

Town of Isle LaMotte, Vermont
Financial Statements
For The Year Ended December 31, 2015

Town of Isle LaMotte, Vermont
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 For The Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Selectboard
Town of Isle LaMotte, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Town of Isle LaMotte, Vermont, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively compromise 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of the Town of Isle LaMotte, Vermont, as of December 31, 2015, and the respective changes in financial position 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 and budgetary comparison information 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 Isle LaMotte, Vermont's basic financial statements. The combining and individual nonmajor 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 nonmajor fund financial statements are the responsibility of management and were derived from and relate 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.

Angolano & Company

Angolano & Company
Shelburne, Vermont
Firm Registration Number 92-0000141

October 11, 2016

Management Discussion and Analysis

January 1, 2015 - December 31, 2015

The following is a narrative overview and analysis to facilitate both the short and long-term analysis of the budget activities of the Town for the fiscal year ended December 31, 2015.

This Management's Discussion and Analysis (MD&A) is based on the known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Readers should review the independent financial statements immediately following this discussion to enhance their understanding of the Town's financial performance.

Key Financial Highlights:

The total assets of the Town of Isle La Motte at the close of the fiscal year 2015 were \$772,533.00 compared to \$898,260.00 at the close of fiscal year 2012, of this amount, \$664,533.00 may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors. \$108,000.00 is land not available.

At the close of the fiscal year 2015, the Town's governmental funds reported combined ending balances of \$688,849.00

General Fund Budgeting Highlights Year Ending June 30 2015

The General Fund Balance at the close of the year ended December 31, 2015 was \$388,348.00. Delinquent Taxes Receivables for the year ended December 31, 2015 was \$43,402.00.

The Highway and Other Governmental Funds Balance at the close of the year ending December 31, 2015 was \$300,501.00.

Economic Factors and New Year's Budget Rates:

The Board of Selectmen strive to level fund as many budgetary items as possible in the past and will try to do so again in the upcoming budget in order to keep taxes affordable.

Town of Isle LaMotte, Vermont
District-Wide Statement of Net Assets
December 31, 2015

EXHIBIT I

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 445,624
Investments	108,000
Delinquent Taxes Receivable	43,402
Penalties and Interest Receivable	4,517
Accounts Receivable - State	
Prepaid Expenses	7,584
Loan Receivable	163,406
Capital Assets, net (Note 5)	531,749
TOTAL ASSETS	1,304,282
 DEFERRED OUTFLOWS OF RESOURCES	
Vermont Municipal Pension - Payments after measurement date	1,052
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,052
 LIABILITIES:	
Accounts Payable - Other	5,563
Net Pension Liability	1,024
Deferred Revenue	78,121
Long-Term Liabilities (Note 7):	
Due in More Than One Year	209,726
Total Liabilities	294,434
 DEFERRED INFLOWS OF RESOURCES	
Vermont Municipal Pension - Change in proportional share	3,448
TOTAL DEFERRED INFLOWS OF RESOURCES	3,448
 NET POSITION:	
Investment in Capital Assets, net of related debt	322,023
Restricted for Other Purposes	300,501
Unrestricted	384,928
TOTAL NET POSITION	1,007,452

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
 District-Wide Statement of Activities
 For The Year Ended December 31, 2015

EXHIBIT II

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	
General Government	\$ 139,507			\$ (139,507)	
Public Safety	30,860			(30,860)	
Public Works	205,037	\$ 48,260		(156,777)	
Cemetery	4,990			(4,990)	
Solid Waste Management	656			(656)	
Recreation	7,775			(7,775)	
Other Services	825			(825)	
Voter Appropriations	72,960			(72,960)	
School Appropriations	1,437,783	-	-	(1,437,783)	
Total	\$ 1,900,393	\$ 48,260	\$ -	(1,852,133)	
General Revenues:					
Property Taxes				1,775,763	
Penalties and Interest				8,583	
Permits and Licenses				9,485	
State Revenues not Restricted to Specific Programs				12,713	
Investment Earnings				1,308	
Rentals				2,500	
Miscellaneous				16,735	
Total General Revenues				1,827,087	
Excess (Deficiency) of Revenues Over Expenses				(25,046)	
Net Assets - Beginning				1,035,497	
Prior Period Adjustment				(2,999)	
Net Assets - Ending				\$ 1,007,452	

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
 Combined Balance Sheet
 All Fund Types - Fund Base
 December 31, 2015

EXHIBIT III

	Governmental Fund Types				Totals
	General Fund	Highway Fund	Special Revenue Fund	Permanent Fund	
ASSETS:					
Current Assets:					
Cash	\$ 428,063		\$ 85	\$ 17,476	\$ 445,624
Investments	108,000				108,000
Due From Other Funds	(122,319)	\$ 97,373	24,946		-
Delinquent Taxes Receivable	43,402				43,402
Penalties/Interest Receivable	4,517				4,517
Loan Receivable				163,406	163,406
Prepaid Expenses	7,584	-	-	-	7,584
Total Current Assets	<u>469,247</u>	<u>97,373</u>	<u>25,031</u>	<u>180,882</u>	<u>772,533</u>
TOTAL ASSETS	<u>\$ 469,247</u>	<u>\$ 97,373</u>	<u>\$ 25,031</u>	<u>\$ 180,882</u>	<u>\$ 772,533</u>
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts Payable - Other	\$ 2,778	\$ 2,785			\$ 5,563
Deferred Revenue	78,121	-	-	-	78,121
Total Liabilities	<u>80,899</u>	<u>2,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>83,684</u>
Fund Equity:					
Fund Balances:					
Unrestricted	388,348				388,348
Committed		94,588	8,000		102,588
Restricted			17,031		17,031
Spendable	-	-	-	180,882	180,882
Total Fund Equity	<u>388,348</u>	<u>94,588</u>	<u>25,031</u>	<u>180,882</u>	<u>688,849</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 469,247</u>	<u>\$ 97,373</u>	<u>\$ 25,031</u>	<u>\$ 180,882</u>	<u>\$ 772,533</u>

