>\$ 1,966,558</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 4,997
Accrued payroll	4,029
Accrued interest payable	3,194
Due to other funds	100,530
Current portion of long-term obligations	<u>95,983</u>
Total current liabilities	<u>208,733</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	<u>896,000</u>
Total noncurrent liabilities	<u>896,000</u>
TOTAL LIABILITIES	<u>1,104,733</u>
NET POSITION	
Net investment in capital assets	975,368
Unrestricted (deficit)	<u>(113,543)</u>
TOTAL NET POSITION	<u>861,825</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,966,558</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Enterprise Fund</u>
	<u>Theater Fund</u>
OPERATING REVENUES	
Charges for services	\$ 234,632
Other	4,670
TOTAL OPERATING REVENUES	<u>239,302</u>
OPERATING EXPENSES	
Wages and benefits	93,936
Advertising	4,480
Film carrier and rental	79,075
Concessions	36,473
Repairs and maintenance	26,908
Utilities	7,281
Heating fuel	9,240
Booker	3,900
Materials and supplies	4,832
Rubbish removal	475
Live theater expense	10,212
Depreciation	65,424
TOTAL OPERATING EXPENSES	<u>342,236</u>
OPERATING INCOME (LOSS)	<u>(102,934)</u>
NONOPERATING REVENUE (EXPENSES)	
Interest expense	(44,664)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(44,664)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(147,598)
Transfers	<u>137,746</u>
CHANGE IN NET POSITION	(9,852)
NET POSITION - JULY 1	<u>871,677</u>
NET POSITION - JUNE 30	<u><u>\$ 861,825</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Enterprise Fund
	Theater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 239,302
Internal activity - receipts (payments) from/to other funds	31,154
Payments to employees	(92,373)
Payments to suppliers	(178,365)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(282)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers	137,746
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>137,746</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on capital debt	(92,800)
Interest paid on capital debt	(44,664)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(137,464)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>890</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 890</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (102,934)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	65,424
Changes in operating assets and liabilities:	
(Increase) decrease in prepaid expenses	250
Increase (decrease) in accounts payable	4,543
Increase (decrease) in accrued payroll	461
Increase (decrease) in accrued interest payable	(282)
Increase (decrease) in due to other funds	31,154
Increase (decrease) in accrued compensated absences	1,102
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (282)</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2015

	Private- Purpose Trusts	Employees' Pension Plan Trust	Total
ASSETS			
Cash and cash equivalents	\$ 8,169	\$ 35,627	\$ 43,796
Investments, at fair value	<u>94,750</u>	<u>1,533,173</u>	<u>1,627,923</u>
TOTAL ASSETS	<u><u>\$ 102,919</u></u>	<u><u>\$ 1,568,800</u></u>	<u><u>\$ 1,671,719</u></u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted - held in trust for special purposes	<u>102,919</u>	<u>1,568,800</u>	<u>1,671,719</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 102,919</u></u>	<u><u>\$ 1,568,800</u></u>	<u><u>\$ 1,671,719</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Private- Purpose Trusts	Employees' Pension Plan Trust	Total
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions:			
Member	\$ -	\$ 3,727	\$ 3,727
Employer	-	16,264	16,264
Net increase (decrease) in the fair value of investments	634	173,223	173,857
Total additions	<u>634</u>	<u>193,214</u>	<u>193,848</u>
DEDUCTIONS			
Service benefits	-	83,409	83,409
Administrative expenses	110	17,288	17,398
Total deductions	<u>110</u>	<u>100,697</u>	<u>100,807</u>
Change in net position	524	92,517	93,041
NET POSITION - JULY 1	<u>102,395</u>	<u>1,476,283</u>	<u>1,578,678</u>
NET POSITION - JUNE 30	<u>\$ 102,919</u>	<u>\$ 1,568,800</u>	<u>\$ 1,671,719</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Rockingham, Vermont was incorporated under the laws of the State of Vermont. The Town operates under selectmen-manager form of government and provides the following services: general government, public safety, public works, culture and recreation, solid waste and community development.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and 61.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the Town governmental.

In the government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue or Capital Project Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For statement of cash flows purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by the Board of Selectmen and State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Mutual funds

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$11,000 in the general fund and \$1,193,750 in the development fund as of June 30, 2015.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vehicles

3 - 25 years

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost using the first-in, first-out (FIFO) method. Under the consumption method, the costs of inventory items are recognized as expenditures when used. The general fund's inventory consists of operational supplies on hand at the end of the year, and other maintenance non-expendable supplies.

Prepaid Items

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, notes payable, compensated absences and net pension liability.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation time do permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2015, the Town's liability for compensated absences is \$77,510.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Rockingham and Bellows Falls Village Town Employees' Pension Plan and the Vermont Municipal Employees' Retirement System (VMERS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Method used to value investments. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of resources that are not included in the determination of net investment in capital assets or restricted net position.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement 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/expenditure) until then. The Town has only one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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 two types of items, deferred tax revenues and deferred revenues - loans, which arise only under a modified accrual basis of accounting that qualify for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Prepaid taxes and deferred grant revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on July 9, 2014, on the assessed value listed as of April 1, 2014, for all taxable real and personal property located in the Town. Taxes were due in four installments on August 10, 2014, November 10, 2014, February 10, 2015, and May 10, 2015. Interest on unpaid taxes commenced on August 11, 2014, November 11, 2014, February 11, 2015, and May 11, 2015, at 1% interest per installment for 3 months and 1.5% per month thereafter and an 8% penalty applied to the unpaid principal balance after the 4th installment due date.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. At June 30, 2015, the Town's deposits of \$1,247,797 were comprised of bank deposits of \$1,303,202. All of these bank deposits were fully covered by federal depository insurance and were not exposed to custodial credit risk or covered by the Securities Investors Protection Corporation (SIPC) or collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Balance</u>
Checking accounts	\$ 1,143,660
Money market accounts	91,465
Cash equivalents	68,077
	<u>\$ 1,303,202</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2015, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Mutual funds - open-ended	\$ 388,816	\$ 388,816	\$ -	\$ -
Mutual funds - fixed income	499,416	370,916	-	128,500
Stocks	1,236,156	1,236,156	-	-
	<u>\$ 2,124,388</u>	<u>\$ 1,995,888</u>	<u>\$ -</u>	<u>\$ 128,500</u>

