

Management's Discussion and Analysis

As management of the Town of Westminster, Vermont (The Town), we offer readers of the Town's financial statements, this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2015, within the limitations of the modified cash basis of accounting. Please read it in conjunction with the Town's financial statements that accompany this letter.

Financial Highlights

The Town's modified cash basis net position decreased by \$50,027 during the fiscal year from \$1,096,628 to \$1,046,601.

The Town's General Fund fund balance increased by \$160,524 during the fiscal year from \$203,814 to \$364,338.

Using This Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Town's cash basis of accounting.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements.

The Town's financial statements are comprised of three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the finances of the Town of Westminster, in a manner similar to a private-sector business, within the limitations of the cash basis of accounting. The government-wide financial statements consist of the *statement of net position* and the *statement of activities*.

The *statement of net position* presents information on all of the Town of Westminster's modified cash basis assets and liabilities, with the difference between the two reported as modified cash basis net position. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's modified cash basis net position changed during the most recent fiscal year. All changes in cash basis net position are reported as the underlying collection or payment occurs.

Both of the government-wide financial statements detail functions of the Town of Westminster that are primarily supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Town of Westminster include general government, public safety, highways, and streets, culture and recreation, community development, cemeteries, sanitation and social service funding.

The government-wide financial statements are designed to include not only the Town of Westminster itself (known as the primary government), but also any legally separate entities for which it is financially accountable (known as component units). The Town of Westminster has no component units.

The government-wide financial statements can be found in Exhibits A and B of this report.

Fund financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Westminster, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: *governmental funds and fiduciary funds.*

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year, within the limitations of the modified cash basis of accounting. Such information may be useful in evaluating a government's near-term financing requirements.

The Town of Westminster maintains seventeen (17) individual governmental funds. Information is presented separately in the governmental fund Statement of Modified Cash Basis Assets, Liabilities and Fund Balances (Exhibit C), in the governmental fund Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances (Exhibit D), and the Combining Schedules.

The Town of Westminster adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found in Exhibits C through E of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the Town's own programs. The Town maintains three (3) fiduciary funds, the Frank Miller Health Fund, the Campbell Fund and the Richmond Streeter Fund. Information concerning these funds can be found in Exhibits F & G and on Schedules 9 and 10.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**SUMMARIZED STATEMENT OF NET POSITION – MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,004,816	\$ 1,034,110
Investments	<u>93,430</u>	<u>92,220</u>
Total Assets	<u>1,098,246</u>	<u>1,126,330</u>
LIABILITIES		
Due to Others	43,952	24,177
Payroll Withholdings Payable	54	0
Due to State	1,845	397
Prepaid Property Taxes	<u>5,794</u>	<u>5,128</u>
Total Liabilities	<u>51,645</u>	<u>29,702</u>
NET POSITION		
Restricted	324,108	413,694
Unrestricted	<u>722,493</u>	<u>682,934</u>
Total Net Position	<u>\$ 1,046,601</u>	<u>\$ 1,096,628</u>

As noted earlier, net assets may serve over time to be a useful indicator of a government's financial position. In the case of the Town of Westminster, assets exceeded liabilities by \$1,046,601 at the close of fiscal year 2015 on the modified cash basis of accounting.

A portion of the Town's net position (\$324,108) represents resources that are subject to external restriction as to how they may be used. The remaining balance of unrestricted net position (\$722,493) is to be used to meet the government's ongoing obligations to citizens and creditors. Included in unreserved net position are amounts that management has designated for particular purposes, such as capital reserve funds.

SUMMARIZED STATEMENT OF ACTIVITIES

	2015	2014
Receipts		
Property Taxes	\$ 1,688,290	\$ 1,658,133
Penalties and Interest and on Delinquent Taxes	69,230	78,732
General State Grants/PILOT	111,297	102,444
Unrestricted Investment Earnings	3,960	3,647
Other Income	3,134	2,232
Charges for Services	69,773	91,309
Operating Grants and Contributions	264,200	195,540
Capital Grants/Loans and Contributions	145,958	51,143
Total Receipts	2,355,842	2,183,180
Disbursements		
General Government	640,787	613,982
Public Safety	120,836	101,746
Highways and Streets	713,693	698,554
Culture and Recreation	8,670	9,501
Community Development	108,047	0
Cemeteries	10,017	9,434
Sanitation	248,994	248,871
Capital Outlay - General Government	48,584	20,339
Capital Outlay - Highways and Streets	475,439	231,629
Debt Service	30,802	241,645
Total Disbursements	2,405,869	2,175,701
Net Increase/(Decrease) in Modified Cash Basis Net Position	\$ (50,027)	\$ 7,479

