

**TOWN OF WESTFORD VERMONT  
 AUDIT REPORT AND FINANCIAL STATEMENTS  
 JUNE 30, 2015  
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# FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



John E. (Jeff) Fothergill, CPA  
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Teresa H. Kajenski, CPA  
Donald J. Murray, CPA

## INDEPENDENT AUDITOR'S REPORT

Selectboard and Management  
Town of Westford, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westford, Vermont as of and for the year ended June 30, 2015, 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 accounting principles generally accepted in the United States of America; this includes 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 audit opinions.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Highway Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### Basis for Adverse Opinion on Governmental Activities

As discussed in Note 1 to the financial statements, management has not recorded capital assets in the governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated, which would impact the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

### Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Westford, Vermont, as of June 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Westford, Vermont, as of June 30, 2015, and the respective changes in financial position thereof and the respective budget comparison for the General Fund and the Highway Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 4-10 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. As a result of our limited procedures, we believe management’s discussion and analysis does not conform to Governmental Accounting Standards Board guidelines, since as discussed in the “Basis for Adverse Opinions on the Government-wide Financial Statements” paragraph, management has omitted general capital asset amounts necessary to complete the tables derived from the government-wide financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

### *Other 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 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 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 basic 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. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016, 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 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 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

January 14, 2016

TOWN OF WESTFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015

Our discussion and analysis of the Town of Westford, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements that begin with Exhibit A. This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives.

## **Financial Highlights**

### *Government-wide statements*

- As a result of this year's operations, the Town's net position increased by \$306,632, increasing from a net position deficit of \$24,585 to a balance of \$282,047 as of June 30, 2015.
- The total cost of all of the Town's programs was \$1,578,933.

### *Fund statements*

- The General Fund reported an increase in fund balance this year of \$25,340 which was better than budget by \$75,740.
- The fund balance for the General Fund was \$182,743 as of June 30, 2015 compared to a fund balance of \$157,403 as of June 30, 2014.
- The Highway Fund reported an increase in fund deficit of \$12,728, increasing the fund deficit from \$89,408 to \$102,136.
- The Non-Major Funds reported an increase in fund balance of \$77,376. The fund balance for the non-major funds increased from \$304,015 to \$381,391.

## **Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

### *Reporting the Town as a Whole*

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets (net of depreciation) and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

TOWN OF WESTFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015  
(Continued)

These two statements report the Town's net position and changes in them. You can think of the Town's net position – the difference between assets and liabilities – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

All of the Town's basic services are governmental activities, including the general administration. Property taxes, state and federal grants finance most of these activities.

*Reporting the Town's Most Significant Funds*

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town's Selectboard establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. Major funds in the Town fund statements are the General Fund, which contains most of the Town operations and the Conservation Fund. There is one category for these funds, as follows:

Governmental fund

The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and F.

*The Town as Agent*

All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Exhibit I. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The Town as a Whole (Government-Wide Financial Statement Analysis)**

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities. Comparative information will be presented in future years, when available.

TOWN OF WESTFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015  
(Continued)

The Town's combined net position increased by \$306,632 from a year ago – increasing from a net position deficit of \$24,585 to a balance of \$282,047. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position was \$523,841 at June 30, 2015. The Town has not recorded capital assets; therefore the amount invested in capital assets net of related debt is negative and equals the long-term debt outstanding on capital assets.

Table 1  
Net Position

	2015
Current and other assets	\$ 775,781
Total assets	775,781
Long-term liabilities	436,722
Other liabilities	57,012
Total liabilities	493,734
Net position:	
Invested in capital assets, net of debt	(429,333)
Restricted	187,539
Unrestricted	523,841
Total net position	\$ 282,047

Table 2  
Change in Net Position

	2015
REVENUES	
Program revenues:	
Charges for services	\$ 100,766
Operating grants and contributions	123,657
Capital grants and contributions	109,366
General revenues:	
Property taxes, related int. & pen.	1,487,749
General state grants	70,343
Investment interest	1,241
Other general revenues	5,192
Total revenues	1,898,314
PROGRAM EXPENSES	
General government	380,235
Highways and streets	757,607
Public safety	108,944
Health and welfare	17,732
Cultural and recreation	93,867
Solid waste and recycling	207,439
Interest on long-term debt	13,109
Total program expenses	1,578,933
Extraordinary items - net	(12,749)
Increase in net position	\$ 306,632

TOWN OF WESTFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015  
(Continued)

Table 3 presents the cost of each of the Town's programs – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services
	2015	2015
General government	\$ 380,235	\$ 286,056
Highways and streets	757,607	539,320
Public safety	108,944	104,393
Health services	17,732	17,732
Cultural and recreational	93,867	77,095
Solid waste and recycling	207,439	207,439
Interest on long-term debt	13,109	13,109
Totals	\$ 1,578,933	\$ 1,245,144

**The Town's Funds (*Fund Financial Statement Analysis*)**

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$461,998, which is above last year's total of \$372,010, an increase of approximately 24%.

Over the course of the year, the Selectboard compares year-to-date actual amounts of revenues and expenditures to the budget.

The General Fund ended the year with a fund balance of \$182,743. During fiscal year 2015, revenues exceeded expenditures and other financing uses by \$25,340, which was a favorable budget variance of \$75,340.

