

TOWN OF WESTFORD, VERMONT
AUDIT REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2022
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FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

To the Selectboard and Management
Town of Westford, Vermont

Adverse Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise a portion of the Town's basic financial statements as listed in the Table of Contents.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, the financial statements referred to above do not present fairly the modified cash basis financial position of the Town of Westford, Vermont as of June 30, 2022, or the changes in modified cash basis financial position and the budgetary comparison for the General and Highway Funds for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 of the Town's governmental activities have not been determined.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Emphasis of Matter – 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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 operations, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

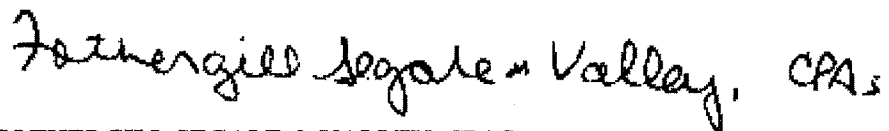
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 09, 2022, on our consideration of the Town of Westford, Vermont'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,

A handwritten signature in black ink that reads "Fothergill Segale & Valley, CPAs". The signature is written in a cursive, flowing style.

FOTHERGILL SEGALE & VALLEY, CPAS

Montpelier, Vermont

Vermont Public Accountancy License #110

December 8, 2022

TOWN OF WESTFORD, VERMONT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBIT A

	Major Funds			Non-Major	Total
	General	Highway	ARPA	Funds	Governmental
	Fund	Fund	Fund		Funds
ASSETS					
Cash and cash equivalents	\$ 1,739,455	\$ 0	\$ 0	\$ 83,155	\$ 1,822,610
Due from other funds	0	174,714	308,493	914,651	1,397,858
Total assets	<u>\$ 1,739,455</u>	<u>\$ 174,714</u>	<u>\$ 308,493</u>	<u>\$ 997,806</u>	<u>\$ 3,220,468</u>
LIABILITIES					
Due to Fiduciary Fund	\$ 2,008	\$ 0	\$ 0	\$ 0	\$ 2,008
Due to other funds	1,397,858	0	0	0	1,397,858
Total liabilities	<u>1,399,866</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,399,866</u>
FUND BALANCES					
Nonspendable - Perpetual care	0	0	0	21,086	21,086
Restricted - Special Revenue Funds	0	0	308,493	364,727	673,220
Assigned - Capital Projects Funds	0	0	0	611,993	611,993
Assigned - Fiscal year 2023 tax rate	20,000	0	0	0	20,000
Unassigned	319,589	174,714	0	0	494,303
Total fund balances	<u>339,589</u>	<u>174,714</u>	<u>308,493</u>	<u>997,806</u>	<u>1,820,602</u>
Total liabilities and fund balances	<u>\$ 1,739,455</u>	<u>\$ 174,714</u>	<u>\$ 308,493</u>	<u>\$ 997,806</u>	<u>\$ 3,220,468</u>

TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

EXHIBIT B

	Major Funds				Total
	General Fund	Highway Fund	ARPA Fund	Non-Major Funds	Governmental Funds
REVENUES					
Property taxes, penalties and interest	\$ 954,076	\$ 838,253	\$ 0	\$ 0	\$ 1,792,329
Intergovernmental	95,567	169,936	316,303	18,983	600,789
Fees, fines, licenses, rents	63,750	0	0	21,545	85,295
Investment interest	188	0	46	179	413
Grants and donations	22,472	0	0	26,476	48,948
Miscellaneous	11,979	0	0	0	11,979
Total revenues	<u>1,148,032</u>	<u>1,008,189</u>	<u>316,349</u>	<u>67,183</u>	<u>2,539,753</u>
EXPENDITURES					
Current:					
General Government	491,892	0	7,856	4,465	504,213
Highways and Streets	0	729,378	0	0	729,378
Public Safety	99,692	0	0	0	99,692
Health and welfare	8,543	0	0	7,436	15,979
Culture and Recreation	13,326	0	0	129,843	143,169
Solid Waste and Recycling	259,953	0	0	0	259,953
Debt service principal	53,262	87,764	0	0	141,026
Debt service interest	6,672	5,147	0	0	11,819
Capital outlays	103,540	0	0	0	103,540
Total expenditures	<u>1,036,880</u>	<u>822,289</u>	<u>7,856</u>	<u>141,744</u>	<u>2,008,769</u>
EXCESS REVENUES	<u>111,152</u>	<u>185,900</u>	<u>308,493</u>	<u>(74,561)</u>	<u>530,984</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	0	0	0	211,872	211,872
Transfers to other funds	(148,832)	(59,300)	0	(3,740)	(211,872)
Total other financing sources (uses)	<u>(148,832)</u>	<u>(59,300)</u>	<u>0</u>	<u>208,132</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	<u>(37,680)</u>	<u>126,600</u>	<u>308,493</u>	<u>133,571</u>	<u>530,984</u>
FUND BALANCES - JULY 1, 2021	<u>377,269</u>	<u>48,114</u>	<u>0</u>	<u>864,235</u>	<u>1,289,618</u>
FUND BALANCES - JUNE 30, 2022	<u>\$ 339,589</u>	<u>\$ 174,714</u>	<u>\$ 308,493</u>	<u>\$ 997,806</u>	<u>\$ 1,820,602</u>

