

TOWN OF CHARLOTTE, VERMONT

AUDIT REPORT

JUNE 30, 2015

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

Selectboard
Town of Charlotte, Vermont
P.O. Box 119
Charlotte, VT 05445

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlotte, 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.

Change in Accounting Principle

As described in Note I.F. to the financial statements, effective June 30, 2015, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27. As a result of this required change in accounting principle, the Town recorded a \$25,699 reduction in beginning net position of the Governmental Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 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 Charlotte, Vermont's basic financial statements. The combining fund financial statements and the schedule of taxes raised are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated (DATE) on our consideration of the Town of Charlotte, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Charlotte, Vermont’s internal control over financial reporting and compliance.

(DATE)
Montpelier, Vermont
VT Lic. #92-000180

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

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,709,749	\$ 161,111	\$ 1,870,860
Receivables	118,800	64,950	183,750
Internal Balances	(93)	93	0
Capital Assets:			
Land	1,887,100	0	1,887,100
Construction in Progress	113,553	0	113,553
Other Capital Assets, (Net of Accumulated Depreciation)	4,848,285	988,341	5,836,626
Total Assets	8,677,394	1,214,495	9,891,889
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	19,046	0	19,046
Total Deferred Outflows of Resources	19,046	0	19,046
<u>LIABILITIES</u>			
Accounts Payable	32,406	0	32,406
Accrued Payroll and Benefits Payable	13,986	0	13,986
Unearned Revenue	0	51	51
Accrued Interest Payable	681	0	681
Tax Sale Overpayments	136,033	0	136,033
Noncurrent Liabilities:			
Due Within One Year	40,000	0	40,000
Due in More than One Year	277,683	0	277,683
Total Liabilities	500,789	51	500,840
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	9,551	0	9,551
Deferred Inflows of Resources Related to the Town's Participation in VMERS	33,068	0	33,068
Total Deferred Inflows of Resources	42,619	0	42,619
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,848,938	988,341	7,837,279
Restricted For:			
Highways and Streets	283,237	0	283,237
Affordable Housing	144,584	0	144,584
Other Purposes	49,227	0	49,227
Unrestricted	827,046	226,103	1,053,149
Total Net Position	\$ 8,153,032	\$ 1,214,444	\$ 9,367,476

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

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 799,651	\$ 922,584	\$ 22,824	\$ 0	\$ 145,757	\$ 0	\$ 145,757
Public Safety	540,501	6,551	0	0	(533,950)	0	(533,950)
Highways and Streets	935,688	600	195,317	147,829	(591,942)	0	(591,942)
Culture and Recreation	442,489	108,591	9,149	25,895	(298,854)	0	(298,854)
Community Development	160,972	0	152,979	0	(7,993)	0	(7,993)
Interest on Long-term Debt	10,779	0	0	0	(10,779)	0	(10,779)
Total Governmental Activities	<u>2,890,080</u>	<u>1,038,326</u>	<u>380,269</u>	<u>173,724</u>	<u>(1,297,761)</u>	<u>0</u>	<u>(1,297,761)</u>
Business-type Activities:							
Wastewater	177,464	261,592	0	0	0	84,128	84,128
Total Business-type Activities	<u>177,464</u>	<u>261,592</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,128</u>	<u>84,128</u>
Total Primary Government	<u>\$ 3,067,544</u>	<u>\$ 1,299,918</u>	<u>\$ 380,269</u>	<u>\$ 173,724</u>	<u>(1,297,761)</u>	<u>84,128</u>	<u>(1,213,633)</u>
General Revenues:							
Property Taxes					1,476,095	0	1,476,095
Penalties and Interest on Delinquent Taxes					80,478	0	80,478
General State Grants					100,324	0	100,324
Unrestricted Investment Earnings					308	12	320
Other Revenues					41,696	0	41,696
Total General Revenues					<u>1,698,901</u>	<u>12</u>	<u>1,698,913</u>
Change in Net Position					401,140	84,140	485,280
Net Position - July 1, 2014, As Restated					<u>7,751,892</u>	<u>1,130,304</u>	<u>8,882,196</u>
Net Position - June 30, 2015					<u>\$ 8,153,032</u>	<u>\$ 1,214,444</u>	<u>\$ 9,367,476</u>

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

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

	General Fund	Highway Reserve Fund	Conservation Fund	Fire & Rescue Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 1,703,249	\$ 0	\$ 0	\$ 0	\$ 6,500	\$ 1,709,749
Receivables	114,874	0	0	0	3,926	118,800
Due from Other Funds	<u>0</u>	<u>135,115</u>	<u>463,020</u>	<u>139,343</u>	<u>387,814</u>	<u>1,125,292</u>
Total Assets	<u>\$ 1,818,123</u>	<u>\$ 135,115</u>	<u>\$ 463,020</u>	<u>\$ 139,343</u>	<u>\$ 398,240</u>	<u>\$ 2,953,841</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 32,406	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,406
Accrued Payroll and Benefits Payable	13,986	0	0	0	0	13,986
Due to Other Funds	1,125,385	0	0	0	0	1,125,385
Tax Sale Overpayments	<u>136,033</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>136,033</u>
Total Liabilities	<u>1,307,810</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,307,810</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	9,551	0	0	0	0	9,551
Unavailable Property Taxes, Penalties and Interest	105,000	0	0	0	0	105,000
Unavailable Grants	0	0	0	0	3,926	3,926
Unavailable Fees	<u>6,584</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,584</u>
Total Deferred Inflows of Resources	<u>121,135</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,926</u>	<u>125,061</u>
<u>FUND BALANCES</u>						
Restricted	0	135,115	0	0	338,007	473,122
Assigned	7,530	0	463,020	139,343	56,307	666,200
Unassigned	<u>381,648</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>381,648</u>
Total Fund Balances	<u>389,178</u>	<u>135,115</u>	<u>463,020</u>	<u>139,343</u>	<u>394,314</u>	<u>1,520,970</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,818,123</u>	<u>\$ 135,115</u>	<u>\$ 463,020</u>	<u>\$ 139,343</u>	<u>\$ 398,240</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.						6,848,938
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.						115,510
Long-Term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds						(318,364)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, therefore, are not Reported in the Funds.						<u>(14,022)</u>
Net Position of Governmental Activities						<u>\$ 8,153,032</u>

