

TOWN OF WESTFORD, VERMONT
AUDIT REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2017
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INDEPENDENT AUDITOR'S REPORT

To the Selectboard and Management
Town of Westford, Vermont

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of each major fund and the aggregate remaining fund information of the Town of Westford, Vermont as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 *Governmental 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 of material misstatement.

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

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

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Basis for Adverse Opinion on the Financial Statements as a Whole

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. The modified cash basis of accounting requires the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from transactions for the Town's governmental activities have not been determined.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on the Financial Statements as a Whole" paragraphs, the financial statements referred to above do not present fairly the financial position of the Town of Westford, Vermont as of June 30, 2017, or the changes in financial position or the budget comparison for the General Fund and Highway Fund thereof for the year then ended in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that is required to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

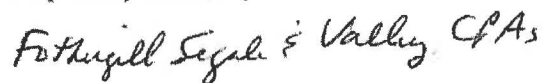
Our audit was conducted for the purpose of forming opinions on the modified cash basis financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund modified cash financial statements on Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund modified cash basis financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the matters discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole paragraph, we are not expressing an opinion on the supplementary schedules.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town's 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's internal control over financial reporting and compliance.

Respectfully submitted,



FOTHERGILL SEGALE & VALLEY, CPAs
Montpelier, Vermont
Vermont Public Accountancy License #110

December 27, 2017

TOWN OF WESTFORD, VERMONT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES (DEFICIT)
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2017

EXHIBIT A

	Major Funds			Total	
	General Fund	Highway Fund	Fire Dept. Capital	Non-Major Funds	Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 547,537	\$ 0	\$ 0	\$ 43,222	\$ 590,759
Due from other funds	0	0	157,719	371,565	529,284
Total assets	<u>\$ 547,537</u>	<u>\$ 0</u>	<u>\$ 157,719</u>	<u>\$ 414,787</u>	<u>\$ 1,120,043</u>
LIABILITIES					
Due to Fiduciary Fund	\$ 2,008	\$ 0	\$ 0	\$ 0	\$ 2,008
Due to other funds	248,322	280,962	0	0	529,284
Total liabilities	<u>250,330</u>	<u>280,962</u>	<u>0</u>	<u>0</u>	<u>531,292</u>
FUND BALANCES (DEFICIT)					
Nonspendable - Perpetual care	0	0	0	3,884	3,884
Restricted - Special Revenue Funds	0	0	0	225,020	225,020
Assigned - Capital Projects Funds	0	0	157,719	185,883	343,602
Assigned - Audit Expenses	2,549	0	0	0	2,549
Assigned - Fiscal year 2018 tax rate	33,750	0	0	0	33,750
Unassigned	260,908	(280,962)	0	0	(20,054)
Total fund balances (deficit)	<u>297,207</u>	<u>(280,962)</u>	<u>157,719</u>	<u>414,787</u>	<u>588,751</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 547,537</u>	<u>\$ 0</u>	<u>\$ 157,719</u>	<u>\$ 414,787</u>	<u>\$ 1,120,043</u>

See Notes to Financial Statements.

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TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2017