At June 30, 2015, the Town's investment balances amounting to \$2,124,388 were comprised of investments in mutual funds and stocks of \$2,124,388. Of these investments, \$388,816 were collateralized and not exposed to custodial credit risk and \$499,416 were fully covered by the Securities Investor Protection Corporation (SIPC). The remaining \$1,236,156 were uninsured and uncollateralized.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk – Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 206,383	\$ 525,469
Development fund	307,877	-
Library fund	-	96,858
Trustees of public funds fund	400	-
Proprietary funds	-	100,530
Nonmajor special revenue funds	118,386	8,995
Nonmajor capital projects funds	98,806	-
	<u>\$ 731,852</u>	<u>\$ 731,852</u>

NOTE 4 – LOANS RECEIVABLE

The following is a summary of loans receivable for the year ended June 30, 2015:

Loan receivable due from Exner Block Limited Partnership in monthly payments of \$1,697 starting in January of 2031 with an interest rate of 1% per annum. This loan is secured by a mortgage. The balance at June 30, 2015 was \$419,000 with an estimated amount for allowance for uncollectible of \$419,000, net loan receivable is \$0.

Loan receivable due from Howard Block Housing Limited Partnership on demand on or after October of 2032, with an interest rate of 0% per annum. This loan is secured

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – LOANS RECEIVABLE (CONTINUED)

by a mortgage. The balance at June 30, 2015 was \$575,000 with an estimated amount for allowance for uncollectible of \$575,000, net loan receivable is \$0.

Loans receivable due from various small businesses in various monthly principal and interest payments with varying due dates and interest from 0% to 4% per annum. The balance on these loans at June 30, 2015 was \$697,159 with an estimated amount for allowance for uncollectible of \$199,750, net loan receivable is \$497,409.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2015:

	Balance, 7/1/14 (Restated)	Additions	Disposals	Balance, 6/30/15
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 745,403	\$ 146,726	\$ -	\$ 892,129
Construction in progress	154,675	86,838	-	241,513
	<u>900,078</u>	<u>233,564</u>	<u>-</u>	<u>1,133,642</u>
Depreciated assets:				
Buildings and improvements	7,899,162	6,902	-	7,906,064
Machinery, equipment & vehicles	3,341,765	373,816	-	3,715,581
Infrastructure	15,512,888	486,394	-	15,999,282
	<u>26,753,815</u>	<u>867,112</u>	<u>-</u>	<u>27,620,927</u>
Less: accumulated depreciation	<u>(5,612,889)</u>	<u>(782,326)</u>	<u>-</u>	<u>(6,395,215)</u>
	<u>21,140,926</u>	<u>84,786</u>	<u>-</u>	<u>21,225,712</u>
Net governmental capital assets	<u>\$ 22,041,004</u>	<u>\$ 318,350</u>	<u>\$ -</u>	<u>\$ 22,359,354</u>
<u>Business-type activities</u>				
Depreciated assets:				
Buildings and improvements	\$ 2,449,615	\$ -	\$ -	\$ 2,449,615
Machinery & equipment	84,189	-	-	84,189
	<u>2,533,804</u>	<u>-</u>	<u>-</u>	<u>2,533,804</u>
Less: accumulated depreciation	<u>(504,212)</u>	<u>(65,424)</u>	<u>-</u>	<u>(569,636)</u>
	<u>2,029,592</u>	<u>(65,424)</u>	<u>-</u>	<u>1,964,168</u>
Net business-type capital assets	<u>\$ 2,029,592</u>	<u>\$ (65,424)</u>	<u>\$ -</u>	<u>\$ 1,964,168</u>

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Governmental activities:

General government	\$ 44,069
Public safety	36,610
Public works	606,388
Culture and recreation	95,259
	<u>782,326</u>

Business-type activities:

Theater	65,424
Total depreciation expense	<u><u>\$ 847,750</u></u>

NOTE 6 – LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2015:

	Balance, 7/1/14 (Restated)	Additions	Deletions	Balance, 6/30/15	Current Portion
<i>Governmental activities:</i>					
Bonds payable	\$ 5,302,482	\$ -	\$ (434,830)	\$ 4,867,652	\$ 435,415
Notes payable	250,000	350,000	(150,000)	450,000	150,000
Accrued compensated absences	74,351	-	(24)	74,327	74,327
Net pension liability	186,607	306,224	(199,631)	293,200	-
Totals	<u><u>\$ 5,813,440</u></u>	<u><u>\$ 656,224</u></u>	<u><u>\$ (784,485)</u></u>	<u><u>\$ 5,391,979</u></u>	<u><u>\$ 659,742</u></u>
<i>Business-type activities:</i>					
Bonds payable	\$ 1,081,600	\$ -	\$ (92,800)	\$ 988,800	\$ 92,800
Accrued compensated absences	2,081	1,102	-	3,183	3,183
Totals	<u><u>\$ 1,083,681</u></u>	<u><u>\$ 1,102</u></u>	<u><u>\$ (92,800)</u></u>	<u><u>\$ 991,983</u></u>	<u><u>\$ 95,983</u></u>

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes payable:

Governmental activities:

\$154,925, 2011 general obligation bond with Vermont Municipal Bond Bank to pay off Economic Development note used for sewer system improvements, due in annual principal installments varying from \$9,556 to \$18,752 through December 2021. Interest is charged at a rate of 3.93% per annum.	\$ 111,952
\$2,955,000, 2012 general obligation bond with Vermont Municipal Bond Bank for library renovations, due in annual principal installments of \$147,750 through December 2032. Interest is charged at a rate varying from 1.098% to 3.908% per annum.	2,659,500
\$2,200,000, 2011 general obligation bond with Vermont Municipal Bond Bank for Brockway Mills project, due in annual principal installments of \$220,000 through November 2021. Interest is charged at a rate varying from .804% to 3.514% per annum.	1,540,000
\$2,850,000, 2005 general obligation bond with Vermont Municipal Bond Bank for Town Hall renovations (36% in the Capital Projects Fund and 64% in the Theater Fund), due in annual principal installments varying from \$140,000 to \$145,000 through November 2025. Interest is charged at a rate varying from 3.00% to 4.58% per annum.	556,200
Total Bonds Payable	<u>4,867,652</u>
\$150,000, 2014 note payable to Merchants Bank for highway equipment, due in annual principal installments of \$50,000 through January 2017. Interest is charged at a rate of 2.36% per annum.	100,000
\$350,000, 2014 note payable to People's United Bank for highway vehicles, due in annual principal installments of \$100,000 through September 2017 and a final principal payment of \$50,000 in September 2018. Interest is charged at a rate of 1.95% per annum.	350,000
Total Notes Payable	<u>450,000</u>
Total Bonds and Notes Payable - Governmental Activities	<u>\$ 5,317,652</u>

Business-type activities:

Theater Fund:

\$2,850,000, 2005 general obligation bond with Vermont Municipal Bond Bank for Town Hall renovations (36% in the Capital Projects Fund and 64% in the Theater Fund), due in annual principal installments varying from \$140,000 to \$145,000 through November 2025. Interest is charged at a rate varying from 3.00% to 4.58% per annum.	\$ 988,800
Total Bonds Payable - Business-type Activities	<u>\$ 988,800</u>

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 585,415	\$ 155,708	\$ 741,123
2017	584,222	143,578	727,800
2018	534,854	130,267	665,121
2019	485,510	116,804	602,314
2020	436,193	103,128	539,321
2021-2025	1,459,058	336,864	1,795,922
2026-2030	789,150	155,804	944,954
2031-2035	443,250	25,731	468,981
	<u>\$ 5,317,652</u>	<u>\$ 1,167,884</u>	<u>\$ 6,485,536</u>

Business-type Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 92,800	\$ 41,187	\$ 133,987
2017	89,600	37,426	127,026
2018	89,600	33,667	123,267
2019	89,600	29,855	119,455
2020	89,600	25,997	115,597
2021-2025	448,000	70,717	518,717
2026-2030	89,600	2,052	91,652
	<u>\$ 988,800</u>	<u>\$ 240,901</u>	<u>\$ 1,138,049</u>

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 – OPERATING LEASES

A summary of the outstanding operating leases payable is as follows:

The Town has entered into a lease agreement for a piece of land adjacent to the Rockingham Meetinghouse for growing agricultural crops. The term of the lease is for 5 years ending in March of 2017. Annual payments are \$300.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – OPERATING LEASES (CONTINUED)

The Town has entered into a lease agreement for a postage meter. The term of the lease is for 63 months ending in March of 2019. Quarterly payments are \$388.

The Town has entered into a lease agreement for a copier. The term of the lease is for 60 months ending in June of 2019. Monthly payments are \$318.

The Town and Bellows Falls Village Corporation have entered into multiple agreements for the use of various equipment or buildings. The agreements (operating leases) do not give rise to property rights and therefore the results of the (lease) agreements are not reflected in the Town's capital assets.

Future minimum lease payments at June 30, 2015, are as follows:

2016	\$	5,670
2017		5,670
2018		5,370
2019		4,981
2020		-
Total minimum lease payments	\$	<u>21,691</u>

NOTE 8 – NONSPENDABLE FUND BALANCES

At June 30, 2015, the Town of Rockingham, Vermont had the following nonspendable fund balance:

General fund:		
Prepaid expenses	\$	97,638
Inventory		115,333
Tax acquired property		104,328
	\$	<u>317,299</u>

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – RESTRICTED FUND BALANCES

At June 30, 2015, the Town of Rockingham, Vermont had the following restricted fund balances:

General fund:	
Recreation improvements	\$ 4,974
Development fund	303,286
Trustees of public funds fund	319,008
Nonmajor special revenue funds (See Schedule D)	116,778
	<u>\$ 744,046</u>

NOTE 10 – COMMITTED FUND BALANCES

At June 30, 2015, the Town of Rockingham, Vermont had the following committed fund balances:

General fund:	
Tree planting	\$ 5,088
Cemetery	32,294
Library fund	187,180
Nonmajor capital project funds (See Schedule F)	98,483
	<u>\$ 323,045</u>

NOTE 11 – DEFINED BENEFIT PENSION PLANS

TOWN OF ROCKINGHAM AND BELLOWS FALLS VILLAGE TOWN EMPLOYEES'
PENSION PLAN

Plan Description

The Town of Rockingham and Bellows Falls Village Town Employees' Pension Plan is a single-employer defined benefit pension plan established and maintained by the Town for its employees. The plan is administered by and may be amended by the Town's and Corporation's respective executive boards. The plan was established effective June 1, 1968, with the latest plan amendment effective January 1, 2002. The plan does not issue stand-alone financial statements. The plan covers all employees of the Town who work at least 1,000 hours on a twelve (12) month consecutive period and who agree to make minimum contributions.

Benefits Provided

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are calculated according to a formula that recognizes both the member's level of pay and years of service. The basic annual pension benefit

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

formula under the plan is $1\frac{2}{3}\%$ (one and two-thirds percent) of the plan member's Average Annual Compensation times years of Credited Service (not to exceed 30 such years; plus $\frac{1}{2}\%$ (one-half percent) of the plan member's Average Annual Compensation times years of Credited Service in excess of 30 years (not to exceed five (5) such years). This benefit is subject an annual minimum accrued benefit equal to the greater of (1) the actuarial equivalent of the member's contribution account, or (2) \$144 for each year of service. Furthermore, a plan member's benefit cannot be less than his accrued benefit determined as of December 31, 1990 under the terms of the plan in effect on that date.

Normal retirement is generally at age 65, or at age 62 with 30 or more years of service. A member may elect early retirement on the first day of any month following the completion of ten (10) years of service and attainment of age 55. The pension benefit commencing on or after early retirement shall be equal to the plan member's vested accrued pension benefit, reduced by $\frac{3}{12}$ th of 1% for each month or part thereof that payment begin before the earlier of their 65th birthday or the age at which they would have completed 30 years of credited service, but not before age 62. For a plan member who retires on or after their 62nd birthday with at least 30 years of credited service, no reduction shall apply. Sworn members of the police and fire department may receive early retirement without reduction as early as age 55 with at least 20 years of credited service.