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, 2022

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes			
Property taxes	\$ 916,880	\$ 941,912	\$ 25,032
Interest and penalties on delinquent taxes	10,000	12,164	2,164
Intergovernmental			
Current Use	81,000	92,045	11,045
State traffic fines	4,000	3,522	(478)
Grants	0	17,772	17,772
Licenses, fees, and fines			
Recording fees	20,000	22,528	2,528
Dog licenses and fines	3,300	2,382	(918)
Access permits	100	165	65
Marriage licenses	100	190	90
Excess weight permit	750	826	76
Vault/copier fees	3,000	2,744	(256)
Building permits	22,000	28,992	6,992
Planning and zoning charges	3,000	1,175	(1,825)
School expense reimbursements	2,100	4,748	2,648
Donations	0	4,700	4,700
Interest earned	500	188	(312)
Miscellaneous	2,320	11,979	9,659
Total revenues	<u>1,069,050</u>	<u>1,148,032</u>	<u>78,982</u>
EXPENDITURES			
Current:			
General government			
Town Clerk and Treasurer			
Clerk salary	53,336	52,077	1,259
Treasurer salary	12,483	12,480	3
Dues	300	250	50
Education	800	164	636
Office supplies	2,900	2,944	(44)
Travel	1,400	547	853
Total town clerk and treasurer	<u>71,219</u>	<u>68,462</u>	<u>2,757</u>
Auditors and Delinquent Tax Collector			
Independent audit	10,500	17,000	(6,500)
Tax collector salary	5,000	5,376	(376)
Tax collector expense	150	58	92
Education	50	0	50
Total auditors and delinquent tax collector	<u>15,700</u>	<u>22,434</u>	<u>(6,734)</u>
Zoning, DRB, and Planning Commission			
Salaries	82,939	79,182	3,757
Legal and professional	8,775	1,565	7,210
Education	750	210	540
Travel	900	280	620
Special projects	1,049	1,049	0
Pigeon Project	0	26,092	(26,092)
Conservation Commission	2,541	2,541	0
Miscellaneous	2,050	476	1,574
Total zoning, DRB, and planning commission	<u>99,004</u>	<u>111,395</u>	<u>(12,391)</u>

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, 2022

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Listers			
Lister salary	1,692	5,763	(4,071)
Assessor salary	20,000	11,485	8,515
Tax mapping	4,500	7,940	(3,440)
Supplies and equipment	200	0	200
Computer and software	225	543	(318)
Education	100	0	100
Travel	100	0	100
Total listers	26,817	25,731	1,086
General Administration			
Administration salary	64,811	81,678	(16,867)
Insurance - medical and disability	25,145	21,503	3,642
Insurance - property, workers comp, casualty	21,850	20,437	1,413
Pension	6,338	6,102	236
Payroll taxes	16,751	18,014	(1,263)
Office supplies and equipment	6,000	4,705	1,295
Legal and professional	26,000	15,259	10,741
Postage	4,250	6,010	(1,760)
Education	400	76	324
IT consultant	20,000	26,942	(6,942)
Printing	4,500	5,291	(791)
Generator maintenance	1,500	803	697
Street lights	1,680	1,706	(26)
Tax abatements	0	3,040	(3,040)
Miscellaneous	0	4,700	(4,700)
Total general administration	199,225	216,266	(17,041)
Town Office Building			
Repairs & maintenance	8,270	10,916	(2,646)
Cleaning and landscaping	6,120	7,214	(1,094)
Electricity	3,000	2,891	109
Fuel Oil	1,000	1,484	(484)
Telephone	2,150	2,329	(179)
Water	400	428	(28)
Total town office building	20,940	25,262	(4,322)
BCA/Elections			
BCA salaries	700	530	170
Ballots and supplies	1,800	3,998	(2,198)
Total BCA/Elections	2,500	4,528	(2,028)
Dues and Assessments	17,958	17,814	144
Total general government	453,363	491,892	(38,529)
Public Safety			
Law enforcement	23,928	23,240	688
Emergency services	27,174	27,174	0
Fire department	49,000	49,000	0
Dog warden	700	278	422
Total public safety	100,802	99,692	1,110