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
 Reconciliation of the Balance Sheet to the Statement of Net Assets
 Governmental Funds
 December 31, 2015

Fund Balances – total governmental funds \$ 688,849

Amounts reported for governmental activities in the Statement of
 Net Assets are different because:

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the
 governmental funds:

Governmental capital assets	1,297,574
Less accumulated depreciation	(765,825)

Other assets used in governmental activities are not financial
 resources and therefore are not reported in the
 governmental funds:

Deferred Outflows – VMERS	1,052
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Bonds payable and contractual obligations have not been
 included in the governmental fund financial statements.

Notes Payable	(209,726)
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Accrued liabilities have not been reflected in the governmental
 fund financial statements:

Net Pension Liability	(1,024)
Deferred Inflows – VMERS	<u>(3,448)</u>

Net Assets of Governmental Activities \$1,007,452

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types - Fund Base
 For The Year Ended December 31, 2015

EXHIBIT IV

	General Fund	Highway Fund	Special Revenue Fund	Permanent Fund	Totals
REVENUES:					
General Revenues	\$ 1,674,311				\$ 1,674,311
Administration	114,407				114,407
Town Lands	2,500				2,500
Town Clerk Fees	9,485				9,485
Interest/Dividends	296			\$ 1,012	1,308
Miscellaneous	10,834		\$ 5,901		16,735
State	<u>-</u>	<u>\$ 48,260</u>	<u>8,341</u>	<u>-</u>	<u>56,601</u>
TOTAL REVENUES	<u>1,811,833</u>	<u>48,260</u>	<u>14,242</u>	<u>1,012</u>	<u>1,875,347</u>
EXPENDITURES:					
Administration	123,416		4,837		128,253
Solid Waste	656				656
Town Hall	18,993				18,993
Appropriations	72,960				72,960
Other	1,467,905				1,467,905
Services	11,540				11,540
Highway		254,683			254,683
Recreation	<u>-</u>	<u>-</u>	<u>2,788</u>	<u>-</u>	<u>2,788</u>
TOTAL EXPENDITURES	<u>1,695,470</u>	<u>254,683</u>	<u>7,625</u>	<u>-</u>	<u>1,957,778</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	116,363	(206,423)	6,617	1,012	(82,431)
OTHER FINANCING SOURCES (USES):					
Loan Proceeds		90,000			90,000
Transfers In		223,600	1,500		225,100
Transfers Out	<u>(225,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,100)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(108,737)	107,177	8,117	1,012	7,569
FUND BALANCES, JANUARY 1, 2015	<u>497,085</u>	<u>(12,589)</u>	<u>16,914</u>	<u>179,870</u>	<u>681,280</u>
FUND BALANCES, DECEMBER 31, 2015	<u>\$ 388,348</u>	<u>\$ 94,588</u>	<u>\$ 25,031</u>	<u>\$ 180,882</u>	<u>\$ 688,849</u>

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, 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 December 31, 2015

Net Changes in fund Balances – total governmental funds \$ 7,569

Amount reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures. However,
 in the Statement of Activities, the cost of those assets is
 depreciated over their estimated useful lives:

Expenditures for capital assets	145,500
Less current year depreciation	(87,694)

Bond proceeds provide current financial resources to governmental
 funds, but issuing debt increases long-term liabilities in the
 statement of Net Assets. Repayment of bond principal is an
 expenditure in the governmental funds, but the repayment
 reduces long-term liabilities in the Statement of Net Assets.

Note proceeds	(90,000)
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Expense reported in the Statement of Activities does not require
 the use of current financial resources and is therefore not
 reported as expenditures in governmental funds:

Deferred Outflows – VMERS Change	1,052
Net Pension Liability Change	(1,024)
Deferred Inflows – VMERS Change	<u>(3,448)</u>

Change in Net Assets of Governmental Funds \$ (28,045)

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
Notes to Financial Statements
For The Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Isle LaMotte, Vermont ("Town") is organized as a Town under the applicable laws and regulations of the State of Vermont. It is governed by a Select Board elected by registered voters of the Town to provide public health and safety, highways and streets, public improvements, sanitation, planning and zoning, recreation, and general administration. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The Town financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity:

The reporting entity for the Town is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. The financial reporting entity consists of (1) organizations for which the standalone government is financially accountable and (2) the standalone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the Town comprise the standalone government.

The Select Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, Town is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within the reporting entity. A component unit is another operation in the Town that has a separately elected Board such as the Town School District.

Basic Financial Statements - District-wide:

The Town's basic financial statements include both District-wide (reporting Town as a whole) and fund financial statements (reporting Towns major funds). Both the District-wide and fund financial statements categorized primary activities as either governmental or business type.

The District-wide Statement of Net Position reports all of the non-fiduciary activities of Town. Both the governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District-wide Statement of Activity demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fees paid by recipients or goods or services provided by a function, and grants that are restricted to a particular function. General State Support and other revenues not identified with a function are presented as general revenues.

This District-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.