A member who retires on a deferred retirement date (later than his normal retirement date) will be entitled to receive his accrued benefit determined as of that date. A married member who has satisfied the requirements for vesting prior to their death is covered by a pre-retirement death benefit. The amount of monthly benefit payable immediately as a life annuity to the surviving spouse is 50% of the member's monthly accrued benefit with no adjustment for early commencement or for the joint and survivor annuity form. Notwithstanding, the total amount of the pre-retirement death benefit will not be less than the amount standing to the credit of the member in their Mandatory Member Contribution Account as of the earlier of (a) the date of such member's death or (b) the date benefit payments originally commenced.

Effective January 1, 2009, the plan was closed to new police and fire department employees. The Town had stopped allowing all other new employees to enter the plan, effective January 1, 2008.

Contributions

The authority to establish and amend the contribution requirement of the Town and its active employees lies with the executive boards of the Town and the Corporation. The executive boards establish rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

during the year, with an additional amount to finance any unfunded accrued liability. While there is no statutory or regulatory requirement to contribute the actuarially determined contribution, it is the intent of the Town and Town to contribute \$55,000 per year or an amount necessary to meet benefit obligations when due, if greater. The Town's contribution requirement for the year ended June 30, 2015 of \$16,264 was made in accordance with actuarially determined requirements through an actuarial valuation performed as of December 31, 2014. This contribution represents 2.55% of covered payroll.

Effective March 1, 1991, all active plan members are required to contribute 5% (7% for police and fire department members effective January 1, 2007) of their annual compensation on a pre-tax basis to the plan. A record of such Mandatory Member Contributions shall be maintained along with interest credited thereto. A plan member is fully vested in the amount standing to his credit in his Mandatory Member Contribution Account as of any date. Each plan member will be 100% vested in his accrued benefit after completion of five or more years of credited service. For the year ended June 30, 2015, the average active employee contribution rate was 0.58% of annual pay.

Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town's and Corporation's respective executive boards, by a majority vote of their members. It is the policy of the executive boards to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	79.00%
International equity	0.00%
Fixed income	19.00%
Real estate	0.00%
Cash	2.00%
Total	<u>100.00%</u>

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Rate of return - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The Town's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the Town at June 30, 2015 were as follows:

Total pension liability	\$ 1,814,739
Plan fiduciary net position	(1,568,800)
Net pension liability	<u>\$ 245,939</u>

Plan fiduciary net position as a percentage of the total pension liability	86.45%
--	--------

Significant Actuarial Assumptions and Methods

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00% as of December 31, 2014 and for future periods
Salary increases	6.00% annually as of December 31, 2014 and for future periods
Investment rate of return	7.15% (8.00% as of December 31, 2013), net of pension plan investment expense, including inflation
Cost of living adjustment	None
Pre-retirement mortality	Mortality rates were based on the 1971 Group Annuity Mortality Table
Post-retirement mortality	Mortality rates were based on the 1971 Group Annuity Mortality Table

The *long-term expected rate of return* on pension plan assets was determined using a building block method in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2014 are summarized on the table below:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	4.50%
International equity	5.50%
Fixed income	3.00%
Real estate	4.00%
Cash	1.00%
Total	4.15%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the expected long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Effective December 31, 2014, the investment rate of return was 7.15% per year, a decrease from 8.00% that affected the measurement of the total pension liability since the prior measurement date of December 31, 2013.

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 7.15%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Discount rate	6.15%	7.15%	8.15%
Town's proportionate share of the net pension liability	\$ 428,436	\$ 245,939	\$ 88,570

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the fiduciary fund section of this financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$13,323. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 131,706	\$ -
Changes of assumptions	151,177	-
Net difference between projected and actual earnings on pension plan investments	-	46,126
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>6,629</u>	<u>-</u>
Total	<u>\$ 289,512</u>	<u>\$ 46,126</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Year ended June 30:		
2016	\$	16,109
2017		16,109
2018		16,109
2019		16,109
2020		16,110
Thereafter		156,209

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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. The plan was established effective July 1, 1975, and is governed by *Title 24, V.S.A. Chapter 125*. It is designed for school districts and other municipal 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. Employees of the Town other than Teachers are eligible to participate in the VMERS providing they work on a regular basis for not less than 30 hours a week and for not less than 1,040 hours for the school year.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance & Management website at:

http://finance.vermont.gov/reports_and_publications/cafr.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

- Group A – general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B & C – general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D – sworn police officers, firefighters and emergency medical personnel

The Town participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 55 with 20 years of service

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Early Retirement Eligibility	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund, and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.5% of gross salary	4.75% of gross salary to 6/30/15; 4.875% of gross salary after 7/1/15	9.625% of gross salary to 12/31/14; 9.75% of gross salary to 6/30/15; 9.875% of gross salary after 7/1/15	11.125% of gross salary to 6/30/15; 11.35% of gross salary after 7/1/15
Employer Contributions	4% of gross salary	5.375% of gross salary to 6/30/15; 5.50% of gross salary after 7/1/15	6.875% of gross salary to 12/31/14; 7% of gross salary to 6/30/15; 7.125% of gross salary after 7/1/15	9.75% of gross salary to 6/30/15; 9.85% of gross salary after 7/1/15

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee contributions are withheld pre income tax by the Town and are remitted to the State of Vermont. Such withholdings for the years ended June 30, 2015 and 2014 totaled \$62,025 and \$61,992, respectively. The Town contributed \$70,186 and \$65,912 for the years ended June 30, 2015 and 2014, respectively. The Town's total payroll for the year ended June 30, 2015 for all employees covered under this plan was \$1,305,779.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported a liability of \$47,261 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2014, the Town's proportion was 0.517809% for VMERS, which was a decrease of 0.024309% from its proportion measured as of June 30, 2013 for VMERS.