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

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

	General Fund	Highway Reserve Fund	Conservation Fund	Fire & Rescue Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 1,586,095	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,586,095
Penalties and Interest on Delinquent Taxes	80,478	0	0	0	0	80,478
Intergovernmental	396,665	0	0	0	211,639	608,304
Charges for Services	915,515	0	0	0	0	915,515
Permits, Licenses and Fees	102,617	0	0	0	8,763	111,380
Fines and Forfeits	6,551	0	0	0	0	6,551
Investment Income	219	19	40	9	21	308
Donations	1,633	0	0	0	20,759	22,392
Other	4,513	0	0	4,400	32,783	41,696
Total Revenues	3,094,286	19	40	4,409	273,965	3,372,719
Expenditures:						
General Government	782,037	0	0	0	4,879	786,916
Public Safety	540,501	0	0	0	0	540,501
Highways and Streets	591,643	0	0	0	2,389	594,032
Culture and Recreation	410,385	0	0	0	15,370	425,755
Community Development	0	0	0	0	160,972	160,972
Capital Outlay:						
Highways and Streets	309,171	0	0	0	28,174	337,345
Culture and Recreation	0	0	0	0	116,013	116,013
Community Development	0	0	60,000	0	0	60,000
Debt Service:						
Principal	0	0	0	45,000	0	45,000
Interest	0	0	0	11,554	0	11,554
Total Expenditures	2,633,737	0	60,000	56,554	327,797	3,078,088
Excess/(Deficiency) of Revenues Over Expenditures	460,549	19	(59,960)	(52,145)	(53,832)	294,631
Other Financing Sources/(Uses):						
Transfers In	15,000	67,194	90,000	180,000	205,000	557,194
Transfers Out	(392,194)	(150,000)	0	0	(15,000)	(557,194)
Total Other Financing Sources/(Uses)	(377,194)	(82,806)	90,000	180,000	190,000	0
Net Change in Fund Balances	83,355	(82,787)	30,040	127,855	136,168	294,631
Fund Balances - July 1, 2014	305,823	217,902	432,980	11,488	258,146	1,226,339
Fund Balances - June 30, 2015	<u>\$ 389,178</u>	<u>\$ 135,115</u>	<u>\$ 463,020</u>	<u>\$ 139,343</u>	<u>\$ 394,314</u>	<u>\$ 1,520,970</u>

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

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

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

Net change in fund balances - total government funds (Exhibit D)	\$	294,631
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$513,358) is allocated over their estimated useful lives and reported as depreciation expense (\$371,787). This is the amount by which capital outlays exceeded depreciation in the current period.		141,571
The effect of donations of capital assets is to increase net position. The State of Vermont is currently constructing a bridge for the Town.		19,695
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$45,000) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		45,000
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		954
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(101,194)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>483</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>401,140</u></u>

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

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

	<u>Wastewater Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 161,111
Receivables	64,950
Due from Other Funds	<u>93</u>
Total Current Assets	<u>226,154</u>
Noncurrent Assets:	
Distribution and Collection Systems	1,500,000
Less: Accumulated Depreciation	<u>(511,659)</u>
Total Noncurrent Assets	<u>988,341</u>
Total Assets	<u>\$ 1,214,495</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Unearned Revenue	\$ <u>51</u>
Total Current Liabilities	<u>51</u>
Noncurrent Liabilities:	
Total Liabilities	<u>51</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	988,341
Unrestricted	<u>226,103</u>
Total Net Position	<u>1,214,444</u>
Total Liabilities and Net Position	<u>\$ 1,214,495</u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Wastewater Fund</u>
Operating Revenues:	
Charges for Services	\$ <u>261,592</u>
Total Operating Revenues	<u>261,592</u>
Operating Expenses:	
Contract Services	80,313
Utilities	1,593
Repairs and Maintenance	51,799
Materials and Supplies	8,200
Fees and Permits	988
Testing Fees	4,571
Depreciation	<u>30,000</u>
Total Operating Expenses	<u>177,464</u>
Operating Income	<u>84,128</u>
Non-Operating Revenues:	
Investment Income	<u>12</u>
Total Non-Operating Revenues	<u>12</u>
Change in Net Position	84,140
Net Position - July 1, 2014	<u>1,130,304</u>
Net Position - June 30, 2015	<u>\$ <u>1,214,444</u></u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Wastewater Fund</u>
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 239,997
Payments for Goods and Services	<u>(147,464)</u>
Net Cash Provided by Operating Activities	<u>92,533</u>
Cash Flows From Noncapital Financing Activities:	
Decrease/(Increase) in Due from Other Funds	<u>(3)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(3)</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on:	
General Obligation Bonds Payable	<u>(75,000)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(75,000)</u>
Cash Flows From Investing Activities:	
Receipt of Interest & Dividends	<u>12</u>
Net Cash Provided by Investing Activities	<u>12</u>
Net Increase in Cash	17,542
Cash - July 1, 2014	<u>143,569</u>
Cash - June 30, 2015	<u>\$ 161,111</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 84,128
Depreciation	30,000
(Increase)/Decrease in Receivables	(21,646)
Increase/(Decrease) in Unearned Revenue	<u>51</u>
Net Cash Provided by Operating Activities	<u>\$ 92,533</u>

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

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private-Purpose Trust Funds</u>
 <u>ASSETS</u>	
Cash	\$ 10,597
Investments	<u>507,501</u>
Total Assets	<u>\$ 518,098</u>
 <u>LIABILITIES AND NET POSITION</u>	
Liabilities:	\$ <u>0</u>
Net Position:	
Restricted:	
Held in Trust for Individuals and Organizations	<u>518,098</u>
Total Liabilities and Net Position	<u>\$ 518,098</u>

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

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

	<u>Private-Purpose Trust Funds</u>
Additions:	
Investment Income	\$ 14,610
Donations	<u>80</u>
Total Additions	<u>14,690</u>
Deductions:	<u>0</u>
Change in Net Position	14,690
Net Position - July 1, 2014	<u>503,408</u>
Net Position - June 30, 2015	<u><u>\$ 518,098</u></u>

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

The Town of Charlotte, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, wastewater and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Charlotte, Vermont (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the funds of the Town of Charlotte, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

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

Highway Reserve Fund – The fund accounts for the highway capital expenditures of the Town.

Conservation Fund – This fund accounts for the resources used for land preservation.

Fire & Rescue Capital Fund – This fund accounts for the fire and rescue capital expenditures of the Town.

The Town reports on the following major enterprise fund:

Wastewater Fund – This fund accounts for the operations of the Wastewater Department.

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

Additionally, the Town reports the following fund type:

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under capital leases and sales of capital assets are reported as other financing sources.

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

E. Use of Estimates

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

F. New Pronouncement – Pension Plans

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

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

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds.

2. Investments

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

3. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

4. Internal Balances

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

5. Pensions

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

6. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The governmental activities reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related. The governmental funds reports deferred inflows of resources from four sources; prepaid property taxes, unavailable property taxes, penalties and interest, unavailable grants and unavailable fees. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

7. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 1,000	Not Depreciated
Buildings and Building Improvements	\$ 20,000	10-75 Years
Vehicles and Equipment	\$ 5,000	3-25 Years
Infrastructure	\$ 20,000	20-75 Years
Distribution and Collection Systems	\$ 20,000	20-75 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

8. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

9. Long-term Liabilities

Long-term liabilities include bonds and notes payable and other obligations such as compensated absences and the Town's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

10. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

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

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The budget is approved at the annual Town Meeting in March. Budget changes within a department, which do not change the total expenditures, require approval of the Selectboard. Any budget changes which change total expenditures requires voter approval. There were no budget amendments during the year. The budget presented herein is for the Town's "General Fund" only and does not include the HRA Fund activity that is included with the General Fund.