Basic Financial Statements – Fund Financial Statements:

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Town reports major governmental funds as follows:

Governmental Fund Types:

- General Fund – The general fund is the Town's primary operating fund and is always classified as a major fund which accounts for typical general government revenues and a wide variety of activities that benefit the Town's as a whole. It accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – The special revenue funds focus on revenues that are restricted or committed to expenditures for specific purposes (other than major capital projects or expendable trusts). The Town accounts for resources restricted to, or committed for, specific purposes by the Town or a grantor in a special revenue fund. Most federal, some State financial assistance and voter committed funds are accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor or the voters at the close of specified project periods.
- Permanent Fund – The permanent fund is used to report resources that are legally held in trust. All resources of the fund, including any earnings or invested resources, may be used to support the organization.

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Other Governmental Funds – The Town accounts for resources not considered part of any other fund that is that is restricted or committed for specific purposes by the Town or a grantor in another governmental fund. Some of the financial assistance accounted for in this fund that is unused must be returned to the grantor or the voters at the close of a specific project period.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both District-wide and business-type activity statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred regardless of when related cash flows take place. Grant revenues are recognized when eligibility requirements are satisfied. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recorded when a liability is incurred except for early retirement, and compensated absences, which are recognized to the extent they have matured. When both restricted and unrestricted resources are available for use, restricted resources are used first.

Other Accounting Policies:

Cash and Cash Equivalents:

For purposes of the statement of cash flows for proprietary and similar fund-types, the Town considers highly liquid investments to be cash equivalents if they have a maturity of twelve months or less when purchased.

Interfund Receivables and Payables:

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. All other outstanding balances between funds are also reported as “due to/from

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

other funds". As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements.

Transfers:

Advances between funds that are not expected to be repaid are accounted for as transfers.

Deposits and Investments:

Resources from each fund are pooled for deposit and investment purposes. A separate accounting is maintained for each fund. Deposits and Investments are stated at fair value and are managed in accordance with any legal constraints.

Accounts Receivable:

All receivables are reported net of estimated uncollectible amounts. The accounts receivable balances at year end are from property taxes and governmental entities, no allowance for doubtful accounts is considered necessary as property taxes represent a lien against the property.

Prepaid Items:

Certain payments to vendors reflect costs applicable to future periods. In the fund based financial statements, the cost of prepaid items is recorded as expenditures when the payments are made. In the District-wide financial statements and the proprietary funds, these items are recorded as prepaid items.

Deferred Inflows of Resources:

The Town recognizes differences between the receipt of funds and the recognition of revenues through the use of unearned revenue accounts. These unearned revenue accounts represent funds that will be recognized as revenues in some future period when the conditions have been met.

Capital Assets:

Capital assets, which include land, construction in progress, buildings, improvements, furniture, equipment, infrastructure, and vehicles, are reported in the applicable governmental activities column in the governmental wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year (categories of assets are depreciated over the following lives; land improvements 10-40 years, buildings 25-50 years, building improvements 10-50 years, infrastructure 10-50 years, furniture & equipment 3-20 years, and vehicles 3-15 years). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

lives are not capitalized. Capital assets, except for land and construction in progress are depreciated using the straight line method over the estimated useful lives with a full year of depreciation taken in the year acquired and none taken in the year of disposal. Land and construction in progress are not depreciated.

Long-term Obligations:

In the District-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. The face amount of obligations issued is reported as other financing sources.

Pensions:

VMERS. 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 Municipal Employees' Retirement System (VMERS) and additions to/deductions from VMERS's fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgetary Data:

The Town is required by state law to adopt a budget for the General Fund and Highway Fund. The budget is prepared on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). Annual appropriations lapse at the end of each fiscal year with the exception of restricted programs indicated as a fund balance restricted or committed. The following procedures are used to establish a budget:

The Select Board draft a budget. The operating budget includes proposed expenditures by line item and the means of financing them.

The budget is adopted by the Select Board for presentation to the voters as a warning or article in the annual report.

The voters vote on the total expense amount and not the individual line items at the Town's annual meeting or subsequent special meetings.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the General Fund, Special Revenue Funds, and Capital Projects Fund. Encumbrances are not

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities and should be recorded as a reservation of fund balance at year end. For budgetary purposes, appropriations lapse at fiscal year-end. The Town has elected to treat its encumbrances as liabilities for budgetary control purposes.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Net Position and Fund Balance:

District-wide Financial Statements:

When the Town incurs an expense for which it may use either restricted or unrestricted net assets, it generally uses restricted net assets first. Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets, net of Related Debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted For Other Purposes – Consists of assets that are restricted by the Town’s creditors, by the state enabling legislation, by grantors and by other contributors.

Restricted For Capital Projects – The component of net position that reports the amount of revenue from bond proceeds, grants, and special assessments in excess of expenditures. These funds are restricted for the construction or acquisition of capital assets.

Unrestricted – All other net position that do not meet the definition of “Restricted For Other Purposes” or “Net Investment in Capital Assets, net of Related Debt”.

Fund Based Financial Statements:

In the fund financial statements, governmental funds report fund balances as unassigned, assigned, restricted, committed, spendable, or non-spendable fund balance.

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned Fund Balance – That portion of the general fund, fund balance that contains all spendable amounts not contained in the other classifications. It is used in other funds only to report a deficit.

Assigned Fund Balance – Includes amounts intended to be used by the government for specific purposes, as determined by the Board, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Restricted Fund Balance – Includes amounts constrained to specific purposes stipulated by constitution, external resource providers (grantors and contributors), or through enabling legislation.

Committed Fund Balance – Includes amounts constrained for the specific purposes determined by a formal action of the government's highest level of decision-making authority, generally the voters.

Spendable Fund Balance – The portion of the permanent fund balance that is available to be spent on the designated purpose of the fund.