Exhibits G shows the comparison of actual to budget for the General Fund. The larger variances are as follows:

	Budget	Actual	Favorable (Unfavorable) Variance
General Fund			
Revenues			
Current use	\$ 50,000	\$ 70,343	\$ 20,343
Zoning fees and fines	200	25,829	25,629
Expenditures			
Unified Planning Work Program	0	11,436	(11,436)
Administration salary	62,799	71,827	(9,028)
Legal and professional	53,800	21,083	32,717
Covered bridge restoration	0	9,450	(9,450)

The reasons for these variances are as follows:

TOWN OF WESTFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015  
(Continued)

Zoning fees and fines exceeded expected revenue based on fines resulting from legal action.

Unified Planning Work Program matching funds were not included in this budget, but are offset by \$3,550 revenue in the current period.

Admin salary – primarily due to bookkeeper exceeding amounts originally planned because of extra work involved in changing from a manual to automated accrual accounting system.

Legal and professional was under due to timing of legal work and less services performed this year than anticipated.

Covered bridge restoration was voted by the Board due to unanticipated repair costs.

Exhibit H shows the comparison of actual to budget for the Highway Fund. The larger variances are as follows:

Highway Fund	Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Huntley Road culvert grant	\$ 0	\$ 109,366	\$ 109,366
December 2014 ice storm	0	13,794	13,794
Expenditures			
Salaries	165,376	196,180	(30,804)
Health insurance	24,000	14,956	9,044
Gravel - roads	130,000	60,766	69,234
Gravel - mud season	7,000	32,787	(25,787)
December 2014 ice storm	0	14,600	(14,600)
Guardrails and fences	0	9,875	(9,875)
Sand	70,000	50,113	19,887
Salt	8,500	20,645	(12,145)
Building maintenance and repairs	22,000	9,958	12,042
Capital outlay - Huntley Road culvert	0	113,849	(113,849)

The reasons for these variances are as follows:

Huntley Road culvert was not included in the original budget and has matching expenditures in the capital outlay section.

December ice storm was not anticipated.

Salaries were due to unanticipated winter overtime and learning curve for new road crew.

Health insurance – unanticipated retirement of two employees resulted in lower coverage costs.

Gravel – roads – approximately \$35,000 was reclassified to fiscal year 2014 because the Town received the material in June of 2014.

Gravel – mud season required more gravel required than anticipated, but was consistent with last year.

TOWN OF WESTFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015  
(Continued)

December ice storm was not anticipated and has matching revenues.

Guardrails and fences were voted by the Board for Cambridge Road.

Sand – used less than anticipated.

Salt – used more than anticipated due to a long winter maintenance season.

Building maintenance and repairs – did not complete work anticipated.

**Debt Administration**

At June 30, 2015, the Town had \$429,333 notes outstanding versus \$528,043 on June 30, 2014 – a decrease of \$98,710 – as shown in Table 4.

Table 4  
Outstanding Debt at Year-End

	2015	2014	Change
Peoples United Bank	\$ 129,530	\$ 161,912	\$ (32,382)
Peoples United Bank	60,000	80,000	(20,000)
Peoples United Bank	52,637	65,796	(13,159)
Peoples United Bank	75,600	100,800	(25,200)
Westford Historical Society	111,566	119,535	(7,969)
Totals	<u>\$ 429,333</u>	<u>\$ 528,043</u>	<u>\$ (98,710)</u>

**Economic Factors and Next Year's Budgets and Rates**

Many factors were considered when the Town's elected and appointed officials established the 2015-2016 budget for Town operations. Current known facts, decisions, or conditions that are expected to have a significant effect on financial net position or results of operations (revenues, expenses, etc.) in regards to the fiscal year 2016 budget are as follows:

The budget voted on by the voters is drafted beginning the Fall before Town Meeting.

The Selectboard meets with Town organizations (Rec Dept., Library, Fire Dept., Zoning, etc.) to hear their budget proposals. The organizations will highlight increases or decreases and explain special projects that affect the budget being presented.

Town Office staff generate reports for prior year expenses as well as expenses in the current fiscal year to date. Initially, revenue is calculated conservatively and expenses are calculated worst case scenario. These numbers are then analyzed to come up with a proposal to put forth to the Selectboard for their consideration. The Selectboard will further analyze the numbers to come to a reasonable budget to put forth to the voters. The Listers are consulted with regard to the upcoming Grand List. The Grand List number is very conservative and is based on building permits provided to the Listers from the Zoning Administrator. The estimated Grand List number is used to calculate a proposed tax rate.

TOWN OF WESTFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015  
(Continued)

Seymour Road bridge completion (\$600,000+ overall project): Final expenditures paid out in FY16. The Town is unsure if all FEMA and State reimbursement revenue will be received in FY16.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at Town of Westford, 1713 Vermont Route 128, Westford, Vermont.

TOWN OF WESTFORD, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

EXHIBIT A

	<u>Governmental Activities</u>	
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 480,034	
Delinquent taxes, interest and penalties receivable	82,149	
Due from State of Vermont	188,842	
Due from others	9,742	
Prepaid expenses	<u>15,014</u>	
Total assets		775,781
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	39,597	
Accrued payroll	3,220	
Prepaid property tax	3,730	
Due to Fiduciary Fund	2,754	
Accrued interest on notes payable	7,711	
Notes payable - due within one year	98,710	
Notes payable - due after one year	330,623	
Accrued compensated absences	<u>7,389</u>	
Total liabilities		<u>493,734</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	(429,333)	
Restricted	187,539	
Unrestricted	<u>523,841</u>	
Total net position		<u><u>\$ 282,047</u></u>

