TOWN OF WESTFORD, VERMONT

AUDIT REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2021

TABLE OF CONTENTS

FOTHERGILL SEGALE & VALLEY
Certified Public Accountants

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, 2021, 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.

143 Barre Street • Montpelier • Vermont 05602 • 802-223-6261 • Fax: 802-223-1550 • www.fsv-cpas.com

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. Accounting principles generally accepted in the United States of America require 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 matter discussed in the "Basis for Adverse Opinion on the Financial Statements as a Whole" paragraph, the financial statements referred to above do not present fairly the financial position of the Town of Westford, Vermont as of June 30, 2021, 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 accounting principles generally accepted in the United States of America.

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 non-major fund modified cash basis 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 non-major 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 November 11, 2021, on our consideration of the Town'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 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

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

November 11, 2021

TOWN OF WESTFORD, VERMONT

EXHIBIT A

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES

MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

JUNE 30, 2021

	Major Funds			
	General Fund	Highway Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,214,945	$ 0	$ 77,306	$ 1,292,251
Due from other funds	0	48,114	786,929	835,043
Total assets	$ 1,214,945	$ 48,114	$ 864,235	$ 2,127,294
LIABILITIES				
Due to Fiduciary Fund	$ 2,008	$ 0	$ 0	$ 2,008
Due to State of Vermont	625	0	0	625
Due to other funds	835,043	0	0	835,043
Total liabilities	837,676	0	0	837,676
FUND BALANCES				
Nonspendable - Perpetual care	0	0	21,086	21,086
Restricted - Special Revenue Funds	0	0	335,045	335,045
Assigned - Capital Projects Funds	0	0	508,104	508,104
Assigned - Fiscal year 2022 tax rate	20,000	0	0	20,000
Unassigned	357,269	48,114	0	405,383
Total fund balances	377,269	48,114	864,235	1,289,618
Total liabilities and fund balances	$ 1,214,945	$ 48,114	$ 864,235	$ 2,127,294

See Notes to Financial Statements.

EXHIBIT B

TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Major Funds			Total
	General Fund	Highway Fund	Non-Major Funds	Governmental Funds
REVENUES				
Property taxes, penalties and interest	$ 911,861	$ 846,519	$ 0	$ 1,758,380
Intergovernmental	94,440	204,240	13,680	312,360
Fees, fines, licenses, rents	76,167	0	25,629	101,796
Investment interest	235	0	481	716
Grants and donations	13,765	0	12,457	26,222
Miscellaneous	6,203	2,922	0	9,125
Total revenues	1,102,671	1,053,681	52,247	2,208,599
EXPENDITURES				
Current:				
General Government	437,284	0	8,096	445,380
Highways and Streets	0	758,315	0	758,315
Public Safety	101,466	0	0	101,466
Health and welfare	8,473	0	10,214	18,687
Culture and Recreation	6,298	0	98,248	104,546
Solid Waste and Recycling	242,332	0	0	242,332
Debt service principal	53,262	94,450	0	147,712
Debt service interest	7,551	6,397	0	13,948
Capital outlays	36,844	136,014	0	172,858
Total expenditures	893,510	995,176	116,558	2,005,244
EXCESS REVENUES (EXPENDITURES)	209,161	58,505	(64,311)	203,355
OTHER FINANCING SOURCES (USES)				
Loan proceeds	30,869	49,209	0	80,078
Transfers from other funds	0	0	204,814	204,814
Transfers to other funds	(145,214)	(59,600)	0	(204,814)
Total other financing sources (uses)	(114,345)	(10,391)	204,814	80,078
NET CHANGE IN FUND BALANCES	94,816	48,114	140,503	283,433
FUND BALANCES - JULY 1, 2020	282,453	0	723,732	1,006,185
FUND BALANCES - JUNE 30, 2021	$ 377,269	$ 48,114	$ 864,235	$ 1,289,618

See Notes to Financial Statements.

TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2021

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes			
Property taxes	$ 891,282	$ 897,513	$ 6,231
Interest and penalties on delinquent taxes	10,000	14,348	4,348
Intergovernmental			
Current Use	81,000	89,428	8,428
State traffic fines	4,000	5,012	1,012
Grants	0	6,515	6,515
Licenses, fees, and fines			
Recording fees	12,000	32,554	20,554
Dog licenses and fines	3,300	2,512	(788)
Access permits	100	70	(30)
Marriage licenses	100	120	20
Excess weight permit	750	830	80
Vault/copier fees	3,000	3,609	609
Building permits	20,000	27,613	7,613
Planning and zoning charges	3,000	2,850	(150)
School expense reimbursements	2,100	6,009	3,909
Donations	0	7,250	7,250
Interest earned	750	235	(515)
Miscellaneous	1,750	6,203	4,453
Total revenues	1,033,132	1,102,671	69,539
EXPENDITURES			
Current:			
General government			
Town Clerk and Treasurer			
Clerk salary	53,478	55,270	(1,792)
Treasurer salary	12,180	12,176	4
Dues	300	280	20
Education	1,100	0	1,100
Office supplies	3,100	2,957	143
Travel	1,600	819	781
Total town clerk and treasurer	71,758	71,502	256
Auditors and Delinquent Tax Collector			
Independent audit	10,500	10,100	400
Tax collector salary	6,000	6,743	(743)
Tax collector expense	125	110	15
Education	100	0	100
Total auditors and delinquent tax collector	16,725	16,953	(228)
Zoning, DRB, and Planning Commission			
Salaries	81,023	75,805	5,218
Legal and professional	11,250	7,765	3,485
Education	950	100	850
Travel	900	291	609
Special projects	1,152	1,152	0
Conservation Commission	3,600	3,600	0

See Notes to Financial Statements.

TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2021

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Computer	1,800	1,835	(35)
Miscellaneous	2,100	698	1,402
Total zoning, DRB, and planning commission	102,775	91,246	11,529
Listers			
Lister salary	7,564	6,389	1,175
Tax mapping	5,000	4,780	220
Supplies and equipment	200	0	200
Computer and software	2,025	2,009	16
Education	100	0	100
Travel	100	43	57
Total listers	14,989	13,221	1,768
General Administration			
Administration salary	70,380	69,101	1,279
Insurance - medical and disability	25,320	22,742	2,578
Insurance - property, workers comp, casualty	21,500	21,407	93
Pension	6,443	7,416	(973)
Payroll taxes	17,467	17,363	104
Office supplies and equipment	7,500	3,885	3,615
Legal and professional	26,000	13,333	12,667
Postage	4,000	3,236	764
Education	600	201	399
IT consultant	20,000	19,428	572
Printing	5,000	5,117	(117)
Generator maintenance	1,600	5,310	(3,710)
Street lights	1,600	1,731	(131)
Tax abatements	0	756	(756)
Miscellaneous	0	7,532	(7,532)
Total general administration	207,410	198,558	8,852
Town Office Building			
Repairs & maintenance	8,270	9,337	(1,067)
Cleaning and landscaping	5,600	5,185	415
Electricity	3,000	2,944	56
Fuel Oil	1,000	695	305
Telephone	2,100	2,230	(130)
Water	700	397	303
Total town office building	20,670	20,788	(118)
BCA/Elections			
BCA salaries	900	720	180
Ballots and supplies	3,250	6,577	(3,327)
Total BCA/Elections	4,150	7,297	(3,147)
Dues and Assessments	17,899	17,719	180
Total general government	456,376	437,284	19,092
Public Safety			
Law enforcement	23,796	23,793	3
Emergency services	26,823	26,823	0
Fire department	50,600	50,600	0

TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2021

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Dog warden	900	250	650
Total public safety	102,119	101,466	653
Health and welfare			
Health Officer stipend	350	350	0
Cemetery stipend	400	400	0
Visiting Nurses Association	6,243	6,243	0
Women Helping Battered Women	480	480	0
Women's Rape Crisis Center	200	0	200
Agency on Aging	1,000	1,000	0
Total health and welfare	8,673	8,473	200
Culture and recreation			
CHIPS	500	500	0
Brick meeting house	4,500	4,500	0
Miscellaneous	3,550	1,298	2,252
Total culture and recreation	8,550	6,298	2,252
Solid waste and recycling	300,600	242,332	58,268
Debt service			
Principal	53,262	53,262	0
Interest	8,338	7,551	787
Total debt service	61,600	60,813	787
Capital outlays			
Wastewater improvements	0	36,844	(36,844)
Total capital outlays	0	36,844	(36,844)
Total expenditures	937,918	893,510	44,408
EXCESS REVENUES (EXPENDITURES)	95,214	209,161	113,947
OTHER FINANCING SOURCES (USES)			
Loan proceeds	0	30,869	30,869
Transfer to Fire Dept. Capital Fund	(27,522)	(27,522)	0
Transfer to Library Fund	(79,944)	(79,944)	0
Transfer to Admin. Capital Fund	(14,400)	(14,400)	0
Transfer to Recreation Department Fund	(6,000)	(6,000)	0
Transfer to Planning Commission Fund	(6,848)	(6,848)	0
Transfer to Cemetery Fund	(10,500)	(10,500)	0
Total other financing sources (uses)	(145,214)	(114,345)	30,869
NET CHANGE IN FUND BALANCE	$ (50,000)	94,816	$ 144,816
FUND BALANCE - JULY 1, 2020		282,453	
FUND BALANCE - JUNE 30, 2021		$ 377,269	

TOWN OF WESTFORD, VERMONT

EXHIBIT D

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MODIFIED CASH BASIS
HIGHWAY FUND
YEAR ENDED JUNE 30, 2021

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	$846,483	$ 846,519	$ 36
Intergovernmental			
Transportation Aid	91,750	95,898	4,148
Better Roads grants	0	13,410	13,410
Other grants	0	94,932	94,932
Miscellaneous	0	2,922	2,922
Total revenues	938,233	1,053,681	115,448
EXPENDITURES			
Current:			
Road maintenance and repairs			
Salaries	240,414	209,209	31,205
Payroll taxes	18,789	16,212	2,577
Health insurance	35,285	26,702	8,583
Dental insurance	1,800	1,488	312
Disability insurance	1,335	1,122	213
Vision insurance	440	381	59
Pension	7,368	5,903	1,465
Gravel - roads	70,000	82,938	(12,938)
Town ditching	15,000	4,678	10,322
Chloride	35,000	46,788	(11,788)
Culverts	11,000	11,901	(901)
Hot mix & cold patch	2,000	287	1,713
Guardrails and fences	1,500	0	1,500
Seed and mulch	1,800	608	1,192
Signs	2,000	2,435	(435)
Sand	80,000	76,695	3,305
Salt	20,000	9,782	10,218
Chains	3,000	2,925	75
Gravel - mud season	30,000	36,032	(6,032)
Blades	5,000	1,985	3,015
Tires	5,000	10,922	(5,922)
Equipment rental	1,500	3,991	(2,491)
Contracted services	24,500	27,565	(3,065)
Heavy equipment repairs and maintenance	36,500	54,162	(17,662)
Small equipment repairs and maintenance	1,000	1,139	(139)
Travel	800	982	(182)
Diesel fuel	45,000	43,657	1,343
Chloride tanks and pumps	2,000	3,274	(1,274)
Total road maintenance and repairs	698,031	683,763	14,268
Highway garage			
Supplies	5,000	10,253	(5,253)
Equipment	3,000	5,999	(2,999)

See Notes to Financial Statements.

TOWN OF WESTFORD, VERMONT

EXHIBIT D

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MODIFIED CASH BASIS
HIGHWAY FUND
YEAR ENDED JUNE 30, 2021

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Communication equipment	800	2,411	(1,611)
Education workshops	2,000	0	2,000
Property and casualty insurance	33,000	35,772	(2,772)
Building maintenance and repairs	6,000	3,246	2,754
Electricity	4,600	4,466	134
Telephone	3,000	2,941	59
Water	250	0	250
Building improvements	20,000	4,714	15,286
Clothing allowance	2,000	1,459	541
Storage shed	0	1,100	(1,100)
Miscellaneous	2,800	2,191	609
Total highway garage	82,450	74,552	7,898
Debt service			
Principal	91,248	94,450	(3,202)
Interest	6,904	6,397	507
Total debt service	98,152	100,847	(2,695)
Capital outlays			
Rogers Road culvert	0	68,990	(68,990)
2021 Chevrolet Silverado	0	60,924	(60,924)
New trailer	0	6,100	(6,100)
Total capital outlays	0	136,014	(136,014)
Total expenditures	878,633	995,176	(116,543)
EXCESS REVENUES (EXPENDITURES)	59,600	58,505	(1,095)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	0	49,209	49,209
Transfer to Equipment Reserve Fund	(54,600)	(54,600)	0
Transfer to Salt Shed Reserve Fund	(5,000)	(5,000)	0
Total other financing sources (uses)	(59,600)	(10,391)	49,209
NET CHANGE IN FUND BALANCE	$ 0	48,114	$ 48,114
FUND BALANCE - JULY 1, 2020		0	
FUND BALANCE - JUNE 30, 2021		$ 48,114	