Non-spendable Fund Balance – The portion of the permanent fund balance that has to be maintained, and cannot be spent, or an asset such as inventory or prepaid that are not expected to be converted to cash.

Function and Object Codes:

Function and object codes refer to the account code structure prescribed by the Vermont Department of Education. The Vermont Department of Education requires Town to use these codes in order to insure accuracy in building and maintaining a statewide database for policy development and funding plans.

Memorandum Only Columns:

The total columns are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to make financial analysis easier. Data in these columns do not present financial position, results of operations, or cash flows in accordance with GAAP. Interfund eliminations have not been made in the aggregation of this data.

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 2 – CASH, CASH EQUIVALENTS, AND REPURCHASE AGREEMENTS

Cash and cash equivalent deposits with financial institutions at December 31st amounted to \$445,624. As major revenues are received during the year bank deposits may temporarily exceed insured limits.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

FDIC insures all accounts held by the same financial institution up to a combined total of \$250,000. There are some special provisions which increase this limit.

Concentration of Credit Risk:

The policy of the Town contains no limitations on the amount that can be on deposit in any one financial institution.

The cash deposits held at financial institutions and cash on hand can be categorized according to four levels of risk.

These four levels of risk are as follows:

- Category 1 Repurchase Agreements - Deposits which are invested in government securities held by the Town or by its agent in the Town's name.
- Category 2 Collateralized Accounts - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Bank's name.
- Category 3 Letter of Credit - Private commercial insurance protection or letter of credit issued by the financial institution to cover funds in excess of FDIC limits.
- Category 4 Deposits which are not collateralized or insured. (includes cash on hand)

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

**NOTE 2 – CASH, CASH EQUIVALENTS, AND REPURCHASE AGREEMENTS
(CONTINUED)**

The Town uses repurchase and collateralization agreements to protect deposits not otherwise insured by the FDIC and/or SIPC.

Balances held in each area are as follows:

	Carrying Amount	Bank Balance
- Insured (FDIC) and/or (SIPC)	\$ 28,714	\$ 17,476
- Category 1	393,426	436,361
- Category 2	23,201	23,201
- Category 3	0	0
- Category 4	<u>286</u>	<u>0</u>
Total deposits	<u>\$445,624</u>	<u>\$477,038</u>

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured and not collateralized cash could have been much higher than at year end.

Repurchase and collateralization agreements of \$459,562 are securities held by the bank's trust department or agent in the (Town's /bank's) name. Securities consist of municipal bonds, U.S. Government obligations and U.S. Government Agency Bonds.

NOTE 3 - INTERFUND RECEIVABLES

In compliance with GASB 1300.109 Town does not maintain separate bank accounts for each fund, unless it is required by law, or grant agreement. The composition of amounts due to and from other funds as of December 31, 2015 is as follows:

Fund Financial Statements:		Amount
Receivable Fund	Payable Fund	
Special Revenue Fund:		
Recreation Department	General Fund	\$ 4,230
Audit Reserve	General Fund	8,000
Lister Fund	General Fund	<u>12,716</u>
Total Special Revenue Fund		<u>\$24,946</u>

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 3 - INTERFUND RECEIVABLES (CONTINUED)

Fund Financial Statements:		
Receivable Fund	Payable Fund	Amount
Other Governmental Fund:		
Highway Department	General Fund	<u>\$97,373</u>

NOTE 4 – CAPITAL ASSETS

Capital activity for the Town for the year ended December 31, 2015 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets being depreciated:				
Buildings	\$ 0	\$137,000	\$ 0	\$ 137,000
Building Improvements	0	8,500	0	8,500
Infrastructure	<u>1,152,074</u>	<u>0</u>	<u>0</u>	<u>1,152,074</u>
Total other capital assets at historical costs	<u>1,152,074</u>	<u>145,500</u>	<u>0</u>	<u>1,297,574</u>
Less accumulated depreciation:				
Buildings	0	3,425	0	3,425
Building Improvements	0	340	0	340
Infrastructure	<u>678,131</u>	<u>83,929</u>	<u>0</u>	<u>762,060</u>
Total accum. Depr.	<u>678,131</u>	<u>87,694</u>	<u>0</u>	<u>765,825</u>
Governmental activities Capital Assets, Net	<u>\$ 473,943</u>	<u>\$ 57,806</u>	<u>\$ 0</u>	<u>\$ 531,749</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General Government	\$ 340
Public Safety	0
Public Works	87,354
Cemetery	0
Health & Welfare	0
Solid Waste Management	0
Recreation	0
Other Support Services	<u>0</u>
Total governmental activities depreciation expense	<u>\$87,394</u>

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 5 – UNEARNED REVENUE (DEFERRED INFLOWS)

The unearned revenues reported at year end are summarized as following:

Property Taxes, Penalties, and Interest	\$47,920
Prepaid Property Taxes	<u>30,201</u>
Total unearned revenues	<u>\$78,121</u>

NOTE 6 - LONG-TERM OBLIGATIONS

The Town issues general obligation bonds and notes to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 5 to 20-year serial bonds with equal amounts of principal maturing each year.