B. Budgeted Deficit

The Town budgeted a current year's deficiency in the General Fund of \$125,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Restatement of Net Position

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

As a result of adopting this new accounting principle, beginning net position of the Governmental Activities was reduced by \$25,699 resulting from the proportionate share of the net pension liability of \$40,856 at June 30, 2014 net of the deferred outflows of resources of \$15,157 of required contributions made during fiscal year 2014. The Governmental Activities net position has been restated from \$7,777,591 to \$7,751,892.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Cash:	
Deposits with Financial Institutions	\$1,874,250
Deposits with Investment Company	7,107
Cash on Hand	<u>100</u>
Total Cash	1,881,457
Investments:	
Mutual Funds – Mixed Holdings	<u>507,501</u>
Total Cash and Investments	<u>\$2,388,958</u>

Custodial Credit Risk

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 257,107	\$ 257,107
Uninsured, Collateralized by U.S. Government Securities Held by the Bank in the Bank's Name for the Benefit of the Town	<u>1,624,250</u>	<u>1,711,631</u>
Total	<u>\$1,881,357</u>	<u>\$1,968,738</u>

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

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The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,874,250
Cash – Deposits with Investment Company	<u>7,107</u>
Total	<u>\$1,881,357</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town’s mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer, other than mutual funds, that represent more than 5% of total investments.

B. Receivables

Receivables as of June 30, 2015, as reported in the statement of net position, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 91,221	\$ 0	\$ 91,221
Penalties and Interest Receivable	14,256	0	14,256
Grants Receivable	3,926	0	3,926
Accounts Receivable	9,397	0	9,397
Billed Services	0	950	950
Unbilled Services	0	64,000	64,000
	<u>0</u>	<u>64,000</u>	<u>64,000</u>
	<u>\$ 118,800</u>	<u>\$ 64,950</u>	<u>\$ 183,750</u>

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C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,827,100	\$ 60,000	\$ 0	\$ 1,887,100
Construction in Progress	<u>0</u>	<u>113,553</u>	<u>0</u>	<u>113,553</u>
Total Capital Assets, Not Being Depreciated	<u>1,827,100</u>	<u>173,553</u>	<u>0</u>	<u>2,000,653</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,199,388	0	0	1,199,388
Vehicles and Equipment	9,950	0	0	9,950
Infrastructure	5,349,622	359,500	0	5,709,122
Distribution and Collection Systems	<u>146,693</u>	<u>0</u>	<u>0</u>	<u>146,693</u>
Totals	<u>6,705,653</u>	<u>359,500</u>	<u>0</u>	<u>7,065,153</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	347,128	26,258	0	373,386
Vehicles and Equipment	3,486	498	0	3,984
Infrastructure	1,461,100	341,656	0	1,802,756
Distribution and Collection Systems	<u>33,367</u>	<u>3,375</u>	<u>0</u>	<u>36,742</u>
Totals	<u>1,845,081</u>	<u>371,787</u>	<u>0</u>	<u>2,216,868</u>
Total Capital Assets, Being Depreciated	<u>4,860,572</u>	<u>(12,287)</u>	<u>0</u>	<u>4,848,285</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,687,672</u>	<u>\$ 161,266</u>	<u>\$ 0</u>	<u>\$ 6,848,938</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, Being Depreciated:				
Distribution and Collection Systems	\$ 1,500,000	\$ 0	\$ 0	\$ 1,500,000
Totals	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>
Less Accumulated Depreciation for:				
Distribution and Collection Systems	<u>481,659</u>	<u>30,000</u>	<u>0</u>	<u>511,659</u>
Totals	<u>481,659</u>	<u>30,000</u>	<u>0</u>	<u>511,659</u>
Total Capital Assets, Being Depreciated	<u>1,018,341</u>	<u>(30,000)</u>	<u>0</u>	<u>988,341</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,018,341</u>	<u>\$ (30,000)</u>	<u>\$ 0</u>	<u>\$ 988,341</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 13,934	Wastewater	\$ <u>30,000</u>
Highways and Streets	341,656		
Culture and Recreation	<u>16,197</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 371,787</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 30,000</u>

D. Interfund Balances and Activity

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,125,385
Highway Reserve Fund	135,115	0
Conservation Fund	463,020	0
Fire & Rescue Capital Fund	139,343	0
Non-Major Governmental Funds	387,814	0
Wastewater Fund	93	0
Total	\$ 1,125,385	\$ 1,125,385

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

Transfer From	Transfer To	Amount	Purpose
General Fund	HRA Fund	\$ 45,000	* Appropriation
General Fund	Highway Reserve Fund	67,194	Transfer Highway Surplus
General Fund	Conservation Fund	90,000	Appropriation
General Fund	Fire & Rescue Capital Fund	180,000	Appropriation
General Fund	Repairs and Improvements Fund	50,000	Appropriation
General Fund	Trails Reserve Fund	5,000	Appropriation
Highway Reserve Fund	Bridge Reconstruction Fund	150,000	Fund Capital Projects
Reappraisal Fund	General Fund	15,000	Reappraisal Reimbursement
Total		\$ 602,194	

* The transfer from the General Fund to the HRA Fund is netted within the General Fund as this fund is consolidated within the General Fund to comply with GASB Statement No. 54.

E. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$1,539 resulting from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$17,507 of required employer pension contributions made subsequent to the measurement date for a total of \$19,046, as further described in Note V.A.

F. Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$9,551 of prepaid property taxes and \$33,068 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A. Total deferred inflows of resources in the Governmental Activities is \$42,619.

Deferred inflows of resources in the General Fund consists of \$105,000 of delinquent property taxes, penalties and interest on those taxes and \$6,584 of Thompson’s Point rent not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$9,551 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$121,135.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$3,926 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

G. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

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

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

Long-term debt outstanding as of June 30, 2015 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire and Rescue Pumper, Principal Payments Ranging from \$20,000 to \$25,000 Payable on December 1 Annually, Average Interest Rate of 4.928% Payable on June 1 and December 1, Due December, 2024	\$225,000	\$ 0	\$25,000	\$200,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire and Rescue Building, Principal Payments of \$20,000 Payable on December 1 Annually, Interest Ranging from 5.225% to 5.415% Payable June 1 and December 1, Due December, 2019	\$ <u>120,000</u>	\$ <u>0</u>	\$ <u>20,000</u>	\$ <u>100,000</u>
Total Governmental Activities	\$ <u>345,000</u>	\$ <u>0</u>	\$ <u>45,000</u>	\$ <u>300,000</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Wastewater Improvements, Principal Payments of \$75,000 Payable December 1 Annually, 0% Interest, Due and Paid December, 2014	\$ <u>75,000</u>	\$ <u>0</u>	\$ <u>75,000</u>	\$ <u>0</u>
Total Business-type Activities	\$ <u>75,000</u>	\$ <u>0</u>	\$ <u>75,000</u>	\$ <u>0</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 345,000	\$ 0	\$ 45,000	\$ 300,000	\$ 40,000
Compensated Absences	6,668	292	0	6,960	0
Net Pension Liability	<u>40,856</u>	<u>0</u>	<u>30,133</u>	<u>10,723</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	\$ <u>392,524</u>	\$ <u>292</u>	\$ <u>75,133</u>	\$ <u>317,683</u>	\$ <u>40,000</u>
Business-type Activities					
General Obligation Bonds Payable	\$ <u>75,000</u>	\$ <u>0</u>	\$ <u>75,000</u>	\$ <u>0</u>	\$ <u>0</u>
Total Business-type Activities Long-term Liabilities	\$ <u>75,000</u>	\$ <u>0</u>	\$ <u>75,000</u>	\$ <u>0</u>	\$ <u>0</u>

Compensated absences are paid by the applicable fund where the employee is charged.