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, 2022

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Health and welfare			
Health Officer stipend	350	400	(50)
Cemetery stipend	400	400	0
Visiting Nurses Association	6,243	6,243	0
Steps to End Domestic Violence	300	300	0
Hope Works	200	200	0
Agency on Aging	1,000	1,000	0
Total health and welfare	8,493	8,543	(50)
Culture and recreation			
CHIPS	500	500	0
Brick meeting house	4,500	4,500	0
Westford Common Hall	4,500	4,500	0
Miscellaneous	4,200	3,826	374
Total culture and recreation	13,700	13,326	374
Solid waste and recycling	300,350	259,953	40,397
Debt service			
Principal	53,262	53,262	0
Interest	6,771	6,672	99
Total debt service	60,033	59,934	99
Capital outlays			
Wastewater improvements	0	103,540	(103,540)
Total capital outlays	0	103,540	(103,540)
Total expenditures	936,741	1,036,880	(100,139)
EXCESS REVENUES	132,309	111,152	(21,157)
OTHER FINANCING SOURCES (USES)			
Transfer from Admin. Capital Fund	0	3,740	3,740
Transfer to Fire Dept. Capital Fund	(31,328)	(31,328)	0
Transfer to Library Fund	(80,071)	(80,334)	(263)
Transfer to Admin. Capital Fund	(16,900)	(16,900)	0
Transfer to Recreation Department Fund	(7,600)	(7,600)	0
Transfer to Conservation Reserve Fund	(1,459)	(1,459)	0
Transfer to Planning Commission Fund	(6,951)	(6,951)	0
Transfer to Cemetery Fund	(8,000)	(8,000)	0
Total other financing sources (uses)	(152,309)	(148,832)	3,477
NET CHANGE IN FUND BALANCE	\$ (20,000)	(37,680)	\$ (17,680)
FUND BALANCE - JULY 1, 2021		377,269	
FUND BALANCE - JUNE 30, 2022		\$ 339,589	

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, 2022

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	\$838,260	\$ 838,253	\$ (7)
Intergovernmental			
Transportation Aid	93,000	95,896	2,896
FEMA	0	54,686	54,686
Other grants	0	19,354	19,354
Total revenues	<u>931,260</u>	<u>1,008,189</u>	<u>76,929</u>
EXPENDITURES			
Current:			
Road maintenance and repairs			
Salaries	244,486	206,857	37,629
Payroll taxes	19,499	15,713	3,786
Health insurance	31,360	21,875	9,485
Dental insurance	1,845	1,366	479
Disability insurance	1,250	826	424
Vision insurance	440	353	87
Pension	7,959	6,099	1,860
Gravel - roads	70,000	26,734	43,266
Town ditching	10,000	8,265	1,735
Chloride	40,000	61,806	(21,806)
Culverts	8,500	7,486	1,014
Hot mix & cold patch	2,000	952	1,048
Guardrails and fences	1,500	0	1,500
Seed and mulch	1,800	896	904
Signs	2,000	1,649	351
Sand	80,000	84,523	(4,523)
Salt	20,000	14,425	5,575
Chains	3,000	4,760	(1,760)
Gravel - mud season	30,000	10,439	19,561
Blades	5,000	5,257	(257)
Tires	7,500	7,798	(298)
Equipment rental	4,000	1,937	2,063
Contracted services	22,500	48,349	(25,849)
Heavy equipment repairs and maintenance	30,500	52,999	(22,499)
Small equipment repairs and maintenance	2,000	218	1,782
Travel	800	549	251
Diesel fuel	45,000	52,380	(7,380)
Chloride tanks and pumps	1,000	4	996
Total road maintenance and repairs	<u>693,939</u>	<u>644,515</u>	<u>49,424</u>

