

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

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The Town of Charlotte WKH 3 7 R Z Q ' KHUHLQ VHWV IRUWK DQ RYHUYLH operations for the fiscal years ending June 30, 2015 and 2014.

Financial Highlights

- Assets exceeded liabilities on June 30, 2015 by \$9,307,476 (*net position*). Of this amount, \$1,197,733 (*unrestricted net position*) may be used by the various funds of the 7 R Z Q WR PHHW WKH 7 R Z Q ¶ V R Q J R L Q J R E O L J D W L R Q V
- ~~██~~ position increased by \$341,140.
- Fund Balances of Governmental Funds increased by \$294,631 up to a total of \$1,520,970 in fiscal year 2015. The General Fund had a total fund balance of \$389,178 of which \$381,648 was unassigned.

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Charlotte ¶ V I L Q D Q F H V L Q manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Charlotte ¶ V D V V H W V D Q liabilities with the difference between the two reported as net position.

The *statement of activities* S U H V H Q W V L Q I R U P D W L R Q V K R P S V R Q ¶ V 3 R L Q W Z K L F K L V during the past fiscal year. The *statement of activities* is on the full accrual basis (i.e. all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows) whereas the *statement of revenues, expenditures and changes in fund balances - governmental funds* is on the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position and expenditures are recognized when the related liability is incurred). Thus in the *statement of activities*, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The major governmental activities of the Town of Charlotte include general government, highways and bridges, and public safety. The government-wide financial statements can be found in Exhibits A and B of this report. The business-type activity of the Town is the Z D V W H Z D W H U R S H U D W L R Q R Q 7 K R P S V R Q ¶ V 3 R L Q W Z K L F K L V statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town has three types of funds: governmental funds, a proprietary fund and fiduciary funds. The proprietary fund of the Town is an enterprise fund (business activities). This covers our 7 K R P S V R Q ¶ V 3 R L Q W Z K L F K L V Water Department. Fund financial statements can be found in Exhibits C through J.

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

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

Table 1
 Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Current and Other Assets	\$ 1,828,456	\$ 1,497,756	\$ 226,154	\$ 186,963	\$ 2,054,610	\$ 1,684,719
Capital Assets	6,788,938	6,687,672	988,341	1,018,341	7,777,279	7,706,013
Total Assets	<u>8,617,394</u>	<u>8,185,428</u>	<u>1,214,495</u>	<u>1,205,304</u>	<u>9,831,889</u>	<u>9,390,732</u>
Deferred Outflows of Resources	19,046	15,157	0	0	19,046	15,157
Current Liabilities	223,106	89,575	51	75,000	223,157	164,575
Long-term Liabilities	277,683	347,524	0	0	277,683	347,524
Total Liabilities	<u>500,789</u>	<u>437,099</u>	<u>51</u>	<u>75,000</u>	<u>500,840</u>	<u>512,099</u>
Deferred Inflows of Resources	42,619	11,594	0	0	42,619	11,594
Net Investment in Capital Assets	6,788,938	6,687,672	988,341	943,341	7,777,279	7,631,013
Restricted	332,464	440,566	0	0	332,464	440,566
Unrestricted	971,630	623,654	226,103	186,963	1,197,733	810,617
Total Net Position	<u>\$ 8,093,032</u>	<u>\$ 7,751,892</u>	<u>\$ 1,214,444</u>	<u>\$ 1,130,304</u>	<u>\$ 9,307,476</u>	<u>\$ 8,882,196</u>

As indicated above, assets exceeded liabilities by \$9,307,476 at the end of fiscal year 2015. Assets exceeded liabilities by \$8,882,196 at the end of fiscal year 2014.

The largest portion of net investment in capital assets (83.6% = \$7,777,279). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, and infrastructure). Therefore these assets are not available for future spending. A portion (3.6% = \$332,464) is subject to restrictions on how it may be used (e.g. highway maintenance, trails, etc.). The remaining balance is an unrestricted net position (12.8% = \$1,197,733) available to its citizens and creditors. Some of the amounts included in unrestricted net position have been assigned by management for particular purposes (e.g. capital projects).

Governmental activities. Governmental activities increased \$341,140 in FY15.

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 FOR THE YEAR ENDED JUNE 30, 2015

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Table 2
 Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,038,326	\$ 1,049,454	\$ 261,592	\$ 187,884	\$ 1,299,918	\$ 1,237,338
Operating Grants and Contributions	380,269	379,998	0	0	380,269	379,998
Capital Grants and Contributions	173,724	119,003	0	0	173,724	119,003
General Revenues:						
Property Taxes	1,476,095	1,598,567	0	0	1,476,095	1,598,567
Penalties and Interest on Delinquent Taxes	80,478	28,564	0	0	80,478	28,564
General State Grants	100,324	76,300	0	0	100,324	76,300
Unrestricted Investment Earnings	308	289	12	13	320	302
VELCO Property Tax Settlement	32,783	0	0	0	32,783	0
Other Revenues	8,913	1,514	0	0	8,913	1,514
Total Revenues	3,291,220	3,253,689	261,604	187,897	3,552,824	3,441,586
Expenses:						
General Government	799,651	852,915	0	0	799,651	852,915
Public Safety	540,501	715,633	0	0	540,501	715,633
Highways and Streets	935,688	889,559	0	0	935,688	889,559
Culture and Recreation	442,489	345,604	0	0	442,489	345,604
Community Development	220,972	156,444	0	0	220,972	156,444
Interest on Long-term Debt	10,779	14,330	0	0	10,779	14,330
Wastewater	0	0	177,464	153,835	177,464	153,835
Total Expenses	2,950,080	2,974,485	177,464	153,835	3,127,544	3,128,320
Special item:						
Transfer of Capital Assets to Charlotte Fire and Rescue Services, Inc.	0	(667,386)	0	0	0	(667,386)
Increase/(Decrease) in Net Position	\$ 341,140	\$ (388,182)	\$ 84,140	\$ 34,062	\$ 425,280	\$ (354,120)