For the year ended June 30, 2015, the Town recognized total pension expense of \$699. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Town	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	145,733
Changes in proportion and differences between contributions and proportionate share of contributions	-	7,073
Contributions subsequent to the measurement date	70,186	-
Total	<u>\$ 70,186</u>	<u>\$ 152,806</u>

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$70,186 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Town</u>
Year ended June 30:	
2016	\$ 39,910
2017	39,910
2018	39,910
2019	-
2020	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five year period ending June 30, 2010:

VMERS:

Inflation	3.00% to 3.25% per year
Salary increases	5.00%, per year, including inflation
Investment rate of return	A select-and-ultimate interest rate set that is restarted every year follows:

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%	

Mortality rates for active participants in the VMERS plan were based on 50% of the probabilities in the 1995 Buck Mortality Tables for males and females, non-disabled retirees and terminated vested participants were based on the 1995 Buck Mortality Tables with no set-back for males and a one-year set-back for females, disabled

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

retirees were based on the RP-2000 Disabled Life Tables, and the 1995 Buck Mortality Tables for males and females was applied to beneficiaries.

Spouse's age assumptions used in the June 30, 2014 valuation set a husband's age at three years greater than their wives.

Cost-of-Living adjustments to benefits of terminated vested and retired participants were assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D of the VMERS plan.

A smoothing *asset valuation method* was used for funding purposes, 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. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

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

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

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Town	
	Target Allocation	Long-term Expected Real Rate of Return
Equity	31.50%	6.70%
Fixed income	33.00%	2.94%
Alternative	15.50%	6.26%
Multi-strategy	20.00%	5.98%
Total	100.00%	

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

Discount Rate

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

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 8.23%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.23%) or 1 percentage point higher (9.23%) than the current rate:

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>Town:</u>			
Discount rate	7.23%	8.23%	9.23%
Town's proportionate share of the net pension liability	\$ 398,124	\$ 47,261	\$ (247,107)

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at:

http://finance.vermont.gov/reports_and_publications/cafr

NOTE 12 – DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION-RETIREMENT TOWN

A. Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Managers Association Retirement Town (ICMA). The plan, available to employees who negotiate for such benefits as a condition of employment, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that 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.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – EXPENDITURES OVER APPROPRIATIONS

At June 30, 2015, the following appropriations were exceeded by actual expenditures:

General government	\$	52,194
Transfers to other funds		<u>28,527</u>
	\$	<u><u>80,721</u></u>

NOTE 14 – CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 15 – 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; and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns (VLCT).

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2015. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 – COMMITMENTS

Town of Rockingham, Vermont has entered into a contract with Golden Cross Ambulance, Inc. to provide emergency medical services to the Town. This contract is effective until fiscal year 2016. The Town has also entered into a contract ACS Enterprise Solutions, LLC to provide information technology products and services. This contract is effective until fiscal year 2020. The annual contracts' costs are as follows:

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 – COMMITMENTS (CONTINUED)

Fiscal Years Ending June 30,	Emergency Medical Services	Information Technology Services
2016	\$ 72,000	\$ 11,940
2017	-	11,940
2018	-	11,940
2019	-	11,940
2020	-	2,985

For the twelve months ended June 30, 2015, the Town paid a total of \$72,000 for emergency medical services and a total of \$11,940 for information technology services. All future contract amounts are subject to annual appropriation by Town of Rockingham, Vermont.

NOTE 17 – RESTATEMENTS

The beginning fund balance of the general fund and the net position of the governmental activities have been restated as of July 1, 2014. These balances were restated to correct the deferred tax revenue balance. The general fund and governmental activities were restated by \$89,284.

The beginning fund balance of the general fund and special revenue funds have been restated as of July 1, 2014. These balances were restated to reclassify the FEMA fund as a special revenue fund. The general fund and special revenue funds were restated by \$718,057 and \$(718,057), respectively. The net restatement to the governmental activities was \$0.

The beginning net position for the governmental activities has been restated as of July 1, 2014. This balance was restated to correct the capital asset balances. The governmental activities were restated by \$24,050.

The beginning net position of the governmental activities has been restated as of July 1, 2014 for the effects of GASB No. 68. The beginning balance has been restated by \$(119,810).

The net restatement to the general fund, special revenue funds and governmental activities was \$807,341, \$(718,057) and \$(6,476), respectively.

TOWN OF ROCKINGHAM, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 18 – COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund
- Schedule of Changes in Net Pension Liability and Related Ratios – Employees’ Pension Plan
- Schedule of Contributions – Employees’ Pension Plan
- Schedule of Investment Returns – Employees’ Pension Plan
- Schedule of Proportionate Share of the Net Pension Liability - VMERS
- Schedule of Contributions - VMERS

TOWN OF ROCKINGHAM, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS – BUDGET AND
ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 816,677	\$ 816,677	\$ 816,677	\$ -
Resources (Inflows):				
Taxes	4,433,023	4,433,023	4,510,114	77,091
Intergovernmental revenue	716,640	716,640	500,448	(216,192)
Charges for services	198,561	198,561	213,145	14,584
Investment income	2,000	2,000	1,823	(177)
Other income	97,700	97,700	290,582	192,882
Transfers from other funds	5,000	5,000	5,000	-
Amounts Available for Appropriation	<u>6,269,601</u>	<u>6,269,601</u>	<u>6,337,789</u>	<u>68,188</u>
Charges to Appropriations (Outflows):				
General government	1,107,935	1,107,935	1,160,129	(52,194)
Parks and recreation	234,176	234,176	202,764	31,412
Public safety	119,400	119,400	110,257	9,143
Public works	2,486,710	2,486,710	2,278,580	208,130
Solid waste	131,750	131,750	118,039	13,711
Community development	96,500	96,500	93,657	2,843
Debt service:				
Principal	434,830	434,830	434,830	-
Interest	154,577	154,577	154,505	72
Transfers to other funds	687,046	687,046	715,573	(28,527)
Total Charges to Appropriations	<u>5,452,924</u>	<u>5,452,924</u>	<u>5,268,334</u>	<u>184,590</u>
Budgetary Fund Balance, June 30	<u>\$ 816,677</u>	<u>\$ 816,677</u>	<u>\$ 1,069,455</u>	<u>\$ 252,778</u>
Use of unassigned fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 EMPLOYEES' PENSION PLAN
 LAST 10 FISCAL YEARS*