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, 2022

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Highway garage			
Supplies	4,500	5,282	(782)
Equipment	3,000	7,585	(4,585)
Communication equipment	1,500	0	1,500
Education workshops	2,000	60	1,940
Property and casualty insurance	37,270	38,989	(1,719)
Fire and security	0	860	(860)
Computer	1,800	1,686	114
Building maintenance and repairs	6,000	7,983	(1,983)
Electricity	4,600	4,499	101
Telephone	3,100	2,925	175
Building improvements	20,000	9,459	10,541
Storage shed	0	1,300	(1,300)
Clothing allowance	2,000	1,861	139
Miscellaneous	2,800	2,374	426
Total highway garage	<u>88,570</u>	<u>84,863</u>	<u>3,707</u>
Debt service			
Principal	84,270	87,764	(3,494)
Interest	5,181	5,147	34
Total debt service	<u>89,451</u>	<u>92,911</u>	<u>(3,460)</u>
Total expenditures	<u>871,960</u>	<u>822,289</u>	<u>49,671</u>
EXCESS REVENUES	<u>59,300</u>	<u>185,900</u>	<u>126,600</u>
OTHER FINANCING SOURCES (USES)			
Transfer to Equipment Reserve Fund	(54,300)	(54,300)	0
Transfer to Salt Shed Reserve Fund	(5,000)	(5,000)	0
Total other financing sources (uses)	<u>(59,300)</u>	<u>(59,300)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	126,600	<u>\$ 126,600</u>
FUND BALANCE - JULY 1, 2021		<u>48,114</u>	
FUND BALANCE - JUNE 30, 2022		<u>\$ 174,714</u>	

TOWN OF WESTFORD, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
MODIFIED CASH BASIS

JUNE 30, 2022

	Custodial Fund
ASSETS	
Due from General Fund	\$ 2,008
	<u>2,008</u>
Fiduciary Net Position - Farmers Market	\$ 2,008
	<u>2,008</u>

TOWN OF WESTFORD, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2022

ADDITIONS	\$ 0
CHANGE IN NET POSITION	0
NET POSITION - JULY 1, 2021	<u>2,008</u>
NET POSITION - JUNE 30, 2022	<u>\$ 2,008</u>

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

ARPA Fund is a special revenue fund used to account for the financial resources from the ARPA grant as specified by the grant.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the Town's bank balance of \$1,865,482 was exposed to custodial credit risk as follows:

FDIC insured	\$ 333,256
Collateralized by securities held by pledging financial institution	1,532,226
Total bank balance	<u>\$ 1,865,482</u>

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 are as follows:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	\$ 0	\$ 1,397,858
Highway Fund	174,714	0
ARPA Fund	308,493	0
Total major governmental funds	<u>483,207</u>	<u>1,397,858</u>
Non-major funds - Other governmental funds:		
Admin Capital Fund	111,037	0
Equipment Reserve Fund	247,530	0
Salt Shed Reserve Fund	10,090	0
Fire Department Capital Fund	235,027	0
Office Expansion Fund	8,309	0
Planning Commission Fund	25,969	0
Conservation Reserve Fund	13,464	0
Lister Education Fund	5,076	0
Records Restoration Fund	53,572	0
Reappraisal Fund	115,390	0
Common Fund	44,655	0
Recreation Department Fund	20,904	0
Library Fund	23,628	0
Total other governmental funds	<u>914,651</u>	<u>0</u>
Total all funds	<u><u>\$ 1,397,858</u></u>	<u><u>\$ 1,397,858</u></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, 2022, included budgeted transfers from the General Fund to the Fire Department Capital Fund \$31,328, Recreation Department Fund \$7,600, Library Fund \$80,334, Administration Capital Fund \$16,900, Planning Commission Fund \$6,951, Conservation Reserve Fund \$1,459, and Cemetery Fund \$8,000. The Highway Fund transferred \$54,300 to the Equipment Reserve Fund and \$5,000 to the Salt Shed Reserve Fund. Transfers also included an unbudgeted transfer from the Administration Capital Fund to the General Fund of \$3,740.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2022 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.	\$ 146,176	\$ 24,362
Note payable - Community Bank, NA, annual payments of \$32,542 plus interest at 2.5%, due July 30, 2024. For International Truck.	97,630	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.	16,094	16,094
Note payable - Community Bank, NA, annual payments of \$28,900 plus interest at 2.4%, due December 12, 2022. For Jackson Forest Land.	601	601
Note payable - Union Bank, annual payments of \$12,783, interest at 1.55%, due December 20, 2024. For 2021 Chevrolet Silverado.	37,198	12,202
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	<u>\$ 328,568</u>	<u>\$ 85,801</u>