TOWN OF WESTFORD, VERMONT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenues and Change in Net Assets</u>
Governmental Activities:					
General Government	\$ 380,235	\$ 80,785	\$ 13,394	\$ 0	\$ (286,056)
Highways and Streets	757,607	2,940	105,981	109,366	(539,320)
Public Safety	108,944	4,551	0	0	(104,393)
Health and welfare	17,732	0	0	0	(17,732)
Culture and Recreation	93,867	12,490	4,282	0	(77,095)
Solid Waste and Recycling	207,439	0	0	0	(207,439)
Interest on long-term debt	13,109	0	0	0	(13,109)
Total governmental activities	<u>\$ 1,578,933</u>	<u>\$ 100,766</u>	<u>\$ 123,657</u>	<u>\$ 109,366</u>	<u>\$ (1,245,144)</u>
General Revenues:					
Property taxes, penalties and interest					1,487,749
State current use					70,343
Investment interest					1,241
Miscellaneous					5,192
Total general revenues					<u>1,564,525</u>
Change in net assets before extraordinary item					<u>319,381</u>
Extraordinary item					
Flood damage expenditures - Seymour Bridge					(102,003)
Flood damage reimbursements - Seymour Bridge					89,254
Total extraordinary item					<u>(12,749)</u>
Change in net position					306,632
Net position (deficit) - July 1, 2014					<u>(24,585)</u>
Net position - June 30, 2015					<u>\$ 282,047</u>

TOWN OF WESTFORD, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

EXHIBIT C

	Major Funds			Total Governmental Funds
	General Fund	Highway Fund	Non-Major Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 460,693	\$ 0	\$ 19,341	\$ 480,034
Accounts receivable	9,742	0	0	9,742
Property taxes receivable	82,149	0	0	82,149
Prepaid expenses	15,014	0	0	15,014
Due from other funds	0	0	362,050	362,050
Due from state of Vermont	0	188,842	0	188,842
	<u>0</u>	<u>188,842</u>	<u>0</u>	<u>188,842</u>
Total assets	<u>\$ 567,598</u>	<u>\$ 188,842</u>	<u>\$ 381,391</u>	<u>\$ 1,137,831</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 39,597	\$ 0	\$ 0	\$ 39,597
Accrued payroll	3,220	0	0	3,220
Prepaid property taxes	3,730	0	0	3,730
Due to Agency	2,754	0	0	2,754
Due to other funds	259,914	102,136	0	362,050
	<u>259,914</u>	<u>102,136</u>	<u>0</u>	<u>362,050</u>
Total liabilities	<u>309,215</u>	<u>102,136</u>	<u>0</u>	<u>411,351</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue, FEMA Seymour Bridge	0	188,842	0	188,842
Unavailable revenue, property taxes	75,640	0	0	75,640
Total deferred inflows of resources	<u>75,640</u>	<u>188,842</u>	<u>0</u>	<u>264,482</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable - Perpetual care	0	0	3,662	3,662
Nonspendable - Prepaid expenses	15,014	0	0	15,014
Restricted - Special Revenue Funds	0	0	183,877	183,877
Assigned - Capital Projects Funds	0	0	193,852	193,852
Assigned - Audit Expenses	25,065	0	0	25,065
Unassigned	142,664	(102,136)	0	40,528
	<u>142,664</u>	<u>(102,136)</u>	<u>0</u>	<u>40,528</u>
Total fund balances (deficit)	<u>182,743</u>	<u>(102,136)</u>	<u>381,391</u>	<u>461,998</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 567,598</u>	<u>\$ 188,842</u>	<u>\$ 381,391</u>	<u>\$ 1,137,831</u>

See Notes to Financial Statements.

TOWN OF WESTFORD, VERMONT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

EXHIBIT D

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	461,998
Amounts reported for governmental activities in the statement of net assets are different because:		
Unavailable grants receivable are recognized as earned on the accrual basis in the statement of net position, not the modified accrual basis.		188,842
Unavailable tax revenues are recognized as earned on the accrual basis in the statement of net assets, not the modified accrual basis.		75,640
Long-term liabilities, including notes payable, and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Accrued compensated absences		(7,389)
Accrued interest on notes payable		(7,711)
Notes payable		<u>(429,333)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u><u>282,047</u></u>

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICIT)  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

EXHIBIT E

	Major Funds		Non-Major Funds	Total Governmental Funds
	General Fund	Highway Fund		
<b>REVENUES</b>				
Property taxes, penalties and interest	\$ 739,166	\$ 735,070	\$ 0	\$ 1,474,236
Intergovernmental	74,894	215,347	9,810	300,051
Fees, fines, licenses, rents	72,485	2,940	20,790	96,215
Investment interest	496	0	745	1,241
Grants and donations	4,284	0	3,582	7,866
Miscellaneous	5,192	0	0	5,192
Total revenues	<u>896,517</u>	<u>953,357</u>	<u>34,927</u>	<u>1,884,801</u>
<b>EXPENDITURES</b>				
Current:				
General Government	375,682	0	6,588	382,270
Highways and Streets	0	625,544	0	625,544
Public Safety	108,944	0	0	108,944
Health and welfare	11,568	0	6,164	17,732
Culture and Recreation	14,550	0	78,836	93,386
Solid Waste and Recycling	207,439	0	0	207,439
Debt service principal	33,169	65,541	0	98,710
Debt service interest	6,788	7,940	0	14,728
Capital outlays	0	144,057	0	144,057
Total expenditures	<u>758,140</u>	<u>843,082</u>	<u>91,588</u>	<u>1,692,810</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>138,377</u>	<u>110,275</u>	<u>(56,661)</u>	<u>191,991</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	0	0	134,037	134,037
Transfers to other funds	(113,037)	(21,000)	0	(134,037)
Total other financing sources (uses)	<u>(113,037)</u>	<u>(21,000)</u>	<u>134,037</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT) BEFORE EXTRAORDINARY ITEM</b>	<u>25,340</u>	<u>89,275</u>	<u>77,376</u>	<u>191,991</u>
<b>EXTRAORDINARY ITEM</b>				
Flood damage expenditures - Seymour Bridge	0	(102,003)	0	(102,003)
Total extraordinary item	<u>0</u>	<u>(102,003)</u>	<u>0</u>	<u>(102,003)</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	25,340	(12,728)	77,376	89,988
<b>FUND BALANCES (DEFICIT) - JULY 1, 2014</b>	<u>157,403</u>	<u>(89,408)</u>	<u>304,015</u>	<u>372,010</u>
<b>FUND BALANCES (DEFICIT) - JUNE 30, 2015</b>	<u>\$ 182,743</u>	<u>\$ (102,136)</u>	<u>\$ 381,391</u>	<u>\$ 461,998</u>