	<u>2015</u>
Total pension liability	
Service cost	\$ 1,420
Interest	120,691
Changes in benefit terms	-
Difference between actual and expected experience	144,575
Changes of assumptions	165,949
Benefit payments, including refunds of employee contributions	(83,409)
Net change in total pension liability	<u>349,226</u>
Total pension liability - beginning	<u>1,465,513</u>
Total pension liability - ending (a)	<u><u>\$ 1,814,739</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 16,264
Contributions - employee	3,727
Net investment income	173,223
Benefit payments, including refunds of member contributions	(83,409)
Administrative expense	(17,288)
Other	-
Net change in plan fiduciary net position	<u>92,517</u>
 Plan fiduciary net position - beginning	<u>1,476,283</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,568,800</u></u>
 Net pension liability - ending (a) - (b)	<u><u>\$ 245,939</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	86.45%
 Covered-employee payroll	\$ 638,917
 Net pension liability as a percentage of its covered-employee payroll	284.03%

Notes to schedule:**Changes of assumptions:**

The investment rate of return is 7.15% per year - previously 8.00% per year.

* The amounts presented for each fiscal year were determined as of December 31, 2014, and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF CONTRIBUTIONS – EMPLOYEES’ PENSION PLAN
LAST 10 FISCAL YEARS*

	<u>2015</u>
Actuarially determined contribution	\$ 26,853
Contributions in relation to the actuarially determined contribution	<u>(16,264)</u>
Contribution deficiency (excess)	<u>\$ 10,589</u>
Covered-employee payroll	\$ 638,917
Contributions as a percentage of covered- employee payroll	2.55%
Annual money-weighted rate of return, net of investment expense	10.48%

Notes to schedule:

Valuation date:	Actuarially determined contribution was calculated as of December 31, 2014.
Actuarial cost method:	Entry age normal.
Amortization method:	15-year Level dollar of the existing Net Pension Liability as of the valuation date.
Remaining amortization term:	15 years. Fresh start method with amortization of remaining unfunded amortized each year.
Asset-valuation method:	Market value of assets as of the measurement date.

Actuarial assumptions

Investment rate of return:	7.15% (8.00% as of December 31, 2013), net of pension plan investment expense, including inflation.
Discount rate:	7.15% (8.00% as of December 31, 2013), net of pension plan investment expense, including inflation.
Inflation:	3.00% as of December 31, 2014 and for future periods.
Salary increases:	6.00% annually as of December 31, 2014 and for future periods.
Cost of living adjustment:	None
Pre-retirement mortality:	Mortality rates were based on the 1971 Group Annuity Mortality Table.
Post-retirement mortality:	Mortality rates were based on the 1971 Group Annuity Mortality Table.

* The amounts presented for each fiscal year were determined as of December 31, 2014, and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF INVESTMENT RETURNS – EMPLOYEES' PENSION PLAN
LAST 10 FISCAL YEARS*

	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	10.48%

* The amounts presented for each fiscal year were determined as of December 31, 2014, and are for those years for which information is available.

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - VMERS
LAST 10 FISCAL YEARS*

<u>Town:</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.52%	0.54%
Proportionate share of the net pension liability	\$ 47,261	\$ 197,377
Covered-employee payroll	\$ 1,305,779	\$ 1,311,830
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	3.62%	15.05%
Plan fiduciary net position as a percentage of the total pension liability	98.32%	92.71%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF CONTRIBUTIONS - VMERS
LAST 10 FISCAL YEARS*

<u>Town:</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 70,186	\$ 65,912
Contributions in relation to the contractually required contribution	<u>(70,186)</u>	<u>(65,912)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,305,779	\$ 1,311,830
Contributions as a percentage of covered- employee payroll	5.38%	5.02%

* The amounts presented for each fiscal year are for those years for which information is available.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
General government:					
Selectmen	\$ 8,800	\$ -	\$ 8,800	\$ 8,960	\$ (160)
Town manager	76,050	-	76,050	80,821	(4,771)
Fees and reimbursements	6,400	-	6,400	6,400	-
Elections	6,700	-	6,700	6,178	522
Finance office	73,356	-	73,356	76,101	(2,745)
Auditing	22,400	-	22,400	23,635	(1,235)
Listers	63,060	-	63,060	58,151	4,909
Town clerk's office	100,250	-	100,250	95,583	4,667
Computer and supplies	58,450	-	58,450	47,828	10,622
Planning and zoning	112,627	-	112,627	104,383	8,244
Board of civil authority	1,000	-	1,000	910	90
Legal	36,000	-	36,000	132,701	(96,701)
Town hall	110,000	-	110,000	85,156	24,844
Town owned property	20,600	-	20,600	20,751	(151)
Rockingham meeting house	35,500	-	35,500	19,585	15,915
Employee benefits	210,764	-	210,764	157,464	53,300
Taxes	25,300	-	25,300	26,223	(923)
Service agencies	77,228	-	77,228	74,782	2,446
Health and welfare	4,150	-	4,150	48,127	(43,977)
Insurance	52,400	-	52,400	79,947	(27,547)
Dues	6,900	-	6,900	6,443	457
	<u>1,107,935</u>	<u>-</u>	<u>1,107,935</u>	<u>1,160,129</u>	<u>(52,194)</u>

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Culture and recreation:					
Recreation	160,550	-	160,550	142,926	17,624
Cemetery and parks	73,626	-	73,626	59,838	13,788
	<u>234,176</u>	<u>-</u>	<u>234,176</u>	<u>202,764</u>	<u>31,412</u>
Public safety:					
Animal control	9,300	-	9,300	1,892	7,408
Ambulance/civil defense	75,050	-	75,050	75,603	(553)
Fire department	35,050	-	35,050	32,762	2,288
	<u>119,400</u>	<u>-</u>	<u>119,400</u>	<u>110,257</u>	<u>9,143</u>
Public works:					
Highway personnel	586,350	-	586,350	584,100	2,250
Highway admin expenses	48,950	-	48,950	56,776	(7,826)
Road maintenance and improvements	787,000	-	787,000	766,495	20,505
Equipment and vehicle expenses	313,000	-	313,000	293,110	19,890
Town village garages	48,100	-	48,100	54,482	(6,382)
Bridges	84,500	-	84,500	77,644	6,856
Signs and lighting	92,000	-	92,000	117,441	(25,441)
Sidewalks	34,000	-	34,000	10,332	23,668
Contracted services	150,000	-	150,000	-	150,000
Employee benefits	258,935	-	258,935	227,297	31,638
Insurance	83,875	-	83,875	90,903	(7,028)
	<u>2,486,710</u>	<u>-</u>	<u>2,486,710</u>	<u>2,278,580</u>	<u>208,130</u>