EXHIBIT B

	General Fund	Major Funds Highway Fund	Fire Dept. Capital	Non-Major Funds	Total Governmental Funds
REVENUES					
Property taxes, penalties and interest	\$ 820,970	\$ 695,767	\$ 0	\$ 0	\$ 1,516,737
Intergovernmental	86,840	92,096	0	8,665	187,601
Fees, fines, licenses, rents	42,727	0	0	8,156	50,883
Investment interest	512	0	372	22,741	23,625
Grants and donations	4,930	0	0	2,405	7,335
Miscellaneous	2,840	0	0	0	2,840
Total revenues	958,819	787,863	372	41,967	1,789,021
EXPENDITURES					
Current:					
General Government	398,679	0	0	9,521	408,200
Highways and Streets	0	710,721	0	0	710,721
Public Safety	92,340	0	0	0	92,340
Health and welfare	9,893	0	0	11,328	21,221
Culture and Recreation	7,801	0	0	112,270	120,073
Solid Waste and Recycling	243,459	0	0	0	243,459
Debt service principal	33,169	84,543	0	0	117,712
Debt service interest	4,490	6,218	0	0	10,708
Capital outlays	0	192,054	0	0	192,054
Total expenditures	789,833	993,536	0	133,119	1,916,488
EXCESS REVENUES (EXPENDITURES)	168,986	(205,673)	372	(91,152)	(127,467)
OTHER FINANCING SOURCES (USES)					
Loan proceeds	0	137,167	0	0	137,167
Sale of asset	40,500	0	0	0	40,500
Transfers from other funds	0	35,387	46,000	136,335	217,722
Transfers to other funds	(200,222)	(17,500)	0	0	(217,722)
Total other financing sources (uses)	(159,722)	155,054	46,000	136,335	177,667
NET CHANGE IN FUND BALANCE (DEFICIT) BEFORE EXTRAORDINARY ITEM	9,264	(50,619)	46,372	45,183	50,200
EXTRAORDINARY ITEM					
Flood damage reimbursements - Seymour Bridge	0	55,036	0	0	55,036
Total extraordinary item	0	55,036	0	0	55,036
NET CHANGE IN FUND BALANCES	9,264	4,417	46,372	45,183	105,236
FUND BALANCES (DEFICIT) - JULY 1, 2016 (Restated)	287,943	(285,379)	111,347	369,604	483,515
FUND BALANCES (DEFICIT) - JUNE 30, 2017	\$ 297,207	\$ (280,962)	\$ 157,719	\$ 414,787	\$ 588,751

See Notes to Financial Statements.

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TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MODIFIED CASH BASIS
GENERAL FUND
JUNE 30, 2017

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes			
Property taxes	\$ 790,105	\$ 803,389	\$ 13,284
Delinquent tax penalties	5,000	5,191	191
Interest on delinquent taxes	8,000	12,390	4,390
Intergovernmental			
Current Use	68,000	81,034	13,034
State traffic fines	8,000	5,806	(2,194)
Grants	0	4,930	4,930
Licenses, fees, and fines			
Recording fees	12,500	12,369	(131)
Dog licenses and fines	3,600	3,716	116
Access permits	100	595	495
Marriage licenses	100	145	45
Excess weight permit	600	655	55
Vault/copier fees	3,000	3,073	73
Building permits	12,000	14,209	2,209
Planning and zoning charges	3,200	5,669	2,469
School expense reimbursements	4,500	2,296	(2,204)
Interest earned	400	512	112
Miscellaneous	450	2,840	2,390
Total revenues	<u>919,555</u>	<u>958,819</u>	<u>39,264</u>
EXPENDITURES			
Current:			
General government			
Town Clerk and Treasurer			
Clerk salary	52,900	54,375	(1,475)
Treasurer salary	10,200	10,396	(196)
Dues	250	255	(5)
Education	750	433	317
Office supplies	700	1,053	(353)
Travel	1,600	1,594	6
Total town clerk and treasurer	<u>66,400</u>	<u>68,106</u>	<u>(1,706)</u>
Auditors and Delinquent Tax Collector			
Auditors salaries	2,430	0	2,430
Independent audit	9,000	10,000	(1,000)
Tax collector salary	5,000	5,284	(284)
Tax collector expense	125	72	53
Education	300	0	300
Total auditors and delinquent tax collector	<u>16,855</u>	<u>15,356</u>	<u>1,499</u>
Zoning, DRB, and Planning Commission			
Salaries	68,200	63,233	4,967
Legal and professional	8,750	4,171	4,579
Planning maps	500	500	0
Conservation Commission	1,800	1,397	403
Education	600	175	425
Travel	750	735	15
Special projects	8,000	17,935	(9,935)
Miscellaneous	1,600	1,656	(56)
Total zoning, DRB, and planning commission	<u>90,200</u>	<u>89,802</u>	<u>398</u>

See Notes to Financial Statements.