TOWN OF WESTFORD, VERMONT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2015

EXHIBIT F

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	89,988
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Unavailable grant revenues are not recognized on the modified accrual basis, but are recognized on the accrual basis in the statement of net position.</p>		89,254
<p>Repayment of bond and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		98,710
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in interest reported in the statement of activities is because accrued interest on bonds and leases payable decreased by \$1,619.</p>		1,619
<p>In the statement of activities, termination benefits and compensated absences are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, termination benefits and compensated absences paid exceeded amounts earned by \$13,548.</p>		13,548
<p>Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis. The deferred property taxes increased by \$13,513.</p>		<u>13,513</u>
<p>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</p>	\$	<u><u>306,632</u></u>

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
JUNE 30, 2015

EXHIBIT G

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes			
Property taxes	\$ 736,628	\$ 723,586	\$ (13,042)
Delinquent tax penalties	0	5,379	5,379
Interest on delinquent taxes	7,700	10,201	2,501
Intergovernmental			
Current Use Tax Payment	50,000	70,343	20,343
State traffic fines	5,000	4,551	(449)
Grants	0	4,284	4,284
Licenses, fees, and fines			
Recording fees	13,200	12,685	(515)
Dog licenses and fines	3,350	3,961	611
Building permits	12,000	12,541	541
DRB permits	5,200	3,565	(1,635)
Access permits	0	465	465
Marriage Licenses	100	130	30
Auto registration fees	150	84	(66)
Excess weight permit	600	660	60
Vault/copier fees	3,000	2,851	(149)
Zoning fees and fines	200	25,829	25,629
School expense reimbursements	9,050	9,714	664
Interest earned	250	496	246
Miscellaneous	3,945	5,192	1,247
Total revenues	850,373	896,517	46,144
<b>EXPENDITURES</b>			
Current:			
General government			
Town Clerk and Treasurer			
Clerk salary	54,759	54,663	96
Treasurer salary	10,000	6,664	3,336
Dues	300	235	65
Education	2,625	420	2,205
Office supplies	1,586	460	1,126
Travel	2,000	1,757	243
Total town clerk and treasurer	71,270	64,199	7,071
Auditors and Delinquent Tax Collector			
Auditors salaries	2,355	2,552	(197)
Tax collector salary	0	5,960	(5,960)
Tax collector expense	200	104	96
Education	0	300	(300)
Total Auditors and delinquent tax collector	2,555	8,916	(6,361)
Zoning, DRB, and Planning Commission			
Salaries	66,420	62,840	3,580
Legal	9,700	3,907	5,793

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
JUNE 30, 2015

EXHIBIT G

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Digital map project	4,500	3,433	1,067
Conservation Commission	1,800	1,335	465
Education	300	180	120
Computer software	0	1,587	(1,587)
Travel	700	705	(5)
Legal and professional	5,000	0	5,000
Unified Planning Work Program grant expenses	0	11,436	(11,436)
Miscellaneous	600	1,540	(940)
Total zoning, DRB, and planning commission	89,020	86,963	2,057
<b>Listers</b>			
Lister salary	8,640	5,986	2,654
Membership dues	150	0	150
Tax mapping	3,500	4,675	(1,175)
Supplies and equipment	900	0	900
Computer software	250	454	(204)
Education	500	60	440
Travel	400	72	328
Total listers	14,340	11,247	3,093
<b>General Administration</b>			
Administration salary	62,799	71,827	(9,028)
Insurance - medical and disability	15,121	15,985	(864)
Insurance - property, workers comp, casualty	14,820	15,504	(684)
Pension	5,220	5,181	39
Office supplies and equipment	6,200	5,454	746
Legal and professional	53,800	21,083	32,717
Postage	5,500	3,524	1,976
Education	0	210	(210)
IT consultant	18,000	16,829	1,171
Printing	7,000	3,503	3,497
Generator maintenance	1,250	1,737	(487)
Street lights	2,500	1,916	584
Miscellaneous	1,200	4,712	(3,512)
Total general administration	193,410	167,465	25,945
<b>Town Office Building</b>			
Repairs & maintenance	3,000	3,559	(559)
Cleaning and landscaping	4,180	4,150	30
Electricity	2,000	2,391	(391)
Fuel Oil	2,000	1,104	896
Telephone	1,700	1,959	(259)
Water	700	713	(13)
Spiller lot	2,131	1,687	444
Total town office building	15,711	15,563	148
<b>BCA/Elections</b>			
BCA salaries	1,634	1,290	344
Ballots and supplies	4,000	3,970	30
Total BCA/Elections	5,634	5,260	374

