

Treasurer's report for Fiscal year 2015 (July 1, 2014-June 30, 2015)

October 28, 2015

The town's financial reports for the last fiscal year have been reviewed by a municipal accountant from the firm of Sullivan Powers in Montpelier. This does not mean that the records have been fully audited and tested; the town has received accounting support and guidance to bolster the Treasurer's efforts.

General comment: The town is in good financial condition, and ended the year with a "surplus."

The General Fund (meaning town offices and emergency services) ended up relying on the accumulated surplus to pay some of its bills for the fiscal year. After adjusting for the reimbursement by Emergency Services of SCBA gear, the town paid out what had been anticipated for budgeted expenses. However, the town failed to collect budgeted tax income. As of the end of the prior year on June 30, 2014, total delinquent taxes and fees totaled \$48,997.44, an amount that more than doubled to \$107,129.53 by the end of June, 2015. This meant that accumulated "cash reserves" were used to pay bills, with the end result that the General Fund ended the fiscal year with a \$62,000 deficit.

The Highway Fund, with several projects reimbursed by the State, spent exactly what it took in, ending with a net deficit of just \$219.00 after paying total expenses of \$1,186,561.91.

The town is supposed to keep on hand enough cash to pay expenses for 2 months, which is roughly \$240,000 based on the current budget. This assumes that at the end of the fiscal year in June, the budget has been met, all the bills paid, and the coffers essentially empty. The cash reserves are used to pay bills from July 1 to September, when tax payments start coming in. As there are often costly highway projects during the summer, it is crucial that the town maintain appropriate cash reserves to pay these expenses. Cash reserves are vital for funding town costs despite the timing of income from taxes and seasonal or weather-related expenses, and they provide ready money for unexpected but legitimate expenses and emergencies.

To begin the current fiscal year in July, 2015, the town had cash reserves of \$372,872 to cover the \$240,000 noted above, as well as the \$35,500 already earmarked to reduce taxes for the current year. That leaves roughly \$97,000 as a real surplus. Considering that the past fiscal year ate into accumulated reserves by \$62,000 because of lagging tax receipts, it would be prudent to wait until July, 2016 to determine any appropriate uses of whatever surplus exists at the end of the current year. As some reserve accounts have not been funded for several years, the town might consider voting to bolster reserves for highway-related uses or ongoing building maintenance and repair.

As for specific income and expenses, there is a detailed trial balance on the town website that includes comments and notations to highlight particular items. The columns of the report show the budget, an encumbrance column which the town does not use, the actual income or expense for the year, the unencumbered balance which is the difference between budget and actual, and the right-most column is June, 2015 activity. The titles for each line item are brief but hopefully specific enough to make clear what activity is reported.

Respectfully submitted,

Ellen DesMeules, Treasurer