The following is a summary of general obligation bonds & notes:

	Balance Jan. 1, 2015	Borrowings	Retirements	Balance Dec. 31, 2015
Trustees of Public Funds (Ministerial Trust Fund) Note Payable, interest at .75% paid annually on December 31 st , principal due on December 31 st , 2019. There is no penalty for early payment; originally borrowed \$161,292 on December 22, 2009, for the purchase of 4 lots.	\$119,726	\$ 0	\$ 0	\$119,726
Merchants Bank, note payable interest at 3.1%, interest paid annually, principal of \$9,000 due on December 10 th . of each year until 2025; originally borrowed \$90,000 on December 10, 2015 for salt shed	<u>0</u>	<u>90,000</u>	<u>0</u>	<u>90,000</u>
Total Bonds and Notes	<u>\$119,726</u>	<u>\$ 90,000</u>	<u>\$ 0</u>	<u>\$209,726</u>

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

The annual debt service requirement to maturity for general obligation bonds and notes including interest are as follows:

	Principal	Interest	Total
During the year ended December 31, 2016	\$ 9,000	\$ 3,955	\$ 12,955
2017	9,000	3,409	12,409
2018	9,000	3,130	12,130
2019	128,726	2,851	131,577
2020	9,000	1,674	10,674
2021-2025	<u>45,000</u>	<u>4,185</u>	<u>49,185</u>
Totals	<u>\$209,726</u>	<u>\$19,204</u>	<u>\$228,930</u>

NOTE 7 – RESTRICTED, COMMITTED AND ASSIGNED FUND BALANCES (Fund Financial Statements)

Restricted, committed and assigned fund balances represent amounts that must be used for specific purposes within that fund and cannot be spent otherwise without prior approval of funding source. A more detailed explanation is provided in Note 1. Reservations at year end are for the following:

Special Revenue Fund:	
Recreation Department	\$ 4,315
Audit Reserve Fund	8,000
Listers Fund	<u>12,716</u>
Total	<u>\$ 25,031</u>
Permanent Fund:	
Trustees of Public Fund	<u>\$180,882</u>
Other Governmental Fund:	
Highway Department	<u>\$ 94,588</u>

NOTE 8 – NET RESOURCES RESTRICTED (District-wide Financial Statements)

Restricted net resource balances represent amounts that must be used for specific purposes and cannot be spent otherwise without prior approval of the funding source. Restrictions at year end are for the following:

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

**NOTE 8 – NET RESOURCES RESTRICTED (District-wide Financial Statements)
(CONTINUED)**

Net Resources Restricted For Other Purposes:

Recreation Department	\$ 4,315
Audit Reserve Fund	8,000
Listers Fund	12,716
Trustees of Public Fund	180,882
Highway Department	<u>94,588</u>
Total	<u>\$300,501</u>

NOTE 9 – TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS

The Town transfers funds to cover expenditures made in one fund for which the revenues are in another fund, or at the request of the voters. The following transfers were made during the year.

Funds of \$223,600 were transferred from the General Fund to the Other Governmental Fund – Highway Department as per article passed by the voters.

Funds of \$1,500 were transferred from the General Fund to the Special Revenue Fund – Recreation as per article passed by the voters.

NOTE 10 – PROPERTY TAXES

The Town voters vote an amount to be raised in taxes. In July the Select Board sets the tax rate at an amount based on the April 1st grand list certified by the listers. Taxes are due in two installments, on August 13th and November 20th. Unpaid taxes go delinquent on November 21st. Delinquent taxes become a lien on the property.

NOTE 11 - PENSIONS

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan)

Employees of the District are provided with pensions through the Vermont Municipal Employees' Retirement System (VMERS) – a cost-sharing multiple employer defined benefit pension plan administered by a board of five trustees, known as the Retirement Board. Vermont

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 11 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

Statutes Annotated title 24 Section 5062 grants the responsibility for the proper operation and effective provision of the Retirement System to the Retirement Board. VMERS issues a publicly available financial report that can be obtained at www.vermonttreasurer.gov/retirement/muni-financial-reports.

Benefits provided. VMERS provides retirement, disability and death benefits. Details of benefits can be obtained at www.vermonttreasurer.gov/retirement/muni-group-plans and www.vermonttreasurer.gov/retirement/muni-group-comparisons.

Contributions. Per Title 24 Chapter 125 of the Vermont Statutes, contribution requirements of the active employees and the participating Town are established and may be amended by the Retirement Board. Employees and the Town contributions vary based on group classification (Group A, B, C, or D)

	Group A	Group B	Group C	Group D
Employees' Contributions (% of gross wages)	2.5%	4.75%	9.75%	11.25%
The Town's contributions (% of gross wages)	4.0%	5.375%	7.0%	9.75%

Further information on contributions can be obtained at www.vermonttreasurer.gov/retirement/muni-group-comparisons.

The Town contractually required contribution rate for the year ended December 31, 2015, was the percentage of annual payroll from the above table, which is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$1,052 for the year ended December 31, 2015.

Pension Liability, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions.

At December 31, 2015, the Town reported a liability of \$1,025 for its proportionate share of the net pension liability. The 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 Town's proportion of the net pension liability was based on a

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 11 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating Towns, actuarially determined. At December 31, 2014, the Town's proportion was 0.0112 percent, which was a decrease of 0.0010 from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Town recognized pension expense of \$1,473. At December 31, 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	\$0	\$(3,161)
Changes in assumptions	0	0
Net difference between projected and actual		
Earnings on pension plan investments	0	(287)
Changes in proportion and differences between		
Town contributions and		
Proportionate share of contributions	0	0
Town contributions subsequent		
To the measurement date	<u>0</u>	<u>(2,793)</u>
Total	<u>\$0</u>	<u>\$(6,231)</u>

\$(2,793) reported as deferred outflows/inflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended December 31:	
2016	\$(931)
2017	(931)
2018	(931)
2019	0
2020	0
Thereafter	0

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 11 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

Inflation	3-3.25 percent
Salary increases	5 percent, average, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, Including inflation

Mortality rates were based on the 12995 Buck Mortality Tables for Males or Females, as appropriate.