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TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MODIFIED CASH BASIS
GENERAL FUND
JUNE 30, 2017

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Listers			
Lister salary	8,875	6,510	2,365
Tax mapping	4,200	4,976	(776)
Supplies and equipment	200	160	40
Computer and software	2,000	1,795	205
Education	200	30	170
Travel	125	58	67
Total listers	15,600	13,529	2,071
General Administration			
Administration salary	58,295	56,926	1,369
Insurance - medical and disability	24,594	26,768	(2,174)
Insurance - property, workers comp, casualty	17,300	14,240	3,060
Pension	5,500	5,363	137
Payroll taxes	15,510	17,556	(2,046)
Office supplies and equipment	6,000	5,319	681
Legal and professional	25,500	22,759	2,741
Postage	4,000	4,800	(800)
Education	200	203	(3)
IT consultant	17,500	18,411	(911)
Printing	4,000	4,375	(375)
Generator maintenance	1,675	1,120	555
Street lights	1,800	1,969	(169)
Miscellaneous	0	6,989	(6,989)
Total general administration	181,874	186,798	(4,924)
Town Office Building			
Repairs & maintenance	3,000	2,952	48
Cleaning and landscaping	5,150	3,991	1,159
Electricity	2,500	2,707	(207)
Fuel Oil	1,500	735	765
Telephone	2,000	1,889	111
Water	700	502	198
Total town office building	14,850	12,776	2,074
BCA/Elections			
BCA salaries	1,000	968	32
Ballots and supplies	4,200	2,997	1,203
Total BCA/Elections	5,200	3,965	1,235
Dues and Assessments	17,238	8,347	8,891
Total general government	408,217	398,679	9,538
Public Safety:			
Law enforcement	33,132	27,730	5,402
Emergency services	25,241	14,010	11,231
Fire department	50,100	50,100	0
Dog warden	1,050	500	550
Total public safety	109,523	92,340	17,183

See Notes to Financial Statements.

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TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MODIFIED CASH BASIS
GENERAL FUND
JUNE 30, 2017

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Health and welfare			
Health Officer stipend	350	350	0
Cemetery stipend	350	350	0
Pleasant View Cemetery	1,500	1,500	0
Visiting Nurses Association	6,243	6,243	0
Women Helping Battered Women	250	250	0
Women's Rape Crisis Center	200	200	0
Agency on Aging	1,000	1,000	0
Total health and welfare	9,893	9,893	0
Culture and recreation			
CHIPS	500	500	0
Brick meeting house	4,500	4,500	0
Miscellaneous	2,300	2,803	(503)
Total culture and recreation	7,300	7,803	(503)
Solid waste and recycling	227,500	243,459	(15,959)
Debt service			
Principal	33,169	33,169	0
Interest	4,500	4,490	10
Total debt service	37,669	37,659	10
Capital outlays			
Fire truck	65,000	0	65,000
Total capital outlays	65,000	0	65,000
Total expenditures	865,102	789,833	75,269
EXCESS REVENUES OVER EXPENDITURES	54,453	168,986	114,533
OTHER FINANCING SOURCES (USES)			
Sale of Town property	0	40,500	40,500
Transfer from Fire Dept. Capital Fund	65,000	0	(65,000)
Transfer to Fire Dept. Capital Fund	(46,000)	(46,000)	0
Transfer to Library Fund	(69,913)	(84,032)	(14,119)
Transfer to Admin Capital Fund	(16,500)	(16,500)	0
Transfer to Recreation Fund	(8,500)	(8,500)	0
Transfer to Highway Fund	0	(35,387)	(35,387)
Transfer to Conservation	0	(403)	(403)
Transfer to Cemetery	(9,400)	(9,400)	0
Total other financing sources (uses)	(85,313)	(159,722)	(74,409)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ (30,860)	9,264	\$ 40,124
FUND BALANCE - JULY 1, 2016 (Restated)		287,943	
FUND BALANCE - JUNE 30, 2017		\$ 297,207	

See Notes to Financial Statements.