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
JUNE 30, 2015

EXHIBIT G

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Dues and Assessments	16,813	16,069	744
Total general government	408,753	375,682	33,071
Public Safety:			
Law enforcement	34,885	35,884	(999)
Emergency services	22,201	21,945	256
Fire department	50,100	50,100	
Dog warden	1,500	1,015	485
Total public safety	108,686	108,944	(258)
Health and welfare			
Cemetery stipend	325	325	0
Brookside Cemetery	2,200	2,200	0
Pleasant View Cemetery	1,400	1,400	0
Visiting Nurses Association	6,243	6,243	0
Women Helping Battered Women	200	200	0
Women's Rape Crisis Center	200	200	0
Agency on Aging	1,000	1,000	0
Total health and welfare	11,568	11,568	0
Culture and recreation			
CHIPS	500	500	0
Brick meeting house	4,500	4,500	0
Covered bridge restoration	0	9,450	(9,450)
Miscellaneous	1,950	100	1,850
Total culture and recreation	6,950	14,550	(7,600)
Solid waste and recycling	207,210	207,439	(229)
Debt service			
Principal	33,169	33,169	0
Interest	6,000	6,788	(788)
Total debt service	39,169	39,957	(788)
Total expenditures	782,336	758,140	24,196
EXCESS REVENUES OVER EXPENDITURES	68,037	138,377	70,340
OTHER FINANCING SOURCES (USES)			
Transfer to other funds	(118,037)	(113,037)	5,000
Total other financing sources (uses)	(118,037)	(113,037)	5,000
NET CHANGE IN FUND BALANCE	\$ (50,000)	25,340	\$ 75,340
FUND BALANCE - JULY 1, 2014		157,403	
FUND BALANCE - JUNE 30, 2015		\$ 182,743	

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND DEFICIT  
BUDGET AND ACTUAL  
HIGHWAY FUND  
JUNE 30, 2015

EXHIBIT H

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes	\$ 735,070	\$ 735,070	\$ 0
Intergovernmental			
Transportation Aid	90,000	92,187	2,187
Huntley Road culvert grant	0	109,366	109,366
Dec 2014 Ice Storm	0	13,794	13,794
Charges for services	0	2,940	2,940
Total revenues	<u>825,070</u>	<u>953,357</u>	<u>128,287</u>
<b>EXPENDITURES</b>			
Current:			
Road maintenance and repairs			
Salaries	165,376	196,180	(30,804)
Payroll taxes	15,097	14,747	350
Health insurance	24,000	14,956	9,044
Dental insurance	1,260	1,153	107
Disability insurance	585	746	(161)
Vision insurance	320	304	16
Pension	5,252	4,645	607
Gravel - roads	130,000	60,766	69,234
December 2014 ice storm	0	14,600	(14,600)
Chloride	30,000	34,203	(4,203)
Culverts	10,000	3,807	6,193
Road fabric	2,500	0	2,500
Hot mix and cold patch	500	0	500
Guardrails and fences	0	9,875	(9,875)
Seed and mulch	500	98	402
Signs	2,000	3,336	(1,336)
Sand	70,000	50,113	19,887
Salt	8,500	20,645	(12,145)
Chains	1,000	4,910	(3,910)
Gravel - mud season	7,000	32,787	(25,787)
Blades	8,000	4,608	3,392
Tires	3,000	6,893	(3,893)
Equipment rental	500	0	500
Contracted services	11,000	11,200	(200)
Heavy equipment repairs and maintenance	25,500	26,579	(1,079)
Small equipment repairs and maintenance	2,000	610	1,390
Travel	800	165	635
Diesel fuel	45,000	51,147	(6,147)
Chloride tanks and pumps	0	588	(588)
Total road maintenance and repairs	<u>569,690</u>	<u>569,661</u>	<u>29</u>

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND DEFICIT  
BUDGET AND ACTUAL  
HIGHWAY FUND  
JUNE 30, 2015

EXHIBIT H

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Highway garage			
Supplies	5,000	10,574	(5,574)
Equipment	2,000	3,654	(1,654)
Communication equipment	1,000	286	714
Education workshops	0	1,700	(1,700)
Property and casualty insurance	21,180	21,643	(463)
IT service and software	1,000	0	1,000
Building maintenance and repairs	22,000	9,958	12,042
Electricity	3,000	3,665	(665)
Telephone	1,200	1,279	(79)
Water	600	648	(48)
Building improvements	1,500	0	1,500
Clothing allowance	0	786	(786)
Miscellaneous	500	1,690	(1,190)
Total highway garage	58,980	55,883	3,097
Debt service			
Principal	65,600	65,541	59
Interest	4,800	7,940	(3,140)
Total debt service	70,400	73,481	(3,081)
Capital outlays			
Brush Hog	30,000	30,208	(208)
Huntley Road culvert	0	113,849	(113,849)
Total capital outlays	30,000	144,057	(114,057)
Total expenditures	729,070	843,082	(114,012)
EXCESS REVENUES OVER EXPENDITURES	96,000	110,275	14,275
OTHER FINANCING SOURCES (USES)			
Transfer to Equipment Replacement Fund	(30,000)	(16,000)	14,000
Transfer to Salt Shed reserve	(5,000)	(5,000)	0
Total other financing sources (uses)	(35,000)	(21,000)	14,000
NET CHANGE IN FUND DEFICIT BEFORE EXTRAORDINARY ITEM	61,000	89,275	28,275
EXTRAORDINARY ITEM			
Flood damage revenues - Seymour Bridge	525,000	0	(525,000)
Flood damage expenditures - Seymour Bridge	(600,000)	(102,003)	497,997
Total extraordinary item	(75,000)	(102,003)	(27,003)
NET CHANGE IN FUND DEFICIT	\$ (14,000)	(12,728)	\$ 1,272
FUND DEFICIT - JULY 1, 2014		(89,408)	
FUND DEFICIT - JUNE 30, 2015		\$ (102,136)	