The actuarial assumptions used in the December 31, 2014, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2010. Expectation of life after disability was based on RP 2000 Disabled Life Tables.

The long-term expected rate of return on System 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 variables and the asset classes. These best estimate ranges were combined to produce forecast 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 3.6.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	33.0%	2.94%
Equity	31.5	6.70
Alternative	15.5	6.26

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 11 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Multi-Strategy	20.0%	5.98

Discount rate. The discount rate used to measure the total pension liability was 8.23 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Town will be made at contractually required rates, actuarially determined. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.23 percent, as well as what the 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 percentage) or 1-percentage -point higher (9.23 percentage) than the current rate:

	1% Decrease <u>(7.23%)</u>	Discount Rate <u>(8.23%)</u>	1% Increase <u>(9.23%)</u>
Town's proportionate share of The net pension liability	\$8,635	\$1,025	\$(5,360)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued VMERS financial report.

Schedule of the Town's proportionate share of the net pension liability (Dollar amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Town's proportion of the net pension liability (assets)	%	%	%	%	%	%	%	%	%	%
Town's proportionate share of the net pension liability (assets)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 11 – PENSIONS (CONTINUED)

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Cost sharing pension plan) (CONTINUED)

Town's covered-employee payroll	\$26	\$	\$	\$	\$	\$	\$	\$	\$	\$
Town's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	%	%	%	%	%	%	%	%	%	%
Plan fiduciary net position as a percentage of the total pension liability	%	%	%	%	%	%	%	%	%	%

Schedule of School District contributions (Dollar amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$10	\$	\$	\$	\$	\$	\$	\$	\$	\$
Contributions in relation to the contractually Required contribution	\$10									
Contribution deficiency (excess)	<u>\$ 0</u>									
Town's covered-employee payroll	\$26	\$	\$	\$	\$	\$	\$	\$	\$	\$
Contributions as a percentage of Covered-employee payroll	4 %	%	%	%	%	%	%	%	%	%

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, students and guests; as well as natural disasters. Town uses risk sharing pools and carries commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

In addition, Town of Isle LaMotte, Vermont is a member of Vermont League of Cities and Towns (VLCT), and participates in that entity's public entity risk pools. The VLCT has set up two insurance Trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance, the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 12 - RISK MANAGEMENT (CONTINUED)

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims, and provides excess reinsurance protection. Contributions are based on payroll expense and the previous two year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 13 - OPERATING LEASES

On May 23, 2013 Town of Isle LaMotte, Vermont entered into a lease agreement with SymQuest for the lease of a Kyacera Copier. The total amount due is \$11,305.80, to be paid in monthly installments of \$188.43 over 5 years. The following is a schedule of future minimum lease payments under this lease.

During the year ended Dec. 31, 2016	\$2,261
2017	2,261
2018	<u>754</u>
Total	<u>\$5,256</u>

Total lease payments made this year were \$2,261.

Town of Isle LaMotte, Vermont
Notes to Financial Statements (continued)
For The Year Ended December 31, 2015

NOTE 14 - OPERATING LEASES (LESSOR)

In January 2001, the Town of Isle LaMotte, Vermont entered into a non-cancelable lease agreement with the New York/New England Jurisdictional Family Camp of Woodmen of the World Fraternal Benefit Society, Inc. for a portion of the parcel of land known and described as being the Ministerial Lot Parcel #1-2-35 located on West Shore Road of Isle LaMotte. The lease is for a period of twenty (20) years commencing February 1, 2001, and terminating January 30, 2021. The New York/New England Jurisdictional Family Camp of Woodmen of the World Fraternal Benefit Society, Inc. is to pay the town a sum of \$2,500 annually on or before the first day of April of each year.

Total lease payments received this year were \$2,500.

NOTE 15 - COMMITMENTS

The Town participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectibility of any related receivable at December 31, 2015 may be impaired. It is the opinion of the Town, that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The Town is responsible for the withholding and paying over of certain payroll taxes and related items. At December 31, 2015, Town showed a liability for any taxes due and unpaid. These taxes are subject to audit by the State and federal government. It is the opinion of the Town, that there are no significant contingent liabilities relating to compliance with the rules and regulations governing these or other taxes.

Town of Isle LaMotte, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended December 31, 2015

Schedule 1

	Original & Final Budget	Actual	Variance
REVENUES:			
General Revenues:			
Current Taxes	\$ -	\$ 1,669,939	\$ 1,669,939
State of Vermont:			
Hold Harmless	8,500	-	(8,500)
PILOT Program	<u>4,300</u>	<u>4,372</u>	<u>72</u>
Subtotal General Revenues	<u>12,800</u>	<u>1,674,311</u>	<u>1,661,511</u>
Administration:			
Delinquent Tax - Interest	6,000	8,583	2,583
Delinquent Tax Collection	<u>5,800</u>	<u>105,824</u>	<u>100,024</u>
Subtotal Administration	<u>11,800</u>	<u>114,407</u>	<u>102,607</u>
Town Lands:			
Rent Income	<u>2,492</u>	<u>2,500</u>	<u>8</u>
Subtotal Town Lands	<u>2,492</u>	<u>2,500</u>	<u>8</u>
Town Clerk Fees:			
Recording Fees	7,500	6,016	(1,484)
Copy/Fax Fees	2,000	1,833	(167)
Title Search	225	172	(53)
Licenses	1,000	1,127	127
Permits	350	230	(120)
Civil Fines	<u>200</u>	<u>107</u>	<u>(93)</u>
Subtotal Town Clerk Fees	<u>11,275</u>	<u>9,485</u>	<u>(1,790)</u>
Interest/Dividends:			
Investment Income	<u>300</u>	<u>296</u>	<u>(4)</u>
Subtotal Interest/Dividends	<u>300</u>	<u>296</u>	<u>(4)</u>
Other Income:			
Donations	1,000	1,000	-
Items for Sale	3	1	(2)
Reimbursements	-	1,223	1,223
Miscellaneous	<u>-</u>	<u>8,610</u>	<u>8,610</u>
Subtotal Other Income	<u>1,003</u>	<u>10,834</u>	<u>9,831</u>
TOTAL REVENUES	<u>39,670</u>	<u>1,811,833</u>	<u>1,772,163</u>
EXPENDITURES:			
Administration:			
Insurance	7,700	7,709	(9)