See Notes to Financial Statements.

TOWN OF WESTFORD, VERMONT

STATEMENT OF FIDUCIARY NET POSITION

MODIFIED CASH BASIS

JUNE 30, 2021

	Custodial Fund
ASSETS	
Due from General Fund	$ 2,008
Fiduciary Net Position - Farmers Market	$ 2,008

TOWN OF WESTFORD, VERMONT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2021

ADDITIONS	$ 0
CHANGE IN NET POSITION	0
NET POSITION - JULY 1, 2020	2,008
NET POSITION - JUNE 30, 2021	$ 2,008

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, and the Highway Fund are the major governmental funds 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Town programs. The Town has adopted GASB No. 84 for the reporting and classification of its fiduciary activities. Fiduciary reporting focus is on net position and changes in net position and are reported using the accrual basis of accounting.

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 modifications exist for interfund balances and amounts held for others, such as the State of Vermont.

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.

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 and certificate of deposits with original maturities of one year or less.

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.

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, 2021, the Town's bank balance of $1,313,012 was exposed to custodial credit risk as follows:

FDIC insured	$ 327,601
Collateralized by securities held by pledging financial institution	985,411
Total bank balance	$ 1,313,012

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, 2021 are as follows:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	$ 0	$ 835,043
Highway Fund	48,114	0
Total major governmental funds	48,114	835,043
Non-major funds - Other governmental funds:		
Admin Capital Fund	97,858	0
Equipment Reserve Fund	193,191	0
Salt Shed Reserve Fund	5,089	0
Fire Department Capital Fund	203,659	0
Office Expansion Fund	8,307	0
Planning Commission Fund	19,014	0
Conservation Reserve Fund	11,554	0
Lister Education Fund	5,075	0
Records Restoration Fund	49,875	0
Reappraisal Fund	107,204	0
Common Fund	44,801	0
Recreation Department Fund	13,419	0
Library Fund	27,883	0
Total other governmental funds	786,929	0
Total all funds	$ 835,043	$ 835,043

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, 2021, included budgeted transfers from the General Fund to the Fire Department Capital Fund $27,522, Recreation Department Fund $6,000, Library Fund $79,944, Administration Capital Fund $14,400, Planning Commission Fund $6,848, and Cemetery Fund $10,500. The Highway Fund transferred $54,600 to the Equipment Reserve Fund and $5,000 to the Salt Shed Reserve Fund.

NOTE 5 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2021 consisted of the following:

	Total	Due in one year
Note payable - Community Bank, NA, annual payment of $24,362 plus interest at 3.2%, due September 7, 2027. For Pumper Truck.	$ 170,535	$ 24,362
Note payable - Community Bank, NA, annual payments of $32,542 plus interest at 2.5%, due July 30, 2024. For International Truck.	130,169	32,542
Note payable - Community Bank, NA, annual payments of $16,412 including interest at 1.98%, due February 14, 2023. For John Deere Excavator.	31,875	15,781
Note payable - Community Bank, NA, annual payments of $28,900 plus interest at 2.4%, due December 12, 2022. For Jackson Forest Land.	29,504	28,900
Note payable - Peoples United Bank, annual principal payments of $27,433, interest at 1.95%, due July 8, 2021. For Western Star Truck.	27,433	27,433
Note payable - Union Bank, annual payments of $12,783, interest at 1.55%, due December 20, 2024. For 2021 Chevrolet Silverado.	49,209	12,014
Note payable - Vermont Municipal Bond Bank, annual principal payments of $3,905 starting August 1, 2025, interest at 0.00%, due August 1, 2029. For Wastewater Improvements. $15,435 is to be forgiven on August 1, 2025.	30,869	0
Total long-term debt	$ 469,594	$ 141,032

Changes in long-term liabilities are as follows:

	July 1, 2020 Balance	Proceeds	Principal Payments	June 30, 2021 Balance
Notes payable	$ 537,228	$ 80,078	$ (147,712)	$ 469,594

The total amount of interest paid on these long-term debts during fiscal year 2021 was $13,948.