TOWN OF WESFORD, VERMONT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

EXHIBIT I

	<u>Agency Funds</u>
ASSETS	
Due from Town	<u>\$        2,754</u>
LIABILITIES	
Held for Farmers Market	<u>\$        2,754</u>

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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 prepared in accordance with generally accepted accounting principles (GAAP), except that the Town does not present capital asset balances or the related depreciation. The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

*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 – Government-Wide Statements*

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the Town's activities are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenue must be directly associated with the function (highway, public safety, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by governmental function) are normally covered by general revenue (property taxes, intergovernmental revenue, interest income, etc.).

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

*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 fund within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category type or the governmental and enterprise combined) for the determination of major funds. All other funds are nonmajor and are combined in a single column in each of the respective fund financial statements.

**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.

**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 the point at which revenue or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which they are levied. Other nonexchange revenue, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period. Property taxes and related revenues are considered available if collected within 60 days. All other revenue is considered available if collectible within five months. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and accrued compensated absences, which are recognized when due and payable.

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.

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

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and Cash Equivalents*

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

*Capital Assets*

The Town does not record capital asset activity and related depreciation on the governmental activities financial statements. Capital asset purchases are expensed directly to the most relevant function versus being depreciated over their useful lives as required by U.S. GAAP.

*Compensated Absences*

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Other types of leave are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements - Vested or accumulated vacation leave that has matured is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts.

*Deferred Inflows of Resources*

The Town's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). The Town will recognize the related revenues until a future event occurs. The Town has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than sixty days after the end of the Town's fiscal year for property taxes, and five months for all other revenues) under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, unavailable property taxes and Federal and State disaster funds for the Seymour Bridge are reported in the governmental funds balance sheet as a deferred inflow of resources.

*Government-wide Net Position*

Net position represents the difference between assets and liabilities in the statement of net position. Government-wide net position are divided into three components:

Investment in capital assets, net of related debt – represents the debt that remains outstanding that was used to finance capital assets. This amount is negative due to the Town not recording the cost of capital assets.

Restricted net position – consist of net assets that are restricted by enabling legislation, by grantors, and by other contributions.

Unrestricted net position – all other net assets are reported in this category.

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 accounting principles generally accepted in the United States of America 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, 2015, the Town's bank balance of \$580,749 was exposed to custodial credit risk as follows:

FDIC insured	\$ 50,971
Collateralized	529,778
Total bank balance	<u>\$ 580,749</u>

**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, 2015 are as follows:

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (Continued)**

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	\$ 0	\$ 273,914
Highway Fund	0	88,136
Non-major funds - Other governmental funds:		
Admin Capital Fund	42,938	0
Equipment Reserve Fund	53,861	0
Fire Department Capital Fund	72,194	0
Salt Shed Reserve Fund	15,025	0
Office Expansion Fund	9,834	0
Conservation Reserve Fund	13,882	0
Lister Education Fund	5,129	0
Records Restoration Fund	23,174	0
Reappraisal Fund	57,165	0
Common Fund	48,495	0
Recreation Department Fund	11,041	0
Library Fund	9,312	0
Total other governmental funds	362,050	0
Total all funds	\$ 362,050	\$ 362,050

**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, 2015, included budgeted transfers from the General Fund to the Admin Capital Fund of \$9,000, Fire Department Capital Fund \$30,000, Recreation Department \$5,000, Library Fund \$64,837 and \$4,200 to the Cemetery Fund. In addition, the Highway Fund transferred \$16,000 to the Equipment Reserve Fund and \$5,000 to the Salt Shed Reserve.

**NOTE 5 – DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources totaling \$264,482 are recorded on Exhibit C. This balance consists of \$188,842 in Federal and State disaster grants receivable, which are not considered available as the Town does not anticipate receiving the funds within five months of year-end, and \$75,640 in property taxes receivable, but not available as the Town did not collect this amount within 60-days of year-end.

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 6 - LONG-TERM DEBT**

Long-term debt at June 30, 2015 consisted of the following:

	Total	Due in one year
Note payable - Peoples United Bank, annual principal payments of \$32,382 plus interest at 2.5%, due August 5, 2018. For Western Star truck.	\$ 129,530	\$ 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.	60,000	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.	52,637	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.	75,600	25,200
Note payable - Westford Historical Society, annual principal payments of \$7,969, interest at 3.0%, due September 30, 2028. For Spiller house.	111,566	7,969
Total long-term debt	\$ 429,333	\$ 98,710

Changes in long-term debt were as follows:

Balance at July 1, 2014	\$ 528,043
Principal loan decreases	(98,710)
Balance at June 30, 2015	\$ 429,333

The total amount of interest paid on these long-term debts during fiscal year 2015 was \$14,728.