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Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 40,000	\$ 10,552	\$ 0	\$ 0
2017	40,000	7,599	0	0
2018	40,000	5,834	0	0
2019	40,000	5,900	0	0
2020	40,000	4,571	0	0
2021-2025	100,000	4,808	0	0
2026-2030	<u>0</u>	<u>(4,434)</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 300,000</u>	<u>\$ 34,830</u>	<u>\$ 0</u>	<u>\$ 0</u>

The Town refinanced the Fire and Rescue Building bond. The savings is being applied to interest payments and will result in a refund of interest when the bond is paid off.

H. Fund Balances

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

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

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

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

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

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

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

Major Funds

Highway Reserve Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	<u>\$135,115</u>
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Non-Major Funds

Special Revenue Funds:

Restricted for Scenic Preservation Expenses by Donations (Source of Revenue is Donations)	15,490
Restricted for Community Library Expenses by Donations (Source of Revenue is Donations)	5,356
Restricted for Restoration of Records Expenses by Statute (Source of Revenue is Restoration Fees)	6,110
Restricted for Cemetery Expenses by Donations (Source of Revenue is Donations)	1,144
Restricted for Ski Program Expenses by Agreement (Source of Revenue is Recreation Fees)	8,154
Restricted for Conservation Commission by Donations (Source of Revenue is Donations)	578
Restricted for Tree Planting Expenses by Donations (Source of Revenue is Donations)	2,017
Restricted for Mack Scholarship Expenses by Donations (Source of Revenue is Donations)	2,715
Restricted for Affordable Housing Expenses by Grant Agreements (Source of Revenue is Grant Revenue)	<u>144,584</u>
Total Special Revenue Funds	<u>186,148</u>

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Capital Projects Funds:

Restricted for Thorp Barn Expenditures by Donations (Source of Revenue is Donations)	\$ 7,663
Restricted for Bridge Reconstruction Expenditures by Statute (Source of Revenue is Highway Property Taxes and State Highway Aid)	<u>144,196</u>
Total Capital Projects Funds	<u>151,859</u>
Total Non-Major Funds	<u>338,007</u>
Total Restricted Fund Balances	<u>\$473,122</u>

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

Major Funds

General Fund:

Assigned for HRA Expenses	\$ <u>7,530</u>
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Conservation Fund:

Assigned for Land Preservation Expenditures	<u>463,020</u>
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Fire & Rescue Capital Fund:

Assigned for Fire & Rescue Capital Expenditures	<u>139,343</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>27,970</u>
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Capital Projects Funds:

Assigned for Repairs and Improvements Expenditures	23,269
Assigned for Trails Expenditures	<u>5,068</u>
Total Capital Projects Funds	<u>28,337</u>
Total Non-Major Funds	<u>56,307</u>
Total Assigned Fund Balances	<u>\$666,200</u>

I. Net Position

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

Governmental Activities:

Restricted for Highway Expenditures by Statute	\$283,237
Restricted for Scenic Preservation Expenses by Donations	15,490
Restricted for Community Library Expenses by Donations	5,356
Restricted for Restoration of Records Expenses by Statute	6,110
Restricted for Cemetery Expenses by Donations	1,144
Restricted for Ski Program Expenses by Agreement	8,154
Restricted for Conservation Commission by Donations	578
Restricted for Tree Planting Expenses by Donations	2,017
Restricted for Mack Scholarship Expenses by Donations	2,715
Restricted for Affordable Housing Expenses by Grant Agreements	144,584
Restricted for Thorp Barn Expenditures by Donations	<u>7,663</u>
Total Governmental Activities	<u>\$477,048</u>

The designated net position of the Town’s Proprietary Fund as of June 30, 2015 consisted of the following:

Wastewater Fund:

Designated for Wastewater Capital Projects	\$ 58,397
Designated for Wastewater Operations	<u>167,706</u>

Total Wastewater Fund/Business-type Activities	<u>\$226,103</u>
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The Governmental Activities Net Investment in Capital Assets does not include the long-term debt for the fire and rescue vehicle and building as the Town does not own these assets and debt payments are made on behalf of Charlotte Fire and Rescue Services, Inc.

V. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plan

Plan Description

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

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

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

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

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

As of June 30, 2014, the measurement date selected by the State of Vermont, VMERS was funded at 98.32% and had a plan fiduciary net position of \$534,525,477 and a total pension liability of \$543,652,090 resulting in a net pension liability of \$9,126,613. As of June 30, 2015, the Town's proportionate share of this was .1175% resulting in a liability of \$10,723. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2014, the Town's proportion of .1175% was an increase of 0.0053% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$16,553.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportional share of contributions	\$ 1,539	\$ 0
Difference between projected and actual earnings on pension plan investments	0	33,068
Town's Required employer contribution made subsequent to the measurement date	17,507	0
	\$ 19,046	\$ 33,068

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The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$17,507 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2016	\$ 7,510
2017	7,510
2018	<u>7,510</u>
Total	<u>\$22,530</u>

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group B – Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

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

Amount – Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

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

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Group B.

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

Amount – Immediate allowance based on AFC and service to date of disability.

Death Benefit:

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

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

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

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

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

Member Contributions - Group B – 4.75% effective July 1, 2014 (increased from 4.625%)

Employer Contributions - Group B – 5.375% effective July 1, 2014 (increased from 5.125%)

Retirement Stipend - \$25 per month payable at the option of the Board of Retirees.

Significant Actuarial Assumptions and Methods

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

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

Salary increases - 5% per year.

Deaths:

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

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

Disabled retirees – RP-2000 Disabled Life Tables.

Beneficiaries – 1995 Buck Mortality Tables for males and females.

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

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

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

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

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

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

Long-term Expected Rate of Return:

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

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

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

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

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

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

<u>1% Decrease (7.23%)</u>	<u>Discount Rate (8.23%)</u>	<u>1% Increase (9.23)</u>
\$90,341	\$10,723	\$(56,073)

Additional Information

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

B. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund’s liabilities.