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TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE (DEFICIT)
BUDGET AND ACTUAL - MODIFIED CASH BASIS
HIGHWAY FUND
JUNE 30, 2017

EXHIBIT D

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	\$ 695,767	\$ 695,767	\$ 0
Intergovernmental			
Transportation Aid	92,000	92,096	96
Charges for services	4,500	0	(4,500)
Total revenues	<u>792,267</u>	<u>787,863</u>	<u>(4,404)</u>
EXPENDITURES			
Current:			
Road maintenance and repairs			
Salaries	174,600	179,632	(5,032)
Payroll taxes	13,360	12,208	1,152
Health insurance	24,600	24,472	128
Dental insurance	1,275	961	314
Disability insurance	1,000	842	158
Vision insurance	330	317	13
Pension	5,240	4,624	616
Gravel - roads	140,000	128,437	11,563
Chloride	35,000	31,737	3,263
Culverts	7,000	7,283	(283)
Road fabric	2,500	5,213	(2,713)
Hot mix and cold patch	0	287	(287)
Guardrails and fences	0	2,520	(2,520)
Seed and mulch	1,500	151	1,349
Signs	2,000	2,616	(616)
Sand	70,000	73,440	(3,440)
Salt	20,000	28,348	(8,348)
Chains	1,000	2,162	(1,162)
Gravel - mud season	30,000	27,579	2,421
Blades	8,000	2,384	5,616
Tires	3,000	3,453	(453)
Equipment rental	500	16,162	(15,662)
Contracted services	9,000	5,191	3,809
Heavy equipment repairs and maintenance	31,500	51,293	(19,793)
Small equipment repairs and maintenance	1,000	1,448	(448)
Travel	800	1,142	(342)
Diesel fuel	45,000	40,171	4,829
Chloride tanks and pumps	2,000	3,716	(1,716)
Total road maintenance and repairs	<u>630,205</u>	<u>657,789</u>	<u>(27,584)</u>

See Notes to Financial Statements.

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TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE (DEFICIT)
BUDGET AND ACTUAL - MODIFIED CASH BASIS
HIGHWAY FUND
JUNE 30, 2017

EXHIBIT D

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Highway garage			
Supplies	6,000	9,331	(3,331)
Equipment	4,500	5,970	(1,470)
Communication equipment	1,500	712	788
Education workshops	500	45	455
Property and casualty insurance	25,500	20,506	4,994
IT service and software	500	188	312
Building maintenance and repairs	4,000	3,642	358
Electricity	3,000	4,453	(1,453)
Telephone	1,200	1,859	(659)
Water	600	307	293
Building improvements	1,500	41	1,459
Clothing allowance	900	3,431	(2,531)
Miscellaneous	500	2,447	(1,947)
Total highway garage	50,200	52,932	(2,732)
Debt service			
Principal	84,543	84,543	0
Interest	12,137	6,218	5,919
Total debt service	96,680	90,761	5,919
Capital outlays			
New truck	20,000	156,667	(136,667)
Garage improvements	0	35,387	(35,387)
Total capital outlays	20,000	192,054	(172,054)
Total expenditures	797,085	993,536	(196,451)
EXCESS REVENUES OVER EXPENDITURES	(4,818)	(205,673)	(200,855)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	0	137,167	137,167
Transfer from General Fund	0	35,387	35,387
Transfer to Equipment Replacement Fund	(17,000)	(17,500)	(500)
Total other financing sources (uses)	(17,000)	155,054	172,054
NET CHANGE IN FUND DEFICIT BEFORE EXTRAORDINARY ITEM	(21,818)	(50,619)	(28,801)
EXTRAORDINARY ITEM			
Flood damage revenues - Seymour Bridge	0	55,036	55,036
Total extraordinary item	0	55,036	55,036
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ (21,818)	4,417	\$ 26,235
FUND DEFICIT - JULY 1, 2016 (Restated)		(285,379)	
FUND DEFICIT - JUNE 30, 2017		\$ (280,962)	

See Notes to Financial Statements.