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended December 31, 2015

Schedule 1

	Original & Final Budget	Actual	Variance
County Taxes	\$ 29,587	\$ 29,587	\$ -
Legal Fees	4,600	2,780	1,820
Dues	1,585	1,884	(299)
BCA/Election Workers	710	1,493	(783)
Delinquent Tax Commissions	2,900	3,086	(186)
Tax Abatements - Principal	-	800	(800)
Tax Abatements - Interest	-	20	(20)
Tax Abatements - Penalty	-	64	(64)
Land Records	2,500	1,724	776
Telephone/Fax/Internet	1,550	1,709	(159)
Salary Clerk	17,640	17,638	2
Office Assistant	9,900	7,561	2,339
Town Auditor Salaries	1,000	683	317
Selectboard Salaries	3,000	3,000	-
Cemetery Commissioner	990	-	990
FICA/Medi Employer	4,900	4,795	105
Town Handyman Wages	600	483	117
Clerk of the Board Wages	3,000	3,200	(200)
Salary Treasurer	15,640	15,640	-
Officers Expenses/Mileage	300	209	91
Supplies/Postage	3,500	3,595	(95)
Equipment Rental/Purchase	2,700	2,242	458
Computer/Maintenance	3,000	4,929	(1,929)
Town Report	645	706	(61)
Animal Control/Constable	500	399	101
Bank Service Charges	120	120	-
Interest Expenditure	898	898	-
Health/Dental	3,000	2,762	238
Retirement	1,450	1,052	398
Website	195	195	-
Advertising	1,500	1,312	188
Training	250	453	(203)
Unemployment	100	688	(588)
Subtotal	<u>125,960</u>	<u>123,416</u>	<u>2,544</u>
Solid Waste:			
Monitoring/Lab Charges	1,500	-	1,500
Northwest Solid Waste District	472	472	-

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended December 31, 2015

Schedule 1

	Original & Final Budget	Actual	Variance
Meeting Mileage Reimbursement	\$ 100	\$ 184	\$ (84)
Subtotal	<u>2,072</u>	<u>656</u>	<u>1,416</u>
Town Hall:			
Custodial/Trash Removal	500	614	(114)
Fuel	1,500	1,957	(457)
Electricity	3,000	3,120	(120)
Renovations	10,000	11,628	(1,628)
Repairs/Maintenance	2,360	1,038	1,322
Supplies	450	636	(186)
Subtotal	<u>17,810</u>	<u>18,993</u>	<u>(1,183)</u>
Appropriations:			
Cemetaries	2,900	2,900	-
Fire/Rescue	45,850	45,850	-
Visiting Nurses Association	2,020	2,020	-
Champlain Valley Agency of Aging	700	700	-
LCI Economic Development Corp	375	375	-
American Red Cross	350	350	-
Northwest Regional Planning	465	465	-
Grand Isle Court Diversion	250	250	-
VT Green-Up	50	50	-
NW Counseling & Support	1,300	1,300	-
Voices Against Violence	1,000	1,000	-
Champlain Islands Food Shelf	1,000	1,000	-
Town Use of School	14,500	14,500	-
Vermont Adult Learning	100	100	-
Franklin-GI United Way	500	500	-
Friends N Lk Champlain	1,000	1,000	-
VACD	100	100	-
Island Arts	500	500	-
Subtotal	<u>72,960</u>	<u>72,960</u>	<u>-</u>
Other:			
Rec Site Mowing	3,000	4,987	(1,987)
Traffic Control Contract	25,382	24,310	1,072
2012 School Taxes Paid	-	930,670	(930,670)
State Education Fund Payment	-	507,113	(507,113)
Special Events	550	-	550
LeBombard Ditch Project	550	375	175

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Budgetary Basis - General Fund
For The Year Ended December 31, 2015

Schedule 1

	Original & Final Budget	Actual	Variance
Town Lots	\$ 450	\$ 450	\$ -
Subtotal	<u>29,932</u>	<u>1,467,905</u>	<u>(1,437,973)</u>
Services:			
Cemetaries	4,000	4,990	(990)
Alburgh Fire/Rescue	6,500	6,500	-
VT State Police	<u>50</u>	<u>50</u>	<u>-</u>
Subtotal	<u>10,550</u>	<u>11,540</u>	<u>(990)</u>
 TOTAL EXPENDITURES	 <u>259,284</u>	 <u>1,695,470</u>	 <u>(1,436,186)</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (219,614)	 116,363	 335,977
 OTHER FINANCING SOURCES (USES):			
Transfers To Highway Fund	-	(223,600)	223,600
Transfers To Special Revenue Fund	<u>-</u>	<u>(1,500)</u>	<u>1,500</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 (219,614)	 (108,737)	 (110,877)
 FUND BALANCE, JANUARY 1, 2015	 <u>219,614</u>	 <u>497,085</u>	 <u>277,471</u>
 FUND BALANCE, DECEMBER 31, 2015	 <u>\$ -</u>	 <u>\$ 388,348</u>	 <u>\$ 388,348</u>