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Solid waste:					
Sanitation	25,650	-	25,650	28,609	(2,959)
Recycling/transfer station	106,100	-	106,100	89,430	16,670
	<u>131,750</u>	<u>-</u>	<u>131,750</u>	<u>118,039</u>	<u>13,711</u>
Community development	<u>96,500</u>	<u>-</u>	<u>96,500</u>	<u>93,657</u>	<u>2,843</u>
Debt service:					
Principal	434,830	-	434,830	434,830	-
Interest	154,577	-	154,577	154,505	72
	<u>589,407</u>	<u>-</u>	<u>589,407</u>	<u>589,335</u>	<u>72</u>
Transfers to other funds:					
Special revenue funds	-	-	-	18,064	(18,064)
Capital project funds	228,500	-	228,500	238,963	(10,463)
Library fund	320,800	-	320,800	320,800	-
Theater fund	137,746	-	137,746	137,746	-
	<u>687,046</u>	<u>-</u>	<u>687,046</u>	<u>715,573</u>	<u>(28,527)</u>
Total Expenditures	<u>\$ 5,452,924</u>	<u>\$ -</u>	<u>\$ 5,452,924</u>	<u>\$ 5,268,334</u>	<u>\$ 184,590</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	8,995	10,011	19,006
Due from other funds	118,386	98,806	217,192
TOTAL ASSETS	<u>\$ 127,381</u>	<u>\$ 108,817</u>	<u>\$ 236,198</u>
LIABILITIES			
Accounts payable	\$ 83	\$ 10,334	\$ 10,417
Accrued expenses	1,525	-	1,525
Due to other funds	8,995	-	8,995
TOTAL LIABILITIES	<u>10,603</u>	<u>10,334</u>	<u>20,937</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	116,778	-	116,778
Committed	-	98,483	98,483
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>116,778</u>	<u>98,483</u>	<u>215,261</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 127,381</u>	<u>\$ 108,817</u>	<u>\$ 236,198</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 808,991	\$ -	\$ 808,991
Other income	8,163	37,887	46,050
TOTAL REVENUES	<u>817,154</u>	<u>37,887</u>	<u>855,041</u>
EXPENDITURES			
Debt service:			
Principal	-	150,000	150,000
Interest	-	5,234	5,234
Capital outlay	-	360,463	360,463
Other	134,496	108,539	243,035
TOTAL EXPENDITURES	<u>134,496</u>	<u>624,236</u>	<u>758,732</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>682,658</u>	<u>(586,349)</u>	<u>96,309</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	350,000	350,000
Transfers in	18,064	288,963	307,027
Transfers (out)	-	(50,000)	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>18,064</u>	<u>588,963</u>	<u>607,027</u>
NET CHANGE IN FUND BALANCES	700,722	2,614	703,336
FUND BALANCES - JULY 1, RESTATED	<u>(583,944)</u>	<u>95,869</u>	<u>(488,075)</u>
FUND BALANCES - JUNE 30	<u>\$ 116,778</u>	<u>\$ 98,483</u>	<u>\$ 215,261</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF ROCKINGHAM, VERMONT

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Christmas Club Fund	Restoration Fund	Act 60 Fund	FEMA	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	8,995	8,995
Due from other funds	2,919	27,331	88,136	-	118,386
TOTAL ASSETS	<u>\$ 2,919</u>	<u>\$ 27,331</u>	<u>\$ 88,136</u>	<u>\$ 8,995</u>	<u>\$ 127,381</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 83	\$ -	\$ 83
Accrued expenses	-	-	1,525	-	1,525
Due to other funds	-	-	-	8,995	8,995
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,608</u>	<u>8,995</u>	<u>10,603</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,919	27,331	86,528	-	116,778
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,919</u>	<u>27,331</u>	<u>86,528</u>	<u>-</u>	<u>116,778</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,919</u>	<u>\$ 27,331</u>	<u>\$ 88,136</u>	<u>\$ 8,995</u>	<u>\$ 127,381</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Christmas Club Fund</u>	<u>Restoration Fund</u>	<u>Act 60 Fund</u>	<u>FEMA</u>	<u>Totals</u>
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ 20,571	\$ 788,420	\$ 808,991
Other income	1,985	6,178	-	-	8,163
TOTAL REVENUES	<u>1,985</u>	<u>6,178</u>	<u>20,571</u>	<u>788,420</u>	<u>817,154</u>
EXPENDITURES					
Other	3,673	2,281	40,115	88,427	134,496
TOTAL EXPENDITURES	<u>3,673</u>	<u>2,281</u>	<u>40,115</u>	<u>88,427</u>	<u>134,496</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,688)</u>	<u>3,897</u>	<u>(19,544)</u>	<u>699,993</u>	<u>682,658</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	18,064	18,064
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,064</u>	<u>18,064</u>
NET CHANGE IN FUND BALANCES	(1,688)	3,897	(19,544)	718,057	700,722
FUND BALANCES - JULY 1, RESTATED	<u>4,607</u>	<u>23,434</u>	<u>106,072</u>	<u>(718,057)</u>	<u>(583,944)</u>
FUND BALANCES - JUNE 30	<u>\$ 2,919</u>	<u>\$ 27,331</u>	<u>\$ 86,528</u>	<u>\$ -</u>	<u>\$ 116,778</u>