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

Fiscal Year	Principal	Interest	Total
June 30, 2016	\$ 98,710	\$ 11,672	\$ 110,382
June 30, 2017	98,710	9,048	107,758
June 30, 2018	98,710	6,425	105,135
June 30, 2019	53,511	3,801	57,312
June 30, 2020	7,969	2,391	10,360
June 30, 2021-2025	39,845	8,367	48,212
June 30, 2026-2030	31,878	2,391	34,269
	\$ 429,333	\$ 44,095	\$ 473,428

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 7 – NET POSITION AND FUND BALANCE CLASSIFICATIONS**

The restricted net position and restricted, assigned, and nonspendable fund balances as of June 30, 2015 consisted of the following:

	<u>Restricted Net Position</u>	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>	<u>Nonspendable Fund Balance</u>
General Fund	\$ 0	\$ 0	\$ 25,065	\$ 15,014
Nonmajor funds:				
Admin Capital Fund	0	0	42,938	0
Equipment Reserve Fund	0	0	53,861	0
Fire Department Capital Fund	0	0	72,194	0
Salt Shed Reserve Fund	0	0	15,025	0
Office Expansion Fund	0	0	9,834	0
Conservation Reserve Fund	13,882	13,882	0	0
Lister Education Fund	5,129	5,129	0	0
Records Restoration Fund	23,174	23,174	0	0
Reappraisal Fund	57,165	57,165	0	0
Common Fund	48,495	48,495	0	0
Recreation Department Fund	11,041	11,041	0	0
Library Fund	9,312	9,312	0	0
Cemetery Fund	19,341	15,679	0	3,662
	<u>\$ 187,539</u>	<u>\$ 183,877</u>	<u>\$ 218,917</u>	<u>\$ 18,676</u>

**NOTE 8 - PROPERTY TAXES**

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 2014/2015:

	<u>Residential</u>	<u>Non-residential</u>
General Fund	\$ 0.6353	\$ 0.6353
State Education Tax	1.4689	1.4700
	<u>\$ 2.1042</u>	<u>\$ 2.1053</u>

**NOTE 9 – 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 2015 was \$10,743.

**NOTE 10 - 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.

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 11 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2015, expenditures exceed appropriations in the Highway Fund by \$114,012. The excess expenditures were funded by use of excess revenues, primarily from State structures grant revenue.

**NOTE 12 - EXTRAORDINARY ITEM**

In May of 2013, the Town of Westford sustained major infrastructure damage as a result of severe storms and flooding. The Town is working with the State of Vermont to close out two FEMA projects relating to the bridge on Seymour Road. As of June 30, 2015, the Town had incurred approximately \$216,000 in costs, with \$102,000 spent in fiscal year 2015. Additional costs to complete the bridge were approximately \$430,000 and were completed in fiscal year 2016. No reimbursements have been received; however, total accounts receivable and related revenue of \$188,842 have been recognized in the government-wide financial statements. This amount is both a receivable and a deferred inflow in the governmental funds statements as the related revenue is not considered available.

**NOTE 13 – HIGHWAY FUND DEFICIT**

Beginning in fiscal year 2015, the Town separated highway activities from the General Fund and established the Highway Fund in the information system. The July 1, 2014 beginning balance in the Highway Fund was originally \$10,180, which represented cash the Town had set aside to complete a culvert project. In order to address the effects of prior year expenditures related to the Seymour Bridge project, which is being funded primarily by disaster grants, the beginning balance was reduced by \$99,588, resulting in a beginning fund deficit of \$89,408. As of June 30, 2015, a deficit of \$102,136 remains in the Highway Fund. The deficit will be eliminated in fiscal year 2016 when the project is complete and the related revenue is received.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

The Town has a contract with Vermont Connection Computer Services which requires monthly payments totaling \$15,950 per year through December 31, 2017. The Town has a contract with Gauthier Trucking Company through June 30, 2016 for trash and recycling services for \$196,649.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 14, 2016, the date which the financial statements were available for issue.

On October 22, 2015, the Selectboard approved borrowing \$575,000 from Merchant's bank for cash flow purposes to pay remaining costs associated with the Seymour Road bridge project and for paving. \$175,000 is due in six months and \$400,000 is due in one year.

TOWN OF WESTFORD, VERMONT  
 COMBINING AND INDIVIDUAL FUND STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 NON-MAJOR FUNDS  
 JUNE 30, 2015

	Capital Projects Funds					Special Revenue Funds							Total Non-Major Funds	
	Admin Capital Fund	Equipment Reserve	Fire Dept. Capital	Salt Shed Reserve	Office Expansion	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library		Cemetery
<b>ASSETS</b>														
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,341	\$ 19,341
Due from other funds	42,938	53,861	72,194	15,025	9,834	13,882	5,129	23,174	57,165	48,495	11,041	9,312	0	362,050
<b>Total assets</b>	<u>\$ 42,938</u>	<u>\$ 53,861</u>	<u>\$ 72,194</u>	<u>\$ 15,025</u>	<u>\$ 9,834</u>	<u>\$ 13,882</u>	<u>\$ 5,129</u>	<u>\$ 23,174</u>	<u>\$ 57,165</u>	<u>\$ 48,495</u>	<u>\$ 11,041</u>	<u>\$ 9,312</u>	<u>\$ 19,341</u>	<u>\$ 381,391</u>
<b>FUND BALANCES</b>														
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,662	\$ 3,662
Restricted	0	0	0	0	0	13,882	5,129	23,174	57,165	48,495	11,041	9,312	15,679	183,877
Assigned	42,938	53,861	72,194	15,025	9,834	0	0	0	0	0	0	0	0	193,852
<b>Total fund balances</b>	<u>\$ 42,938</u>	<u>\$ 53,861</u>	<u>\$ 72,194</u>	<u>\$ 15,025</u>	<u>\$ 9,834</u>	<u>\$ 13,882</u>	<u>\$ 5,129</u>	<u>\$ 23,174</u>	<u>\$ 57,165</u>	<u>\$ 48,495</u>	<u>\$ 11,041</u>	<u>\$ 9,312</u>	<u>\$ 19,341</u>	<u>\$ 381,391</u>