Changes in long-term liabilities are as follows:

	July 1, 2021 Balance	Principal Payments	June 30, 2022 Balance
Notes payable	<u>\$ 469,594</u>	<u>\$ (141,026)</u>	<u>\$ 328,568</u>

The total amount of interest paid on these long-term debts during fiscal year 2022 was \$11,819.

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

Fiscal Year	Principal	Interest	Total
June 30, 2023	\$ 85,801	\$ 8,071	\$ 93,872
June 30, 2024	69,296	5,915	75,211
June 30, 2025	73,411	4,107	77,518
June 30, 2026	32,357	2,339	34,696
June 30, 2027	27,906	1,560	29,466
June 30, 2028	24,362	780	25,142
	313,133	<u>\$ 22,772</u>	<u>\$ 335,905</u>
Loan Forgiveness - 2026	15,435		
	<u>\$ 328,568</u>		

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - FUND BALANCE CLASSIFICATIONS

The restricted, assigned, and nonspendable fund balances as of June 30, 2022 consisted of the following:

	Restricted Fund Balance	Assigned Fund Balance	Nonspendable Fund Balance
General Fund	\$ 0	\$ 20,000	\$ 0
ARPA Funds	308,493	0	0
Nonmajor funds:			
Administration Capital Fund	0	111,037	0
Equipment Reserve Fund	0	247,530	0
Salt Shed Reserve Fund	0	10,090	0
Fire Department Capital Fund	0	235,027	0
Office Expansion Fund	0	8,309	0
Planning Commission Fund	25,969	0	0
Conservation Reserve Fund	13,464	0	0
Lister Education Fund	5,076	0	0
Records Restoration Fund	53,572	0	0
Reappraisal Fund	115,390	0	0
Common Fund	44,655	0	0
Recreation Department Fund	20,904	0	0
Library Fund	23,628	0	0
Cemetery Fund	62,069	0	21,086
	<u>\$ 673,220</u>	<u>\$ 631,993</u>	<u>\$ 21,086</u>

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 2021/2022:

	Residential	Non-residential
General Fund	\$ 0.3646	\$ 0.3646
Highway Fund	0.3348	0.3348
State Education Tax	1.6416	1.7951
	<u>\$ 2.3410</u>	<u>\$ 2.4945</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

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - PROPERTY TAXES AND ABATEMENTS (Continued)

tax bills, which results in a reduction of property tax revenue to the Town. For fiscal year 2022, the amount of Town property taxes foregone as a result of the Current Use Program was approximately \$87,600. 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 2022 was \$13,484, and for 2021 was \$14,520.

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, 2022, expenditures exceeded appropriation in the General Fund by \$100,139. The excess expenditures were funded by additional revenue and use of fund balance.

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, 2022 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.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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:

FY23	\$ 250,172
FY24	<u>250,172</u>
Total	<u>\$ 500,344</u>

NOTE 13 – BUDGETED DEFICIT

The Town elected to budget expenditures in excess of revenues by \$20,000 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 December 8, 2022, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.