Financial Analysis of Major Governmental Funds

The General Fund

The General Fund balance increased \$83,355 from \$305,823 at the end of fiscal year 2014 to \$389,178 at the end of fiscal year 2015.

A budget surplus of \$206,416 was generated in the General Fund during fiscal year 2015. The total revenues budgeted were \$2,989,904. The actual revenues collected were \$3,219,568, which was \$229,664 more than budgeted. The Selectboard anticipated applying \$125,000 of the surplus from the prior year cumulative fund balance to meet expenses, which would have resulted in a planned deficit of \$125,000. However, the resulting surplus of \$81,416 meant that a budget surplus of \$206,416 was generated during FY15. This was due in large part to the FROOHFWLRQ RI GHOLQTXHQW SURTSHUW\ WIDQHPavingLgnt³WD [V D C and a grant to replace a large culvert that weren ¶ W D Q Wil the Side W H G

A total of \$3,114,904 was budgeted for expenses of which \$3,138,152 was actually spent. Budgeted expenses that were underspent include traffic enforcement (\$40,459), the planning and zoning department (\$15,289) the recreation program (\$11,334) and Selectboard legal expenses (\$10,237).

In the highway expense budget a total of \$900,814 was spent, \$436 less than the budget of \$901,250. Some line items were underspent and some were overspent. Retreatment and winter plowing/sanding were over by \$65,272 and \$47,553, respectively, while gravel road maintenance and ditching were under by \$70,157 and \$45,956, respectively. \$195,317 of Class II Highway State Aid was received during the year, helping to offset some of these expenses.

The Highway Reserve Fund

The Highway Reserve Fund ended fiscal year 2015 with a cumulative surplus of \$135,115. The prior year cumulative surplus was \$217,902 resulting in a current year loss of \$82,787. This decrease was primarily due to two transfers of \$77,500 and \$72,500 approved at Town Meeting, 2014 and Town Meeting, 2015, respectively, to be used for bridge reconstruction projects.

Other Funds

The Town has the following reserve funds at June 30, 2015:

Highway Reserve Fund	\$ 135,115
Conservation Fund	463,020
Fire & Rescue Capital Fund	139,343
Non-Major Government Funds	<u>394,314</u>
 Total Other Funds	 <u><u>\$1,131,792</u></u>

Restricted Net Position and Reserved Fund Balances

The restricted net position was \$332,464 on June 30, 2015. These funds are reserved for specific future expenses, such as highway maintenance, trails and other purposes determined by trust or grant agreements.

The unassigned fund balance of the Governmental Funds was \$381,648 on June 30, 2015. These funds are available to address planned or unexpected expenses in the General Fund.

Capital Assets

Governmental Capital Assets increased \$101,266 net of accumulated depreciation to a total of \$6,788,938 as of June 30, 2015. This was primarily the result of paving projects (\$359,500) and three projects in-progress at the end of the year: Carpenter Road Bridge, Seguin Covered Bridge and the Library Roof.

Long-term Debt

At the end of the current year, the Town had total long-term debt outstanding of \$300,000. This amount represents bonded debt backed by the full faith and credit of the Town.

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 FOR THE YEAR ENDED JUNE 30, 2015

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Table 3
 Outstanding Debt at Year-End

	Governmental		Business-type		Total	
	Activities		Activities			
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Bonds Payable	\$ <u>300,000</u>	\$ <u>345,000</u>	\$ <u>0</u>	\$ <u>75,000</u>	\$ <u>300,000</u>	\$ <u>420,000</u>

7 K H 7 R Z Q ¶ V W R W D O G 20,000 during the year, reflecting repayments of principal.
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 off.

Bonds are issued through the Vermont Municipal Bond Bank. The Town issues no bonded debt on its own behalf and does not maintain its own credit rating.

Additional information R Q W K H 7 R Z Q ¶ V W R W D O G found in Note IV. G. in the notes to financial statements.

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The following factors were considered in the development of budgets for FY16:

The Town approved a general fund budget for fiscal year 2016 in the amount of \$3,459,425. This represents a increase of \$344,521 (11%) from the approved budget for the prior fiscal year.

The following factors will influence budgets in future fiscal year:

The Selectboard will be attempting to keep the municipal budget flat in the coming fiscal year.

This financial report is designed to provide a general overview of the Town of Charlotte, 9 H U P R Q W ¶ V I L Q D Q F L D O F R Q G L W L R Q 4 X H W W L R Q D V I N F R S Q F H U Q L C report or requests for additional information should be addressed to the Town Administrator, P.O. Box 119, Charlotte, Vermont 05445.