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TOWN OF WESTFORD, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

EXHIBIT E

	Agency Funds
ASSETS	
Due from Town	\$ 2,008
LIABILITIES	
Held for Farmers Market	\$ 2,008

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The Town of Westford, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont. The Town is governed by a three-member Selectboard. The Town provides various services as authorized and funded by State government or Town voters.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are not prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations).

Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on those criteria, the Town has no component units.

Basic Financial Statements - Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds. GASB No. 34 and No. 37 set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The General Fund is the only major governmental fund of the Town.

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (source, uses, and balance of financial resources) rather than upon net income. The Town reports these major governmental funds:

General Fund is the main operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Highway Fund is an operating fund used to account for financial resources used to maintain Town highways and streets.

Fire Capital Fund is an operating fund used to account for financial resources used to purchase capital equipment related to the fire department.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Because by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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.

In these financial statements, the modified cash basis of accounting is used, which is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting was adopted to simplify the Town's accounting. Under the modified cash basis, revenue is recorded when received and expenditures are recorded when paid, except that two modifications exist for interfund balances and property taxes due to the school district.

Fund Equity

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted - Amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the government itself, using the highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned - Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - All amounts not included in other spendable classifications.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town has not established policies or procedures for further committing fund balances.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand and demand deposits.

Interfund Activities

Interfund activities are reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activities are treated as transfers. Transfers between funds are netted in the preparation of the government-wide financial statements.

Budgetary Accounting

The Town approves a budget for the General Fund and Highway Fund at an annual Town Meeting and the tax rate is determined by the Selectboard based on the budget and Grand List. Formal budgetary accounting is employed as a management control device during the year.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Treasurer invests excess cash according to written policies established by the Selectboard.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a written policy which requires that all deposits not FDIC insured be collateralized. As of June 30, 2017, the Town's bank balance of \$601,948 was exposed to custodial credit risk as follows:

FDIC insured	\$	324,466
Collateralized		277,482
Total bank balance	\$	<u>601,948</u>

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The Town, for cash management and internal control purposes, maintains a central checking account for expense disbursements and revenue receipts. The interfund receivable and payable balances held by the General Fund on behalf of all these funds as of June 30, 2017 are as follows:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	\$ 0	\$ 248,322
Highway Fund	0	280,962
Non-major funds - Other governmental funds:		
Admin Capital Fund	59,188	0
Equipment Reserve Fund	101,683	0
Fire Department Capital Fund	157,719	0
Salt Shed Reserve Fund	15,118	0
Office Expansion Fund	9,894	0
Conservation Reserve Fund	6,824	0
Lister Education Fund	5,026	0
Records Restoration Fund	30,969	0
Reappraisal Fund	73,849	0
Common Fund	48,793	0
Recreation Department Fund	8,805	0
Library Fund	11,416	0
Total other governmental funds	529,284	0
Total all funds	<u>\$ 529,284</u>	<u>\$ 529,284</u>

NOTE 4 - INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and as voted through special articles.

Interfund transfers for the year ended June 30, 2017, included budgeted transfers from the General Fund to the Fire Department Capital Fund \$46,000, Recreation Department \$8,500, Library Fund \$84,032, Administration Capital Fund \$16,500, Conservation \$403, and \$9,400 to the Cemetery Fund. In accordance with the budget, the Highway Fund transferred \$17,500 to the Equipment Reserve Fund. The General Fund transferred \$35,387 to the Highway Fund for unanticipated expenses.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2017 consisted of the following:

	Total	Due in one year
Long-term debt		
Note payable - Peoples United Bank, annual principal payments of \$32,382 plus interest at 2.5%, due August 5, 2018. For Western Star truck.	\$ 64,765	\$ 32,382
Note payable - Peoples United Bank, annual principal payments of \$20,000 plus interest at 2.6%, due September 28, 2017. For Volvo grader.	20,000	20,000
Note payable - Peoples United Bank, annual principal payments of \$13,159 plus interest at 2.75%, due February 21, 2019. For Ford F550.	26,318	13,159
Note payable - Peoples United Bank, annual principal payments of \$25,200 plus interest at 3.15%, due April 11, 2018. For fire utility truck.	25,200	25,200
Note payable - Peoples United Bank, annual principal payments of \$19,000 plus interest at 1.75%, due August 28, 2020. For John Deere loader.	76,000	19,000
Note payable - Westford Historical Society, annual principal payments of \$7,969, interest at 3.0%, due September 30, 2028. For Spiller house.	95,628	7,969
Note payable - Peoples United Bank, annual principal payments of \$27,433, interest at 1.95%, due July 8, 2021. For Western Star Truck.	137,167	27,433
Total long-term debt	<u>\$ 445,078</u>	<u>\$ 145,143</u>

Changes in long-term liabilities are as follows:

	July 1, 2016	Proceeds	Principal Payments	June 30, 2017
Notes payable	\$ 425,623	\$ 137,167	\$ (117,712)	\$ 445,078

The total amount of interest paid on these long-term debts during fiscal year 2017 was \$10,708.

The long-term bond and note debt is due to mature as follows:

Fiscal Year	Principal	Interest	Total
June 30, 2018	\$ 145,144	\$ 11,430	\$ 156,574
June 30, 2019	99,944	6,939	106,883
June 30, 2020	54,402	4,661	59,063
June 30, 2021	54,402	3,555	57,957
June 30, 2022	35,404	2,448	37,852
June 30, 2023-2027	39,845	5,975	45,820
June 30, 2028-2031	15,937	717	16,654
	<u>\$ 445,078</u>	<u>\$ 35,725</u>	<u>\$ 480,803</u>

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – NET POSITION AND FUND BALANCE CLASSIFICATIONS

The restricted net position and restricted, assigned, and nonspendable fund balances as of June 30, 2017 consisted of the following:

	Restricted Fund Balance	Assigned Fund Balance	Nonspendable Fund Balance
General Fund	\$ 0	\$ 36,299	\$ 0
Fire Department Capital Fund	0	157,719	0
Nonmajor funds:			
Admin Capital Fund	0	59,188	0
Equipment Reserve Fund	0	101,683	0
Salt Shed Reserve Fund	0	15,118	0
Office Expansion Fund	0	9,894	0
Conservation Reserve Fund	6,824	0	0
Lister Education Fund	5,026	0	0
Records Restoration Fund	30,969	0	0
Reappraisal Fund	73,849	0	0
Common Fund	48,793	0	0
Recreation Department Fund	8,805	0	0
Library Fund	11,416	0	0
Cemetery Fund	39,338	0	3,884
	<u>\$ 225,020</u>	<u>\$ 379,901</u>	<u>\$ 3,884</u>

NOTE 7 - PROPERTY TAXES AND ABATEMENTS

The Town levies its property tax based upon the assessed value as of April 1, for all real and personal property, with exemptions to qualifying veterans and farms and excludes assessments on municipal, school and church properties. The tax is payable in four installments due August 15, November 15, March 15 and May 15. Interest at 1%-1 ½% per month is charged for installments not paid by the due date and any tax levies not paid by May 15 are delinquent and are assessed an 8% penalty. The following shows the tax rates for fiscal year 2016/2017:

	Residential	Non-residential
General Fund	\$ 0.3395	\$ 0.3395
Highway Fund	0.2931	0.2931
State Education Tax	1.5350	1.5206
	<u>\$ 2.1676</u>	<u>\$ 2.1532</u>