The Town is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

C. PROPERTY TAXES

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are due and payable on November 17 and become delinquent on November 18. The Town assesses an 8% penalty after the November 17 payment. Interest is assessed at one percent (1%) per month for the first three months and one and a half percent (1-1/2%) per month for each month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2015 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.5161	1.4375
Local Agreement	0.0008	0.0008
Town	<u>0.1582</u>	<u>0.1582</u>
Total	<u>1.6751</u>	<u>1.5965</u>

D. CONTINGENT LIABILITIES

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 1,503,521	\$ 1,586,095	\$ 82,574
Interest on Delinquent Taxes	20,000	59,984	39,984
Penalty on Delinquent Taxes	20,000	20,494	494
Current Use	58,525	79,754	21,229
PILOT Payment	20,000	20,399	399
Thompson's Point Rent	815,000	812,027	(2,973)
Railroad Tax	200	171	(29)
Barber Cemetery Fund	150	133	(17)
Vault Time Fees	9,000	7,818	(1,182)
Recording Fees	60,000	37,712	(22,288)
Dog Licenses	2,500	3,673	1,173
Hunting and Fishing Licenses	0	46	46
Registration Renewal Fees	0	96	96
Planning and Zoning - Board Adjustments	2,500	4,720	2,220
Planning and Zoning - Building Permits	18,000	17,080	(920)
Planning and Zoning - Subdivision Applications	12,000	14,820	2,820
Planning and Zoning - Miscellaneous Income	100	72	(28)
Septic Applications	9,000	9,380	380
Certificate of Compliance	2,000	3,000	1,000
Certificate of Occupancy	1,200	3,600	2,400
Highway Access Permit	800	600	(200)
Senior Center Programs	27,000	27,091	91
Hockey Donations	0	1,500	1,500
Beach Fees	9,000	13,457	4,457
Recreation Programs	65,628	59,280	(6,348)
Highway State Aid	195,570	195,317	(253)
Court Fines	10,500	6,551	(3,949)
Highway Grant	30,000	99,449	69,449
VLCT Equipment Grant	0	388	388
Energy Committee Grant	0	1,187	1,187
Transfer from Reappraisal Fund	15,000	15,000	0
Agricultural Lease	3,660	3,660	0
Interest Income	750	218	(532)
Miscellaneous	800	4,513	3,713
Total Revenues	2,912,404	3,109,285	196,881
Expenditures:			
Selectmen:			
Selectmen Salaries	9,000	9,000	0
Minute-Taker Salary	3,500	3,890	(390)
Town Administrator	59,885	61,282	(1,397)
Legal Expense	35,000	24,011	10,989
Unanticipated Expenses	5,000	13,450	(8,450)
Town Party	3,000	3,098	(98)
Volunteer Recognition	6,500	6,248	252
Advertising	750	1,429	(679)
Seminars	300	570	(270)
Total Selectmen	122,935	122,978	(43)

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TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Clerk:			
Clerk Salary	\$ 62,916	\$ 63,564	\$ (648)
Assistant Clerk Salary	36,917	40,326	(3,409)
Mileage	200	0	200
Telephone	2,000	1,967	33
Seminars/Training	500	300	200
Supplies	4,800	3,546	1,254
Memberships	0	110	(110)
Service Contracts	4,600	8,117	(3,517)
Total Town Clerk	<u>111,933</u>	<u>117,930</u>	<u>(5,997)</u>
Treasurer:			
Supplies	1,000	785	215
Audit Expense	17,000	13,369	3,631
Total Treasurer	<u>18,000</u>	<u>14,154</u>	<u>3,846</u>
Elections and Town Meeting:			
Elections	3,500	4,617	(1,117)
Town Meetings	2,300	2,439	(139)
Town Report Expenses	4,400	4,433	(33)
Total Elections and Town Meeting	<u>10,200</u>	<u>11,489</u>	<u>(1,289)</u>
Planning and Zoning:			
Town Planner/Zoning Administrator	48,558	48,967	(409)
Administrative Assistant Salary	37,092	30,287	6,805
Minute-Taker Salary	3,000	2,090	910
Legal	2,000	5,190	(3,190)
Mileage	600	215	385
Telephone	800	792	8
Advertising	1,500	1,322	178
Equipment	100	0	100
Seminars	500	325	175
Computer Upgrade	2,000	0	2,000
Supplies	1,500	733	767
Memberships	320	348	(28)
Engineering	7,000	7,592	(592)
Copier	2,750	3,559	(809)
Planning Consultants	5,000	1,549	3,451
Mapping	500	0	500
Town Plan/Land Use	5,000	0	5,000
Miscellaneous	100	62	38
Total Planning and Zoning	<u>118,320</u>	<u>103,031</u>	<u>15,289</u>
Constable Salary:	<u>1,000</u>	<u>822</u>	<u>178</u>
Delinquent Tax Collector Salary:	<u>5,610</u>	<u>5,610</u>	<u>0</u>

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TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Listers:			
Wages	\$ 26,101	\$ 26,591	\$ (490)
Contract Appraiser	25,000	25,000	0
Mileage	200	30	170
Telephone	1,700	1,735	(35)
Seminars	350	285	65
Computer Software	200	215	(15)
Supplies	1,600	288	1,312
Memberships	100	50	50
MS Service Contract	232	239	(7)
Mapping Contract	2,000	2,200	(200)
Furniture/Equipment	0	375	(375)
Total Listers	57,483	57,008	475
Employee Benefits:			
Social Security	29,671	28,749	922
Health Insurance	110,000	118,325	(8,325)
Retirement	17,215	17,506	(291)
Unemployment Compensation	980	758	222
MEDI Expense	6,940	6,727	213
Eyemed Vision Plan	1,385	1,040	345
Delta Dental	11,768	10,611	1,157
Total Employee Benefits	177,959	183,716	(5,757)
Highway:			
Retreatment	235,000	300,272	(65,272)
Winter Plow/Sand/Ice	200,000	247,553	(47,553)
Gravel Roads Maintenance	243,250	173,093	70,157
Ditching	70,000	24,044	45,956
Brush/Tree Removal	45,000	49,743	(4,743)
Culvert Replacement/Repair	40,000	56,549	(16,549)
Roadside Mowing	30,000	18,015	11,985
Sweeping/Shoulders	4,000	4,980	(980)
Cold Patch	4,000	3,684	316
Bridge/Guardrail Repair	3,000	3,505	(505)
Road Signs	11,000	16,086	(5,086)
Covered Bridges	10,000	2,135	7,865
Bike Path Maintenance	2,000	1,155	845
Miscellaneous	4,000	0	4,000
Total Highway	901,250	900,814	436
Town Lands:			
Landfill Monitor	5,500	6,649	(1,149)
Land Maintenance Contract	20,000	15,129	4,871
Cemetery Maintenance	9,000	9,000	0
Park Security	5,600	5,643	(43)
Park Maintenance	14,450	13,106	1,344
Berry Farm Field	10,000	9,730	270
School Fields and Gym	8,000	7,685	315
Thompsons Point Trash	600	165	435
Invasives Plant Management	1,000	663	337
Total Town Lands	74,150	67,770	6,380