See accompanying independent auditors' report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF ROCKINGHAM, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	Computer Equipment	Bridge St. Bridge	Park & Ride	Depot St. Bridge	Bridge St. Bridge Reserve	Wheeler Pit
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	10,011	-
Due from other funds	7,139	-	14,260	5,000	21,942	223
TOTAL ASSETS	<u>\$ 7,139</u>	<u>\$ -</u>	<u>\$ 14,260</u>	<u>\$ 5,000</u>	<u>\$ 31,953</u>	<u>\$ 223</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 10,111	\$ 223
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,111</u>	<u>223</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	7,139	-	14,260	5,000	21,842	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>7,139</u>	<u>-</u>	<u>14,260</u>	<u>5,000</u>	<u>21,842</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,139</u>	<u>\$ -</u>	<u>\$ 14,260</u>	<u>\$ 5,000</u>	<u>\$ 31,953</u>	<u>\$ 223</u>

TOWN OF ROCKINGHAM, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2015

	Pit Closure	Lower Bartonsville	Rec Playground	Fire Fund	Equipment Fund	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	10,011
Due from other funds	25,000	-	4,500	18,420	2,322	98,806
TOTAL ASSETS	\$ 25,000	\$ -	\$ 4,500	\$ 18,420	\$ 2,322	\$ 108,817
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,334
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	10,334
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	25,000	-	4,500	18,420	2,322	98,483
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	25,000	-	4,500	18,420	2,322	98,483
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,000	\$ -	\$ 4,500	\$ 18,420	\$ 2,322	\$ 108,817

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Computer Equipment	Bridge St. Bridge	Park & Ride	Depot St. Bridge	Bridge St. Bridge Reserve	Wheeler Pit
REVENUES						
Other income	\$ -	\$ -	\$ 4,260	\$ -	\$ 21,610	\$ 2,517
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>4,260</u>	<u>-</u>	<u>21,610</u>	<u>2,517</u>
EXPENDITURES						
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	11,673	32,603
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,673</u>	<u>32,603</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>4,260</u>	<u>-</u>	<u>9,937</u>	<u>(30,086)</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	-	-	-
Transfers in	5,000	-	-	-	50,000	-
Transfers (out)	-	(50,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>5,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,000	(50,000)	4,260	-	59,937	(30,086)
FUND BALANCES - JULY 1	<u>2,139</u>	<u>50,000</u>	<u>10,000</u>	<u>5,000</u>	<u>(38,095)</u>	<u>30,086</u>
FUND BALANCES - JUNE 30	<u>\$ 7,139</u>	<u>\$ -</u>	<u>\$ 14,260</u>	<u>\$ 5,000</u>	<u>\$ 21,842</u>	<u>\$ -</u>

TOWN OF ROCKINGHAM, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Pit Closure</u>	<u>Lower Bartonsville</u>	<u>Rec Playground</u>	<u>Fire Fund</u>	<u>Equipment Fund</u>	<u>Totals</u>
REVENUES						
Other income	\$ -	\$ -	\$ 4,500	\$ 5,000	\$ -	\$ 37,887
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>5,000</u>	<u>-</u>	<u>37,887</u>
EXPENDITURES						
Debt service:						
Principal	-	-	-	-	150,000	150,000
Interest	-	-	-	-	5,234	5,234
Capital outlay	-	-	-	-	360,463	360,463
Other	-	64,263	-	-	-	108,539
TOTAL EXPENDITURES	<u>-</u>	<u>64,263</u>	<u>-</u>	<u>-</u>	<u>515,697</u>	<u>624,236</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(64,263)</u>	<u>4,500</u>	<u>5,000</u>	<u>(515,697)</u>	<u>(586,349)</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	-	350,000	350,000
Transfers in	2,000	-	-	-	231,963	288,963
Transfers (out)	-	-	-	-	-	(50,000)
TOTAL OTHER FINANCING SOURCES	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>581,963</u>	<u>588,963</u>
NET CHANGE IN FUND BALANCES	2,000	(64,263)	4,500	5,000	66,266	2,614
FUND BALANCES - JULY 1	<u>23,000</u>	<u>64,263</u>	<u>-</u>	<u>13,420</u>	<u>(63,944)</u>	<u>95,869</u>
FUND BALANCES - JUNE 30	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 18,420</u>	<u>\$ 2,322</u>	<u>\$ 98,483</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2015

	Land, Other Non- Depreciable Assets and Construction in Progress	Land Improvements, Buildings, and Building Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General government	\$ -	\$ 2,157,331	\$ 110,221	\$ -	\$ 2,267,552
Public safety	-	-	860,647	-	860,647
Public works	-	322,772	2,672,337	15,999,282	18,994,391
Culture and recreation	-	5,425,961	72,376	-	5,498,337
Town-wide	1,133,642	-	-	-	1,133,642
Theater	-	2,449,615	84,189	-	2,533,804
Total General Capital Assets	1,133,642	10,355,679	3,799,770	15,999,282	31,288,373
Less: Accumulated Depreciation	-	(1,697,096)	(2,132,739)	(3,135,016)	(6,964,851)
Net General Capital Assets	\$ 1,133,642	\$ 8,658,583	\$ 1,667,031	\$ 12,864,266	\$ 24,323,522

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKINGHAM, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2015

	General Capital Assets 7/1/14 (Restated)	Additions	Deletions	General Capital Assets 6/30/15
General government	\$ 2,260,650	\$ 6,902	\$ -	2,267,552
Public safety	860,647	-	-	860,647
Public works	18,134,181	860,210	-	18,994,391
Culture and recreation	5,498,337	-	-	5,498,337
Town-wide	900,078	233,564	-	1,133,642
Theater	2,533,804	-	-	2,533,804
Total General Capital Assets	30,187,697	1,100,676	-	31,288,373
Less: Accumulated Depreciation	(6,117,101)	(847,750)	-	(6,964,851)
Net General Capital Assets	<u>\$ 24,070,596</u>	<u>\$ 252,926</u>	<u>\$ -</u>	<u>\$ 24,323,522</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' 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 Rockingham, Vermont
Bellows Falls, Vermont

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 Town of Rockingham, Vermont as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Rockingham, Vermont's basic financial statements, and have issued our report thereon dated November 5, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
November 5, 2015