TOWN OF WESTFORD, VERMONT  
 COMBINING AND INDIVIDUAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR FUNDS  
 JUNE 30, 2015

	Capital Projects Funds					Special Revenue Funds							Total Non-Major Funds	
	Admin Capital Fund	Equipment Reserve	Fire Dept. Capital	Salt Shed Reserve	Office Expansion	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library		Cemetery
<b>REVENUES</b>														
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 392	\$ 0	\$ 8,718	\$ 0	\$ 0	\$ 700	\$ 0	\$ 9,810
Charges for services	0	0	0	0	0	0	0	8,300	0	0	12,490	0	0	20,790
Donations	0	0	0	0	0	200	0	0	0	200	500	2,682	0	3,582
Investment interest	84	98	118	25	23	39	14	51	116	113	0	0	64	745
Total revenues	84	98	118	25	23	239	406	8,351	8,834	313	12,990	3,382	64	34,927
<b>EXPENDITURES</b>														
General government	0	0	0	0	0	0	0	6,588	0	0	0	0	0	6,588
Culture and recreation	0	0	0	0	0	0	0	0	0	1,271	13,465	64,100	0	78,836
Health and welfare	0	0	0	0	0	0	0	0	0	0	0	0	6,164	6,164
Total expenditures	0	0	0	0	0	0	0	6,588	0	1,271	13,465	64,100	6,164	91,588
EXCESS REVENUES (EXPENDITURES)	84	98	118	25	23	239	406	1,763	8,834	(958)	(475)	(60,718)	(6,100)	(56,661)
<b>OTHER FINANCING SOURCES</b>														
Transfer from Highway Fund	0	16,000	0	5,000	0	0	0	0	0	0	0	0	0	21,000
Transfer from General Fund	9,000	0	30,000	0	0	0	0	0	0	0	5,000	64,837	4,200	113,037
Total other financing sources	9,000	16,000	30,000	5,000	0	0	0	0	0	0	5,000	64,837	4,200	134,037
NET CHANGE IN FUND BALANCES	9,084	16,098	30,118	5,025	23	239	406	1,763	8,834	(958)	4,525	4,119	(1,900)	77,376
FUND BALANCES - JULY 1, 2014	33,854	37,763	42,076	10,000	9,811	13,643	4,723	21,411	48,331	49,453	6,516	5,193	21,241	304,015
FUND BALANCES - JUNE 30, 2015	\$ 42,938	\$ 53,861	\$ 72,194	\$ 15,025	\$ 9,834	\$ 13,882	\$ 5,129	\$ 23,174	\$ 57,165	\$ 48,495	\$ 11,041	\$ 9,312	\$ 19,341	\$ 381,391

# FOTHERGILL SEGALE & VALLEY

*Certified Public Accountants*



John E. (Jeff) Fothergill, CPA  
Michael L. Segale, CPA  
Sheila R. Valley, CPA  
Teresa H. Kajenski, CPA  
Donald J. Murray, CPA

## 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westford, Vermont, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 14, 2016. We issued an adverse opinion on the governmental activities financial statements due to not including capital assets and the related depreciation. We issued unmodified opinions on each major fund and the aggregate remaining fund information.

### **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.

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. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency described in the accompanying schedule of findings and responses as 2015-1 and 2015-2 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as 2015-3 to be a significant deficiency.

### **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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

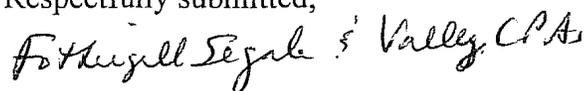
### **Town's Response to Findings**

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 SEGAL & VALLEY, CPAs  
Vermont Public Accountancy License #110  
Montpelier, Vermont

January 14, 2016

TOWN OF WESTFORD, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**INTERNAL CONTROL - MATERIAL WEAKNESSES**

*2015-1 Unrecorded Revenue and Related Receivables*

Material grant revenues were not recorded, or were not recorded in the appropriate period. In addition, no grants receivable balances were recorded in the accounting system. We also noted that some revenue transactions were accepted into the general ledger as cash transactions versus accounts receivable, which caused the cash balances to be incorrect. We proposed entries to correct the balances and record the activity in the proper period.

We recommend that the Town put procedures in place to track the financial status of grants, which should include an evaluation at year-end to achieve proper cut-off. We also recommend that the Town close the general ledger as soon as possible after year-end.

*2015-2 Unrecorded Accounts Payable Liabilities*

Material expenses recorded and paid in fiscal year 2015 were determined to be for highway materials received in fiscal year 2014. We proposed an adjusting entry to remove these expenses from 2014 and to correct the beginning fund balances.

We recommend that the Town put procedures in place to evaluate proper cut-off for invoices paid close to, and after year-end.

**INTERNAL CONTROL – SIGNIFICANT DEFICIENCY**

*2015-3 Local Agreement Tax Rates*

When setting the tax rate, the Town did not include the education portion of farm stabilization contracts. The amount was not material, however, management was not aware of how this rate was calculated, or that it was incorrect.

We recommend that the Town work with NEMRC to correct the parcel exemption setup, and that the tax levy be reconciled prior to setting the tax rates.

TOWN OF WESTFORD, VERMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**RESPONSES TO FINDINGS**

2015-1

Procedures will be put in place to track the financial status of grants to ensure accurate and timely revenue and accounts receivable.

2015-2

Procedures will be put in place to review proper cut-off of invoices to ensure expenses are recorded in the correct accounting period.

2015-3

Town employees responsible for setting and reconciling the tax rate will work with the software firm to ensure the farm stabilization rate is accurate and reconciled.