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

Fiscal Year	Principal	Interest	Total
June 30, 2022	$ 141,032	$ 11,463	$ 152,495
June 30, 2023	85,804	8,089	93,893
June 30, 2024	69,296	5,915	75,211
June 30, 2025	72,593	4,107	76,700
June 30, 2026	27,449	2,339	29,788
June 30, 2027-2029	57,985	2,339	60,324
	454,159	$ 34,252	$ 488,411
Loan Forgiveness - 2026	15,435		
	$ 469,594		

NOTE 6 - FUND BALANCE CLASSIFICATIONS

The restricted, assigned, and nonspendable fund balances as of June 30, 2021 consisted of the following:

	Restricted Fund Balance	Assigned Fund Balance	Nonspendable Fund Balance
General Fund	$ 0	$ 20,000	$ 0
Nonmajor funds:			
Administration Capital Fund	0	97,858	0
Equipment Reserve Fund	0	193,191	0
Salt Shed Reserve Fund	0	5,089	0
Fire Department Capital Fund	0	203,659	0
Office Expansion Fund	0	8,307	0
Planning Commission Fund	19,014	0	0
Conservation Reserve Fund	11,554	0	0
Lister Education Fund	5,075	0	0
Records Restoration Fund	49,875	0	0
Reappraisal Fund	107,204	0	0
Common Fund	44,801	0	0
Recreation Department Fund	13,419	0	0
Library Fund	27,883	0	0
Cemetery Fund	56,220	0	21,086
	$ 335,045	$ 528,104	$ 21,086

NOTE 7 - PROPERTY TAXES AND ABATEMENTS

The Town levies its property taxes 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%-1½% 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 2020/2021:

	Residential	Non-residential
General Fund	$ 0.3676	$ 0.3676
Highway Fund	0.3431	0.3431
State Education Tax	1.6271	1.7824
	$ 2.3378	$ 2.4931

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

NOTE 7 - PROPERTY TAXES AND ABATEMENTS (Continued)

tax bills, which results in a reduction of property tax revenue to the Town. For fiscal year 2021, the amount of Town property taxes foregone as a result of the Current Use Program was approximately $93,200. 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.

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 2021 was $14,520, and for 2020 was $12,679.

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 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, expenditures exceeded appropriation in the Highway Fund by $116,543. The excess expenditures were funded by additional revenue, loan proceeds, and transfers from other funds.

NOTE 11 – 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, 2021 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 in place for the beginning step of a municipal wastewater project. The engineering phase is expected to cost $54,050 and will be funded by a Step 1 Clean Water State Revolving loan and Planning Commission Reserves. The project is a three step process involving three different loan applications. Each time a new loan is approved the first loan is rolled into the next and the repayment period delayed and extended. This contract will have an effect on the financial statements of future periods.

NOTE 12 – CONTRACTS FOR SERVICES

The Town has two contracts for services. One contract is with Myers Container Service Corp. for solid waste removal services and the other is with Summit Contracting & Property for roadside mowing services. The remaining contract payments are approximately as follows:

FY22	$	250,172
FY23		8,000
FY24		8,000
Total	$	266,172

NOTE 13 – BUDGETED DEFICIT

The Town elected to budget expenditures in excess of revenues by $50,000 in the General Fund in order to reduce the carryover fund balance. This is reflected as a budgeted deficiency of revenues over expenditures in Exhibit C.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2021, the date which the financial statements were available for issue.

On July 8th, 2021, the town received a VCDP grant of $60,000 for the development of a preliminary site plan, survey, and appraisal of a property located in the village.