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Library:			
Library Director	\$ 45,440	\$ 47,450	\$ (2,010)
Library Assistants	29,482	30,907	(1,425)
Youth Librarian	23,561	25,300	(1,739)
Technical Librarian	19,571	20,163	(592)
Custodial Service	3,000	2,985	15
Postage/Miscellaneous	1,000	1,304	(304)
Telecommunications	2,000	2,024	(24)
Supplies	3,200	3,217	(17)
Seminars	2,000	1,141	859
Association Dues	225	225	0
Acquisitions	11,000	11,187	(187)
Special Programs	2,000	2,377	(377)
Energy	8,000	6,062	1,938
Maintenance	6,250	5,870	380
Computer Support	3,000	3,082	(82)
Computer Equipment	3,000	3,150	(150)
	<u>162,729</u>	<u>166,444</u>	<u>(3,715)</u>
Total Library			
Annual Requests:			
Lewis Creek Association	600	600	0
Visiting Nurses Association	9,092	9,092	0
C.V. Agency on Aging	1,600	1,600	0
Women Help Battered Women	500	450	50
Center/Independent Living	200	200	0
HOPE Works	1,000	1,000	0
Howard Mental Health	900	900	0
Chittenden County Food Shelf	200	200	0
COTS	500	500	0
Vermont Association for Blind	250	250	0
Special Investigations	7,094	7,094	0
American Red Cross	1,000	1,000	0
Vermont Rural Fire Protection	100	100	0
	<u>23,036</u>	<u>22,986</u>	<u>50</u>
Total Annual Requests			
Recreation:			
Beach Attendant Wages	9,000	8,610	390
Beach Maintenance	3,500	1,893	1,607
Beach Telephone	200	0	200
Beach Garbage Removal	450	95	355
Beach Electricity	300	496	(196)
Docks In and Out	4,000	5,201	(1,201)
Skating Rink	600	760	(160)
Skating Rink Electricity	450	539	(89)
Recreation Program Director	22,823	24,897	(2,074)
Recreation Program Expense	47,798	36,454	11,344
Miscellaneous	500	439	61
	<u>89,621</u>	<u>79,384</u>	<u>10,237</u>
Total Recreation			
Conservation:			
Conservation Operating Expense	4,900	2,900	2,000
Green-Up Day	300	229	71
CV Conservation Alliance	200	0	200
	<u>5,400</u>	<u>3,129</u>	<u>2,271</u>
Total Conservation			

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Hall:			
Maintenance	\$ 12,000	\$ 7,529	\$ 4,471
Town Postage	6,500	6,218	282
Equipment	3,200	3,164	36
Supplies	3,600	1,866	1,734
Trash Removal	1,200	1,549	(349)
Utilities	4,300	4,187	113
Fuel Oil	4,500	3,305	1,195
Computer Service	3,500	5,993	(2,493)
	<u>38,800</u>	<u>33,811</u>	<u>4,989</u>
Senior Center:			
Maintenance	7,000	6,990	10
Snow Plowing	1,500	3,388	(1,888)
Custodial Service	6,500	6,270	230
Miscellaneous	300	245	55
Postage	500	637	(137)
Telecommunications	1,800	1,762	38
Supplies	750	1,113	(363)
Trash	900	1,000	(100)
Energy	8,500	6,372	2,128
Director	24,868	28,815	(3,947)
Part-Time Coordinator	10,500	11,420	(920)
Program Expenses	22,000	21,367	633
	<u>85,118</u>	<u>89,379</u>	<u>(4,261)</u>
Miscellaneous:			
Insurance	47,000	41,153	5,847
Flea Market Electricity	300	307	(7)
Street Lights Electricity	1,500	1,468	32
Museum Electricity	300	334	(34)
Health Officer	0	325	(325)
Animal Control Officer	2,000	2,000	0
Dogs/Miscellaneous	2,000	1,588	412
Miscellaneous Expenses	0	125	(125)
Trails Committee	1,000	649	351
Traffic Enforcement	70,000	29,541	40,459
Charlotte Land Trust	7,500	2,109	5,391
Energy Committee	6,600	6,691	(91)
Tree Warden	1,000	897	103
	<u>139,200</u>	<u>87,187</u>	<u>52,013</u>
Intergovernmental Taxes and Dues:			
VLCT Dues	4,854	4,854	0
CCRPC Dues	11,708	11,708	0
County Tax	42,138	40,511	1,627
	<u>58,700</u>	<u>57,073</u>	<u>1,627</u>

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TOWN OF CHARLOTTE, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance Favorable/ (Unfavorable)
Transfers:			
Transfer to Highway Reserve Fund	\$ 0	\$ 67,194	\$ (67,194)
Transfer to Conservation Fund	90,000	90,000	0
Transfer to Fire and Rescue Capital Fund	180,000	180,000	0
Transfer to Repairs and Improvements Fund	50,000	50,000	0
Transfer to Trails Reserve Fund	5,000	5,000	0
Total Transfers	325,000	392,194	(67,194)
Fire and Rescue Appropriation:	510,960	510,960	0
Total Expenditures	3,037,404	3,027,869	9,535
Excess/(Deficiency) of Revenues Over Expenditures	\$ (125,000)	81,416	\$ 206,416
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
HRA Fund Income		1	
HRA Fund Transfer In		45,000	
HRA Fund Expenses		(43,062)	
Net Change in Fund Balance		83,355	
Fund Balance - July 1, 2014		305,823	
Fund Balance - June 30, 2015		\$ 389,178	

The reconciling items are due to combining one (1) fund, the HRA Fund, with the General Fund in order to comply with GASB Statement No. 54.

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

		2015
Total Plan Net Pension Liability	\$	9,126,613
Town's Proportion of the Net Pension Liability		0.1175%
Town's Proportionate Share of the Net Pension Liability	\$	10,723
Town's Covered Employee Payroll	\$	325,703
Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll		3.2923%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		98.32% as of June 30, 2014

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: None.

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

See Disclaimer in Accompanying Independent Auditor's Report.

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

	2015
Contractually Required Contribution (Actuarially Determined)	\$ 17,507
Contributions in Relation to the Actuarially Determined Contributions	17,507
Contribution Excess/(Deficiency)	\$ 0
Covered - Employee Payroll	\$ 325,703
Contributions as a Percentage of Covered - Employee Payroll	5.375%

Notes to Schedule

Valuation Date: June 30, 2014

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

See Disclaimer in Accompanying Independent Auditor's Report.