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Highway Fund
For The Year Ended December 31, 2015

Schedule 2

	Original & Final Budget	Actual	Variance
REVENUES:			
State of Vermont:			
State Aid to Highways	\$ 48,000	\$ 48,260	\$ 260
TOTAL REVENUES	<u>48,000</u>	<u>48,260</u>	<u>260</u>
EXPENDITURES:			
Winter Roads:			
Snow Removal	62,500	83,500	(21,000)
Salt and Sand	25,000	24,744	256
Drainage	2,000	225	1,775
Salt Shed	3,000	105,795	(102,795)
Subtotal	<u>92,500</u>	<u>214,264</u>	<u>(121,764)</u>
Summer Roads:			
Paving/Blacktop	25,000	-	25,000
Gravel and Stone	14,000	13,050	950
Pot Hole Repair	1,000	840	160
Ditching and Culverts	15,000	3,090	11,910
Erosion Control	7,000	-	7,000
Mowing Roadsides	7,000	7,000	-
Grading/Chloride	6,000	6,420	(420)
Equipment Rental	500	-	500
Highway Markers	1,000	-	1,000
Storm Damage Repairs	2,000	-	2,000
Tree/Brush Removal	500	1,480	(980)
Engineering	3,000	2,460	540
Road Commissioner Wages	4,000	4,000	-
Miscellaneous Road Expense	600	-	600
Miscellaneous Road Labor	2,500	2,079	421
Subtotal	<u>89,100</u>	<u>40,419</u>	<u>48,681</u>
TOTAL EXPENDITURES	<u>181,600</u>	<u>254,683</u>	<u>(73,083)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(133,600)	(206,423)	(72,823)

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Highway Fund
For The Year Ended December 31, 2015

Schedule 2

	Original & Final Budget	Actual	Variance
OTHER FINANCING SOURCES (USES):			
Loan Proceeds	\$ -	\$ 90,000	\$ 90,000
Transfers In	-	<u>223,600</u>	<u>223,600</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(133,600)	107,177	240,777
FUND BALANCE, JANUARY 1, 2015	<u>133,600</u>	<u>(12,589)</u>	<u>(146,189)</u>
FUND BALANCE, DECEMBER 31, 2015	<u>\$ -</u>	<u>\$ 94,588</u>	<u>\$ 94,588</u>

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
 Combining Balance Sheet
 Special Revenue Fund
 December 31, 2015

Schedule 3

	Recreation Fund	Audit Reserve	Lister Fund	Totals
ASSETS:				
Current Assets:				
Cash	\$ 85			\$ 85
Due From Other Funds	4,230	\$ 8,000	\$ 12,716	24,946
Total Current Assets	<u>4,315</u>	<u>8,000</u>	<u>12,716</u>	<u>25,031</u>
TOTAL ASSETS	<u>\$ 4,315</u>	<u>\$ 8,000</u>	<u>\$ 12,716</u>	<u>\$ 25,031</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
None	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Committed		8,000		8,000
Restricted	4,315	-	12,716	17,031
Total Fund Balances	<u>4,315</u>	<u>8,000</u>	<u>12,716</u>	<u>25,031</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 4,315</u>	<u>\$ 8,000</u>	<u>\$ 12,716</u>	<u>\$ 25,031</u>

The accompanying notes are an integral part of these financial statements

Town of Isle LaMotte, Vermont
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Special Revenue Fund
For The Year Ended December 31, 2015

Schedule 4

	Recreation Fund	Audit Reserve	Lister Fund	Totals
REVENUES:				
Miscellaneous	\$ 5,901			\$ 5,901
State	<u>-</u>	<u>-</u>	<u>\$ 8,341</u>	<u>\$ 8,341</u>
 TOTAL REVENUES	 <u>5,901</u>	 <u>\$ -</u>	 <u>8,341</u>	 <u>14,242</u>
EXPENDITURES:				
Administration			4,837	4,837
Recreation	<u>2,788</u>	<u>-</u>	<u>-</u>	<u>2,788</u>
 TOTAL EXPENDITURES	 <u>2,788</u>	 <u>-</u>	 <u>4,837</u>	 <u>7,625</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 3,113	 -	 3,504	 6,617
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 3,113	 1,500	 3,504	 8,117
 FUND BALANCES, JANUARY 1, 2015	 <u>1,202</u>	 <u>6,500</u>	 <u>9,212</u>	 <u>16,914</u>
 FUND BALANCES, DECEMBER 31, 2015	 <u>\$ 4,315</u>	 <u>\$ 8,000</u>	 <u>\$ 12,716</u>	 <u>\$ 25,031</u>

The accompanying notes are an integral part of these financial statements



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May 25, 2016

To the Select Board
Town of Isle LaMotte, Vermont

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Town of Isle LaMotte, Vermont** for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Isle LaMotte, Vermont are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during December 31, 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the lives of property, plant, and equipment is based on expected usefulness. We evaluated the key factors and assumptions used to develop the lives of property, plant, and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

Management estimates the final receivable or payable with the State of Vermont Department of Transportation for Highway grants and road projects.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Fund Balances and Net Resources in Notes 7 and 8 to the financial statements as to how any surplus is to be used in future fiscal years.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Select Board and management of Town of Isle LaMotte, Vermont and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Angolano & Company

Angolano & Company,
Shelburne, Vermont
Firm Registration Number 92-0000141