As noted earlier, the Town of Westminster uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,046,601 a decrease of \$50,227 over the previous fiscal year. The General Fund balance component had a positive unassigned fund balance of \$364,338, an increase of \$160,524 from the previous fiscal year.

General Fund Budgetary Highlights

Total receipts were \$251,027 more than budgeted. This was primarily due to excess property tax collections and related delinquent tax fee revenue of \$43,077 over budget, primarily as a result of holding tax sales in 2015. Other increases included state current use aid of \$6,251, grant income of \$209,798, railroad taxes of \$2,018. These overages were offset by local ordinance fines coming in \$10,297 under budget.

Total disbursements were \$90,503 more than budgeted. The major factor was the highway department overspending by \$114,872 due to grant projects, however, this was more than offset by grant revenue as discussed above. In addition, the municipal building was over budget by \$14,845 due to paying for a portion of the Town Hall painting. The Town saved in many areas such as the Selectboard Department (\$24,145) primarily health and insurance savings and the sanitation budget was \$10,096 under budget primarily in disposal costs.

Other Major Funds:

The Community Improvement Grant Fund ended the year with a fund balance of \$172,037 which was a \$91,712 decrease over the balance at June 30, 2014. The major source of revenues were from loan repayments, however the Town issued \$108,000 in new loans.

The Capital Improvement Fund ended the year with a fund balance of \$124,402 which was a \$48,412 decrease over the balance at June 30, 2014. The fund spent \$34,800 toward the Town Hall painting project and also spent \$13,784 towards a new door for the Town Hall.

Other Fund Balances are as follows:

Reappraisal Fund	\$ 79,980
Tri-Centennial Fund	253
Emergency Management Fund	17,176
Restoration Fund	16,573
E-911 Fund	1,721
Recreation Committee Fund	1,292
Retreatment Fund	41,515
Bridge Rehabilitation Fund	82,503
Equipment Fund	28,034
New Cemetery Fund	37,754
Permanent Care Fund	73,330
Maple Grove Grange Trust Fund	1,383
Military and Flag Fund	<u>4,310</u>
Total Non-Major Fund Balances	\$ <u>385,824</u>

The Town also reports on the following Private Purpose Trust Funds

Frank Miller Health Fund	\$ 16,700
Campbell Fund	11,397
Richmond Streeter Fund	<u>3,727</u>
Total Private Purpose Trust Funds	\$ <u>31,824</u>

Capital Outlay

During the year, the town spent \$189,862 on paving from the Retreatment Fund, \$136,918 from the Equipment Fund on a new ten-wheel dump truck, and \$44,516 on painting the Town Hall from the Capital Improvement Fund and General Fund. The Town also purchased and installed an outdoor furnace for \$26,748, rehabilitation West Creek Road for \$148,659 and put a deposit totaling \$13,784 on a front door for the Town Hall.

Debt

The Town made the final principal (\$30,000) and interest (\$802) payment to Peoples United Bank for the loader. The Town has no outstanding debt as of June 30, 2015.

Economic Factors and Next Years' Budgets and Rates. Some of the economic factors that were factored in formulating the budget for fiscal year 2015-16:

A careful examination of expenditures and an attempt to reduce costs where possible and reasonable while maintaining infrastructure and supporting public safety.

The voters approved a fiscal year 2016 budget in the amount of \$1,910,711, a net increase of \$10,523. The increase is primarily due to budget line items for health insurance; general and workers compensation insurance, computer contract services, trash and anticipated highway material needs. Offsetting the net increase are decreases in zoning administration wage, post office debt service costs, reconfiguration of Lister's Office and fewer highway wages. A 2% increase in hourly or salary pay increases were given to town employees in July 2015.

This financial report is designed to provide a general overview of the Town of Westminster, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town Manager, Town of Westminster, P.O. Box 147, Westminster, Vermont 05158.