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

	Special Revenue Funds	Capital Projects Funds	Total
<u>ASSETS</u>	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 6,500	\$ 0	\$ 6,500
Receivables	0	3,926	3,926
Due from Other Funds	<u>207,618</u>	<u>180,196</u>	<u>387,814</u>
Total Assets	<u>\$ 214,118</u>	<u>\$ 184,122</u>	<u>\$ 398,240</u>
 <u>LIABILITIES</u>			
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Grants	<u>0</u>	<u>3,926</u>	<u>3,926</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>3,926</u>	<u>3,926</u>
 <u>FUND BALANCES</u>			
Restricted	186,148	151,859	338,007
Assigned	<u>27,970</u>	<u>28,337</u>	<u>56,307</u>
Total Fund Balances	<u>214,118</u>	<u>180,196</u>	<u>394,314</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 214,118</u>	<u>\$ 184,122</u>	<u>\$ 398,240</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 166,880	\$ 44,759	\$ 211,639
Permits, Licenses and Fees	8,763	0	8,763
Investment Income	18	3	21
Donations	14,864	5,895	20,759
Other	<u>0</u>	<u>32,783</u>	<u>32,783</u>
 Total Revenues	 <u>190,525</u>	 <u>83,440</u>	 <u>273,965</u>
 Expenditures:			
General Government	4,879	0	4,879
Highways and Streets	0	2,389	2,389
Culture and Recreation	12,336	3,034	15,370
Community Development	160,972	0	160,972
Capital Outlay:			
Highways and Streets	0	28,174	28,174
Culture and Recreation	<u>0</u>	<u>116,013</u>	<u>116,013</u>
 Total Expenditures	 <u>178,187</u>	 <u>149,610</u>	 <u>327,797</u>
 Excess/(Deficiency) of Revenues Over Expenditures	 <u>12,338</u>	 <u>(66,170)</u>	 <u>(53,832)</u>
 Other Financing Sources/(Uses):			
Transfers In	0	205,000	205,000
Transfers Out	<u>(15,000)</u>	<u>0</u>	<u>(15,000)</u>
 Total Other Financing Sources/(Uses)	 <u>(15,000)</u>	 <u>205,000</u>	 <u>190,000</u>
 Net Change in Fund Balances	 (2,662)	 138,830	 136,168
 Fund Balances - July 1, 2014	 <u>216,780</u>	 <u>41,366</u>	 <u>258,146</u>
 Fund Balances - June 30, 2015	 <u>\$ 214,118</u>	 <u>\$ 180,196</u>	 <u>\$ 394,314</u>

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

	Scenic Preservation Fund	Community Library Fund	Habitat Grant Fund	Reappraisal Fund	Restoration of Records Fund	Cemetery Fund	Ski Program Fund	Conservation Commission Fund	Tree Fund	Mack Scholarship Fund	Affordable Housing Fund	Total
<u>ASSETS</u>												
Cash	\$ 0	\$ 5,356	\$ 0	\$ 0	\$ 0	\$ 1,144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,500
Due from Other Funds	<u>15,490</u>	<u>0</u>	<u>0</u>	<u>27,970</u>	<u>6,110</u>	<u>0</u>	<u>8,154</u>	<u>578</u>	<u>2,017</u>	<u>2,715</u>	<u>144,584</u>	<u>207,618</u>
Total Assets	<u>\$ 15,490</u>	<u>\$ 5,356</u>	<u>\$ 0</u>	<u>\$ 27,970</u>	<u>\$ 6,110</u>	<u>\$ 1,144</u>	<u>\$ 8,154</u>	<u>\$ 578</u>	<u>\$ 2,017</u>	<u>\$ 2,715</u>	<u>\$ 144,584</u>	<u>\$ 214,118</u>
<u>LIABILITIES AND FUND BALANCES</u>												
Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:												
Restricted	15,490	5,356	0	0	6,110	1,144	8,154	578	2,017	2,715	144,584	186,148
Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,970</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,970</u>
Total Fund Balances	<u>15,490</u>	<u>5,356</u>	<u>0</u>	<u>27,970</u>	<u>6,110</u>	<u>1,144</u>	<u>8,154</u>	<u>578</u>	<u>2,017</u>	<u>2,715</u>	<u>144,584</u>	<u>214,118</u>
Total Liabilities and Fund Balances	<u>\$ 15,490</u>	<u>\$ 5,356</u>	<u>\$ 0</u>	<u>\$ 27,970</u>	<u>\$ 6,110</u>	<u>\$ 1,144</u>	<u>\$ 8,154</u>	<u>\$ 578</u>	<u>\$ 2,017</u>	<u>\$ 2,715</u>	<u>\$ 144,584</u>	<u>\$ 214,118</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Scenic Preservation Fund	Community Library Fund	Habitat Grant Fund	Reappraisal Fund	Restoration of Records Fund	Cemetery Fund	Ski Program Fund	Conservation Commission Fund	Tree Fund	Mack Scholarship Fund	Affordable Housing Fund	Total
Revenues:												
Intergovernmental	\$ 0	\$ 0	\$ 150,264	\$ 16,616	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 166,880
Permits, Licenses and Fees	0	0	0	0	0	0	8,763	0	0	0	0	8,763
Investment Income	1	0	0	2	1	0	0	0	0	1	13	18
Donations	84	7,565	0	0	0	4,000	0	500	2,715	0	0	14,864
Total Revenues	85	7,565	150,264	16,618	1	4,000	8,763	500	2,715	1	13	190,525
Expenditures:												
General Government	0	0	0	250	1,750	2,879	0	0	0	0	0	4,879
Culture and Recreation	0	3,846	0	0	0	0	8,455	0	0	35	0	12,336
Community Development	0	0	150,264	0	0	0	0	0	708	0	10,000	160,972
Total Expenditures	0	3,846	150,264	250	1,750	2,879	8,455	0	708	35	10,000	178,187
Excess/(Deficiency) of Revenues Over Expenditures	85	3,719	0	16,368	(1,749)	1,121	308	500	2,007	(34)	(9,987)	12,338
Other Financing Sources/(Uses):												
Transfers Out	0	0	0	(15,000)	0	0	0	0	0	0	0	(15,000)
Total Other Financing Sources/(Uses)	0	0	0	(15,000)	0	0	0	0	0	0	0	(15,000)
Net Change in Fund Balances	85	3,719	0	1,368	(1,749)	1,121	308	500	2,007	(34)	(9,987)	(2,662)
Fund Balances - July 1, 2014	15,405	1,637	0	26,602	7,859	23	7,846	78	10	2,749	154,571	216,780
Fund Balances - June 30, 2015	\$ 15,490	\$ 5,356	\$ 0	\$ 27,970	\$ 6,110	\$ 1,144	\$ 8,154	\$ 578	\$ 2,017	\$ 2,715	\$ 144,584	\$ 214,118