TOWN OF WESTFORD, VERMONT
 COMBINING AND INDIVIDUAL FUND SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	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	\$ 83,155	\$ 83,155
Due from other funds	111,037	247,530	10,090	235,027	8,309	25,969	13,464	5,076	53,572	115,390	44,655	20,904	23,628	0	914,651
Total assets	<u>\$ 111,037</u>	<u>\$ 247,530</u>	<u>\$ 10,090</u>	<u>\$ 235,027</u>	<u>\$ 8,309</u>	<u>\$ 25,969</u>	<u>\$ 13,464</u>	<u>\$ 5,076</u>	<u>\$ 53,572</u>	<u>\$ 115,390</u>	<u>\$ 44,655</u>	<u>\$ 20,904</u>	<u>\$ 23,628</u>	<u>\$ 83,155</u>	<u>\$ 997,806</u>
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	25,969	13,464	5,076	53,572	115,390	44,655	20,904	23,628	62,069	364,727
Assigned	111,037	247,530	10,090	235,027	8,309	0	0	0	0	0	0	0	0	0	611,993
Total fund balances	<u>\$ 111,037</u>	<u>\$ 247,530</u>	<u>\$ 10,090</u>	<u>\$ 235,027</u>	<u>\$ 8,309</u>	<u>\$ 25,969</u>	<u>\$ 13,464</u>	<u>\$ 5,076</u>	<u>\$ 53,572</u>	<u>\$ 115,390</u>	<u>\$ 44,655</u>	<u>\$ 20,904</u>	<u>\$ 23,628</u>	<u>\$ 83,155</u>	<u>\$ 997,806</u>

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, 2022

	Capital Projects Funds					Special Revenue Funds										Total Non-Major Funds
	Admin. Capital	Equipment Reserve	Salt Shed Reserve	Fire Dept. Capital	Office Expansion	Planning Commission	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library	Cemetery		
REVENUES																
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,165	\$ 0	\$ 0	\$ 10,818	\$ 0	\$ 18,983	
Charges for services	0	0	0	0	0	0	0	0	8,152	0	0	13,393	0	0	21,545	
Donations	0	0	0	0	0	0	448	0	0	0	0	0	20,773	5,255	26,476	
Investment interest	19	39	1	40	2	4	3	1	10	21	9	0	0	30	179	
Total revenues	19	39	1	40	2	4	451	1	8,162	8,186	9	13,393	31,591	5,285	67,183	
EXPENDITURES																
General government	0	0	0	0	0	0	0	0	4,465	0	0	0	0	0	4,465	
Culture and recreation	0	0	0	0	0	0	0	0	0	0	155	13,508	116,180	0	129,843	
Health and welfare	0	0	0	0	0	0	0	0	0	0	0	0	0	7,436	7,436	
Total expenditures	0	0	0	0	0	0	0	0	4,465	0	155	13,508	116,180	7,436	141,744	
EXCESS REVENUES (EXPENDITURES)	19	39	1	40	2	4	451	1	3,697	8,186	(146)	(115)	(84,589)	(2,151)	(74,561)	
OTHER FINANCING SOURCES (USES)																
Transfer to General Fund	(3,740)	0	0	0	0	0	0	0	0	0	0	0	0	0	(3,740)	
Transfer from Highway Fund	0	54,300	5,000	0	0	0	0	0	0	0	0	0	0	0	59,300	
Transfer from General Fund	16,900	0	0	31,328	0	6,951	1,459	0	0	0	0	7,600	80,334	8,000	152,572	
Total other financing sources (uses)	13,160	54,300	5,000	31,328	0	6,951	1,459	0	0	0	0	7,600	80,334	8,000	208,132	
NET CHANGE IN FUND BALANCES	13,179	54,339	5,001	31,368	2	6,955	1,910	1	3,697	8,186	(146)	7,485	(4,255)	5,849	133,571	
FUND BALANCES - JULY 1, 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	
FUND BALANCES - JUNE 30, 2022	\$ 111,037	\$ 247,530	\$ 10,090	\$ 235,027	\$ 8,309	\$ 25,969	\$ 13,464	\$ 5,076	\$ 53,572	\$ 115,390	\$ 44,655	\$ 20,904	\$ 23,628	\$ 83,155	\$ 997,806	

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, 2022, and the related notes to the financial statements, which collectively comprise a portion of the Town's basic financial statements and have issued our report thereon dated December 8, 2022. We issued an adverse opinion due to management not presenting government-wide financial statements.

Report on 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

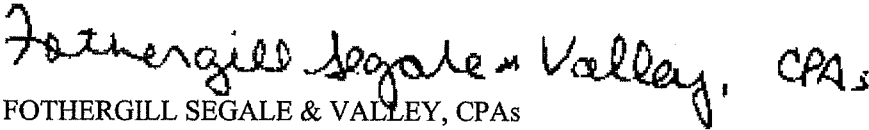
Report on Compliance and Other Matters

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,

A handwritten signature in black ink that reads "Fothergill Segale & Valley, CPAs". The signature is written in a cursive, flowing style.

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

December 8, 2022