TOWN OF WESTFORD, VERMONT
COMBINING AND INDIVIDUAL FUND SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Capital Projects Funds					Special Revenue Funds									Total
	Admin. Capital	Equipment Reserve	Salt Shed Reserve	Fire Department Capital	Office Expansion	Planning Commission	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library	Cemetery	Non-Major Funds
ASSETS															
Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 77,306	$ 77,306
Due from other funds	97,858	193,191	5,089	203,659	8,307	19,014	11,554	5,075	49,875	107,204	44,801	13,419	27,883	0	786,929
Total assets	$ 97,858	$ 193,191	$ 5,089	$ 203,659	$ 8,307	$ 19,014	$ 11,554	$ 5,075	$ 49,875	$ 107,204	$ 44,801	$ 13,419	$27,883	$ 77,306	$ 864,235
FUND BALANCES															
Nonspendable	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 21,086	$ 21,086
Restricted	0	0	0	0	0	19,014	11,554	5,075	49,875	107,204	44,801	13,419	27,883	56,220	335,045
Assigned	97,858	193,191	5,089	203,659	8,307	0	0	0	0	0	0	0	0	0	508,104
Total fund balances	$ 97,858	$ 193,191	$ 5,089	$ 203,659	$ 8,307	$ 19,014	$ 11,554	$ 5,075	$ 49,875	$ 107,204	$ 44,801	$ 13,419	$27,883	$ 77,306	$ 864,235

TOWN OF WESTFORD, VERMONT
COMBINING AND INDIVIDUAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Capital Projects Funds					Special Revenue Funds									Total
	Admin. Capital	Equipment Reserve	Salt Shed Reserve	Fire Department Capital	Office Expansion	Planning Commission	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library	Cemetery	Non-Major Funds
REVENUES															
Intergovernmental	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,160	$ 0	$ 0	$ 5,520	$ 0	$ 13,680
Charges for services	0	0	0	0	0	0	0	0	11,986	0	0	13,643	0	0	25,629
Donations	0	0	0	0	0	0	410	0	0	0	0	0	9,479	2,568	12,457
Investment interest	48	81	0	102	4	8	8	3	27	58	25	0	0	117	481
Total revenues	48	81	0	102	4	8	418	3	12,013	8,218	25	13,643	14,999	2,685	52,247
EXPENDITURES															
General government	0	0	0	0	0	0	1,858	0	6,238	0	0	0	0	0	8,096
Culture and recreation	0	0	0	0	0	0	0	0	0	0	0	12,937	85,311	0	98,248
Health and welfare	0	0	0	0	0	0	0	0	0	0	0	0	0	10,214	10,214
Total expenditures	0	0	0	0	0	0	1,858	0	6,238	0	0	12,937	85,311	10,214	116,558
EXCESS REVENUES (EXPENDITURES)	48	81	0	102	4	8	(1,440)	3	5,775	8,218	25	706	(70,312)	(7,529)	(64,311)
OTHER FINANCING SOURCES (USES)															
Transfer from Highway Fund	0	54,600	5,000	0	0	0	0	0	0	0	0	0	0	0	59,600
Transfer from General Fund	14,400	0	0	27,522	0	6,848	0	0	0	0	0	6,000	79,944	10,500	145,214
Total other financing sources (uses)	14,400	54,600	5,000	27,522	0	6,848	0	0	0	0	0	6,000	79,944	10,500	204,814
NET CHANGE IN FUND BALANCES	14,448	54,681	5,000	27,624	4	6,856	(1,440)	3	5,775	8,218	25	6,706	9,632	2,971	140,503
FUND BALANCES - JULY 1, 2020	83,410	138,510	89	176,035	8,303	12,158	12,994	5,072	44,100	98,986	44,776	6,713	18,251	74,335	723,732
FUND BALANCES - JUNE 30, 2021	$ 97,858	$ 193,191	$ 5,089	$ 203,659	$ 8,307	$ 19,014	$ 11,554	$ 5,075	$ 49,875	$ 107,204	$ 44,801	$ 13,419	$ 27,883	$ 77,306	$ 864,235

FOTHERGILL SEGALE & VALLEY
Certified Public Accountants

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 each major fund, and the aggregate remaining fund information of the Town of Westford, Vermont, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 11, 2021. 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) as a basis for designing 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.

143 Barre Street • Montpelier • Vermont 05602 • 802-223-6261 • Fax: 802-223-1550 • www.fsv-cpas.com

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 financial statements. 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

November 11, 2021