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

	Repairs and Improvements Fund	Trails Reserve Fund	Recreation Capital Fund	Thorp Barn Fund	Bridge Reconstruction Fund	Total
<u>ASSETS</u>						
Receivables	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,926	\$ 3,926
Due from Other Funds	<u>23,269</u>	<u>5,068</u>	<u>0</u>	<u>7,663</u>	<u>144,196</u>	<u>180,196</u>
Total Assets	<u>\$ 23,269</u>	<u>\$ 5,068</u>	<u>\$ 0</u>	<u>\$ 7,663</u>	<u>\$ 148,122</u>	<u>\$ 184,122</u>
<u>LIABILITIES</u>						
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,926</u>	<u>3,926</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,926</u>	<u>3,926</u>
<u>FUND BALANCES</u>						
Restricted	0	0	0	7,663	144,196	151,859
Assigned	<u>23,269</u>	<u>5,068</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,337</u>
Total Fund Balances	<u>23,269</u>	<u>5,068</u>	<u>0</u>	<u>7,663</u>	<u>144,196</u>	<u>180,196</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,269</u>	<u>\$ 5,068</u>	<u>\$ 0</u>	<u>\$ 7,663</u>	<u>\$ 148,122</u>	<u>\$ 184,122</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Repairs and Improvements Fund	Trails Reserve Fund	Recreation Capital Fund	Thorp Barn Fund	Bridge Reconstruction Fund	Total
Revenues:						
Intergovernmental	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 24,759	\$ 44,759
Investment Income	2	1	0	0	0	3
Donations	0	5,895	0	0	0	5,895
VELCO Property Tax Settlement	<u>32,783</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,783</u>
Total Revenues	<u>32,785</u>	<u>25,896</u>	<u>0</u>	<u>0</u>	<u>24,759</u>	<u>83,440</u>
Expenditures:						
Highways and Streets	0	0	0	0	2,389	2,389
Culture and Recreation	0	322	2,712	0	0	3,034
Capital Outlay:						
Highways and Streets	0	0	0	0	28,174	28,174
Culture and Recreation	<u>65,684</u>	<u>50,329</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>116,013</u>
Total Expenditures	<u>65,684</u>	<u>50,651</u>	<u>2,712</u>	<u>0</u>	<u>30,563</u>	<u>149,610</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(32,899)</u>	<u>(24,755)</u>	<u>(2,712)</u>	<u>0</u>	<u>(5,804)</u>	<u>(66,170)</u>
Other Financing Sources:						
Transfers In	<u>50,000</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>205,000</u>
Total Other Financing Sources	<u>50,000</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>205,000</u>
Net Change in Fund Balances	17,101	(19,755)	(2,712)	0	144,196	138,830
Fund Balances - July 1, 2014	<u>6,168</u>	<u>24,823</u>	<u>2,712</u>	<u>7,663</u>	<u>0</u>	<u>41,366</u>
Fund Balances - June 30, 2015	<u>\$ 23,269</u>	<u>\$ 5,068</u>	<u>\$ 0</u>	<u>\$ 7,663</u>	<u>\$ 144,196</u>	<u>\$ 180,196</u>

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2015

	Serrell Fund	Trustee of Public Funds Fund	Total
<u>ASSETS</u>			
Cash	\$ 3,490	\$ 7,107	\$ 10,597
Investments	0	507,501	507,501
Total Assets	\$ 3,490	\$ 514,608	\$ 518,098
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
Net Position:			
Restricted:			
Held in Trust for Individuals and Organizations	3,490	514,608	518,098
Total Liabilities and Net Position	\$ 3,490	\$ 514,608	\$ 518,098

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TOWN OF CHARLOTTE, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Serrell Fund	Trustee of Public Funds Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Investment Income	\$ 1	\$ 14,609	\$ 14,610
Donations	<u> 80</u>	<u> 0</u>	<u> 80</u>
Total Additions	<u> 81</u>	<u> 14,609</u>	<u> 14,690</u>
Deductions:	<u> 0</u>	<u> 0</u>	<u> 0</u>
Change in Net Position	81	14,609	14,690
Net Position - July 1, 2014	<u> 3,409</u>	<u> 499,999</u>	<u> 503,408</u>
Net Position - June 30, 2015	<u><u> 3,490</u></u>	<u><u> 514,608</u></u>	<u><u> 518,098</u></u>

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TOWN OF CHARLOTTE, VERMONT
SCHEDULE OF TAXES RAISED
FOR THE YEAR ENDED JUNE 30, 2015

April 2014 Grandlist Used for Fiscal Year 2015 Taxes:

Homestead Education Grandlist	\$ 6,544,160.69
Non-Residential Grandlist	\$ 2,981,960.04
Municipal Grandlist	\$ 9,505,915.89

Tax Rates:

Homestead Education Tax Rate	1.5161
Non-Residential Education Tax Rate	1.4375
Municipal Tax Rate	0.1582
Local Agreement Tax Rate	0.0008

Charlotte's Fiscal Year 2015 Education Property Tax Liability:

Residential Taxes	\$ 9,921,602.00
Nonresidential Taxes	<u>4,286,568.00</u>

Total Property Tax Liability for State Education Fund 14,208,170.00

Municipal Taxes	1,500,901.04
Local Agreement Taxes to Cover Education Liability for Exempt Properties	<u>(7,604.75)</u>

Total Education and Municipal Taxes Expected to be Raised \$ 15,701,466.29

Allocation of State Education Taxes:

Transfer to Charlotte Central School for School Budget	\$ 6,631,235.00
Transfer to Charlotte Central School for State Transportation Aid	97,056.00
Transfer to Champlain Valley Union High School	<u>2,960,644.00</u>

Total to District Schools 9,688,935.00

.225 of 1% of Residential and Non-Residential Liability Retained by Town	28,632.01
Income Sensitivity Credits to Charlotte Residents, Education Tax	1,482,931.22
Income Sensitivity Credits to Charlotte Residents, Municipal Tax	11,352.86
Balance to State Education Fund	<u>3,007,371.77</u>

Total Allocation of State Education Taxes 14,219,222.86

Municipal Taxes Received	1,215,694.42
Delinquent Taxes	<u>266,549.01</u>

Total Fiscal Year 2015 Property Taxes \$ 15,701,466.29

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

Selectboard
Town of Charlotte, Vermont
P.O. Box 119
Charlotte, VT 05445

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2015-1 through 2015-3, that we consider to be significant deficiencies.

Compliance and Other Matters

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

We also noted certain other matters that we reported to the management of the Town of Charlotte, Vermont in a separate letter dated (DATE).

Town of Charlotte, Vermont's Response to Deficiencies in Internal Control

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

Purpose of this Report

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

(DATE)
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF CHARLOTTE, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2015

DRAFT

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

2015-1 Authorization of General Journal Entries

Criteria:

Internal controls should be in place that requires appropriate officials to authorize and review all adjustments to the books of original entry.

Condition:

The Town does not have a policy in place to require authorization or review of adjustments to the books of original entry.

Cause:

Unknown.

Effect:

This deficiency in the internal control structure could allow other working control policies to be circumvented.

Recommendation:

We recommend that the Town enact a policy that requires appropriate officials to authorize and review all general journal entries so as not to circumvent the original approval process.

2015-2 Wastewater Unbilled Revenue

Criteria:

Internal controls should be in place to ensure that the unbilled wastewater revenue is recorded properly at year end.

TOWN OF CHARLOTTE, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2015

DRAFT

Condition:

The Town bills for wastewater usage once per year in April for the usage in the prior year. This billing crosses fiscal years and should be allocated accordingly. The Town did not adjust the unbilled wastewater revenue account to allocate the billing properly across fiscal years.

Cause:

Unknown.

Effect:

The Town's unbilled wastewater revenue account balance was incorrect.

Recommendation:

We recommend the Town implement controls to ensure that an estimated receivable for wastewater usage is recorded in the current fiscal year that has not yet been billed.

2015-3 Netting Revenues and Expenditures

Criteria:

Revenue should not be netted with the expenditures in order to conform with generally accepted accounting principles.

Condition:

The Town netted a paving grant with the related expenditures account during the year. This nets out the revenue and expenditures as if they did not exist and results in the understatement of both revenue and expenditures.

Cause:

The Town was not aware that this practice is not in accordance with generally accepted accounting principles.

Effect:

This will result in understatement of revenue and expenditures.

Recommendation:

We recommend that the Town not net revenue and expenditures to ensure revenue and expenditures are not understated.