The State of Vermont operates a Current Use Program and enters into tax abatement agreements directly with landowners. Enrolled landowners are required to manage their land in accordance with an approved plan, and the land is subject to a lien to recover taxes abated if the land is ever developed. In exchange, the landowners receive a reduction in assessed value on their property tax bills, which results in a reduction of property tax revenue to the Town. For fiscal year 2017, the amount of Town property taxes foregone as a result of the Current Use Program was approximately \$77,000. In accordance with 32 V.S.A § 3760, the State of Vermont limits the total loss of revenue to zero by providing the Town with a Hold Harmless payment in the following year that is equivalent to the taxes previously foregone.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – RETIREMENT PLAN

The Town offers a 408(p) Savings Incentive Match Plan (SIMPLE) retirement plan to employees. The Town matches employee contributions up to 3% of wages. Vesting occurs immediately. The Town's contribution for 2017 was \$10,973, and was \$11,124 for 2016.

NOTE 9 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Town maintains commercial insurance coverage 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 commercial coverage in any of the past three (3) fiscal years.

NOTE 10 - EXTRAORDINARY ITEM

In May of 2013, the Town of Westford sustained major infrastructure damage as a result of severe storms and flooding. The Town worked with the State of Vermont to close out two FEMA projects relating to the bridge on Seymour Road. As of June 30, 2017, the Town had incurred approximately \$650,000 in costs, none of which were incurred during fiscal year 2017. Reimbursements of \$410,960 have been received and the Town anticipates receiving an additional \$216,384 before December 31, 2017.

NOTE 11 – HIGHWAY FUND DEFICIT AND BUDGETED DEFICIT

As of June 30, 2017, a deficit of \$280,962 remains in the Highway Fund. The deficit will be incorporated into the fiscal year 2019 tax rate.

NOTE 12 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2017, expenditures and other financing uses and extraordinary items exceed appropriations in the Highway Fund by \$196,951. The excess expenditures were funded by loan proceeds, sale of assets, and State grants.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federally and state assisted grant programs. The programs are subject to program compliance audits by the grantors or their representatives. Some audits of these programs for or including the year ended June 30, 2017 have not yet been completed. Accordingly, the Town's 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.

The Town has a contract with Myers Container Service Corporation through June 30, 2018 for trash and recycling services with minimum payments of \$224,100 per fiscal year.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

The Town has discontinued its government-wide financial statements, and has changed the accounting basis for the fund financial statements from modified accrual to the modified cash basis. Beginning fund balances have been restated as of July 1, 2016 as follows:

	Fund Balance Originally Stated	Adjustment	Fund Balance Restated
General Fund	\$ 288,231	\$ (288)	\$ 287,943
Highway Fund	(72,536)	(212,843)	(285,379)
Fire Department Capital	111,347	0	111,347
Non-Major Funds	369,396	208	369,604
Total fund balances	<u>\$ 696,438</u>	<u>\$ 212,923</u>	<u>\$ 483,515</u>

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 27, 2017, the date which the financial statements were available for issue.

On September 5, 2017, the Town approved a five-year loan for \$164,500 to purchase a 2018 Western Star truck for the Highway Department, and a ten-year loan of \$243,621 to purchase a 2018 International pumper truck for the Fire Department.

SCHEDULE 1

TOWN OF WESTFORD, VERMONT
 COMBINING AND INDIVIDUAL FUND STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Capital Projects Funds				Special Revenue Funds								Total Non-Major Funds
	Admin Capital Fund	Equipment Reserve	Salt Shed Reserve	Office Expansion	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library	Cemetery	
ASSETS													
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,222	\$ 43,222
Due from other funds	59,188	101,683	15,118	9,894	6,824	5,026	30,969	73,849	48,793	8,805	11,416	0	371,565
Total assets	<u>\$ 59,188</u>	<u>\$ 101,683</u>	<u>\$ 15,118</u>	<u>\$ 9,894</u>	<u>\$ 6,824</u>	<u>\$ 5,026</u>	<u>\$ 30,969</u>	<u>\$ 73,849</u>	<u>\$ 48,793</u>	<u>\$ 8,805</u>	<u>\$ 11,416</u>	<u>\$ 43,222</u>	<u>\$ 414,787</u>
FUND BALANCES													
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,884	\$ 3,884
Restricted	0	0	0	0	6,824	5,026	30,969	73,849	48,793	8,805	11,416	39,338	225,020
Assigned	59,188	101,683	15,118	9,894	0	0	0	0	0	0	0	0	185,883
Total fund balances	<u>\$ 59,188</u>	<u>\$ 101,683</u>	<u>\$ 15,118</u>	<u>\$ 9,894</u>	<u>\$ 6,824</u>	<u>\$ 5,026</u>	<u>\$ 30,969</u>	<u>\$ 73,849</u>	<u>\$ 48,793</u>	<u>\$ 8,805</u>	<u>\$ 11,416</u>	<u>\$ 43,222</u>	<u>\$ 414,787</u>

SCHEDULE 2

TOWN OF WESTFORD, VERMONT
COMBINING AND INDIVIDUAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Projects Funds				Special Revenue Funds							Total Non-Major Funds	
	Admin Capital Fund	Equipment Reserve	Salt Shed Reserve	Office Expense	Conservation Reserve	Litter Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library	Cemetery	
REVENUES													
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,135	\$ 0	\$ 0	\$ 530	\$ 0	\$ 8,665
Charges for services	0	0	0	0	0	0	8,154	0	0	0	0	0	8,154
Donations	0	0	0	0	0	0	0	0	0	0	1,945	460	2,405
Investment interest	142	164	47	30	26	16	91	214	150	21,733	0	128	22,741
Total revenues	142	164	47	30	26	16	8,247	8,349	150	21,733	2,475	588	41,967
EXPENDITURES													
General government	0	0	0	0	5,000	135	4,386	0	0	0	0	0	9,521
Culture and recreation	0	0	0	0	0	0	0	0	0	25,642	26,628	0	112,270
Health and welfare	0	0	0	0	0	0	0	0	0	0	0	11,328	11,328
Total expenditures	0	0	0	0	5,000	135	4,386	0	0	25,642	26,628	11,328	133,119
EXCESS REVENUES (EXPENDITURES)	142	164	47	30	(4,974)	(119)	3,861	8,349	150	(3,909)	(24,153)	(10,740)	(91,152)
OTHER FINANCING SOURCES													
Transfer from Highway Fund	0	17,500	0	0	0	0	0	0	0	0	0	0	17,500
Transfer from General Fund	16,500	0	0	0	401	0	0	0	0	8,300	84,032	9,400	118,833
Total other financing sources	16,500	17,500	0	0	401	0	0	0	0	8,300	84,032	9,400	136,333
NET CHANGE IN FUND BALANCES	16,642	17,664	47	30	(4,573)	(119)	3,861	8,349	150	4,591	(12,111)	(1,340)	43,183
FUND BALANCES - JULY 1, 2016 (Revised)	42,546	84,819	15,071	9,864	11,395	5,145	27,108	55,500	48,643	4,214	11,537	44,562	369,604
FUND BALANCES - JUNE 30, 2017	\$ 59,188	\$ 101,683	\$ 15,118	\$ 9,894	\$ 6,822	\$ 5,026	\$ 30,969	\$ 73,849	\$ 48,793	\$ 8,805	\$ 11,416	\$ 43,222	\$ 414,787

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



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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**

To the Selectboard
Town of Westford, Vermont

We have audited, 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, the modified cash basis financial statements of the major fund, and the aggregate remaining fund information of the Town of Westford, Vermont, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 27, 2017. We expressed an adverse opinion on the Town's financial statements due to not presenting government-wide financial statements.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 entity'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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs

Vermont Public Accountancy License #110

Montpelier, Vermont

December 27, 2017