

**TOWN OF WESTFORD, VERMONT**  
**AUDIT REPORT AND FINANCIAL STATEMENTS**  
**JUNE 30, 2019**  
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# FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



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## INDEPENDENT AUDITOR'S REPORT

To the Selectboard and Management  
Town of Westford, Vermont

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of each major fund and the aggregate remaining fund information of the Town of Westford, Vermont as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Basis for Adverse Opinion on the Financial Statements as a Whole**

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

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Financial Statements as a Whole" paragraph, the financial statements referred to above do not present fairly the financial position of the Town of Westford, Vermont as of June 30, 2019, or the changes in financial position or the budget comparison for the General Fund and Highway Fund thereof for the year then ended in accordance with the modified cash basis of accounting.

## **Basis of Accounting**

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

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

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

The combining and individual non-major fund modified cash basis financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the matters discussed in

the Basis for Adverse Opinion on the Financial Statements as a Whole paragraph, we are not expressing an opinion on the supplementary schedules.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Respectfully submitted,

*Fothergill Segale & Valley, CPAs*

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

December 12, 2019

TOWN OF WESTFORD, VERMONT  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES (DEFICIT)  
MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

EXHIBIT A

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Highway Fund	Fire Dept. Capital		
<b>ASSETS</b>					
Cash and cash equivalents	\$777,966	\$ 0	\$ 0	\$ 48,195	\$ 826,161
Due from other funds	107,567	0	163,800	458,223	729,590
Total assets	<u>\$885,533</u>	<u>\$ 0</u>	<u>\$ 163,800</u>	<u>\$ 506,418</u>	<u>\$ 1,555,751</u>
<b>LIABILITIES</b>					
Due to Fiduciary Fund	\$ 2,008	\$ 0	\$ 0	\$ 0	\$ 2,008
Due to other funds	579,531	150,059	0	0	729,590
Total liabilities	<u>581,539</u>	<u>150,059</u>	<u>0</u>	<u>0</u>	<u>731,598</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable - Perpetual care	0	0	0	4,896	4,896
Restricted - Special Revenue Funds	0	0	0	270,796	270,796
Assigned - Capital Projects Funds	0	0	163,800	230,726	394,526
Assigned - Fiscal year 2020 tax rate	35,000	0	0	0	35,000
Unassigned	268,994	(150,059)	0	0	118,935
Total fund balances (deficit)	<u>303,994</u>	<u>(150,059)</u>	<u>163,800</u>	<u>506,418</u>	<u>824,153</u>
Total liabilities and fund balances (deficit)	<u>\$885,533</u>	<u>\$ 0</u>	<u>\$ 163,800</u>	<u>\$ 506,418</u>	<u>\$ 1,555,751</u>

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES (DEFICIT)  
MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

EXHIBIT B

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Highway Fund	Fire Dept. Capital		
<b>REVENUES</b>					
Property taxes, penalties and interest	\$ 842,834	\$ 799,287	\$ 0	\$ 0	\$ 1,642,121
Intergovernmental	89,364	190,584	0	9,251	289,199
Fees, fines, licenses, rents	60,346	0	0	7,506	67,852
Investment interest	1,155	0	485	15,556	17,196
Grants and donations	954	0	0	5,039	5,993
Miscellaneous	6,747	0	0	0	6,747
Total revenues	<u>1,001,400</u>	<u>989,871</u>	<u>485</u>	<u>37,352</u>	<u>2,029,108</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General Government	428,219	0	0	12,509	440,728
Highways and Streets	0	676,634	0	0	676,634
Public Safety	100,609	0	0	0	100,609
Health and welfare	9,893	0	0	16,162	26,055
Culture and Recreation	6,339	0	0	94,768	101,107
Solid Waste and Recycling	235,504	0	0	0	235,504
Debt service principal	169,218	124,874	0	0	294,092
Debt service interest	15,108	8,006	0	0	23,114
Capital outlays	0	23,975	0	0	23,975
Total expenditures	<u>964,890</u>	<u>833,489</u>	<u>0</u>	<u>123,439</u>	<u>1,921,818</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>36,510</u>	<u>156,382</u>	<u>485</u>	<u>(86,087)</u>	<u>107,290</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance proceeds	0	9,428	0	0	9,428
Proceeds from sales of Town property	131,750	0	0	0	131,750
Transfers from other funds	0	0	23,703	145,507	169,210
Transfers to other funds	(127,710)	(41,500)	0	0	(169,210)
Total other financing sources (uses)	<u>4,040</u>	<u>(32,072)</u>	<u>23,703</u>	<u>145,507</u>	<u>141,178</u>
<b>NET CHANGE IN FUND BALANCES</b>	40,550	124,310	24,188	59,420	248,468
<b>FUND BALANCES (DEFICIT) - JULY 1, 2018</b>	<u>263,444</u>	<u>(274,369)</u>	<u>139,612</u>	<u>446,998</u>	<u>575,685</u>
<b>FUND BALANCES (DEFICIT) - JUNE 30, 2019</b>	<u>\$ 303,994</u>	<u>\$ (150,059)</u>	<u>\$ 163,800</u>	<u>\$ 506,418</u>	<u>\$ 824,153</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, 2019

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes			
Property taxes	\$814,669	\$ 832,998	\$ 18,329
Interest and penalties on delinquent taxes	12,500	9,836	(2,664)
Intergovernmental			
Current Use	75,000	81,327	6,327
State traffic fines	3,500	8,037	4,537
Grants	0	954	954
Licenses, fees, and fines			
Recording fees	12,000	11,324	(676)
Dog licenses and fines	3,300	3,318	18
Access permits	100	255	155
Marriage licenses	100	120	20
Excess weight permit	600	825	225
Vault/copier fees	3,000	3,543	543
Building permits	12,000	31,524	19,524
Planning and zoning charges	3,200	7,085	3,885
School expense reimbursements	2,000	2,352	352
Interest earned	550	1,155	605
Miscellaneous	1,350	6,747	5,397
Total revenues	943,869	1,001,400	57,531
<b>EXPENDITURES</b>			
Current:			
General government			
Town Clerk and Treasurer			
Clerk salary	54,485	57,876	(3,391)
Treasurer salary	11,258	11,258	0
Dues	300	270	30
Education	900	650	250
Office supplies	2,500	634	1,866
Travel	1,800	1,437	363
Total town clerk and treasurer	71,243	72,125	(882)
Auditors and Delinquent Tax Collector			
Independent audit	10,000	9,500	500
Tax collector salary	4,500	5,278	(778)
Tax collector expense	125	106	19
Education	100	0	100
Total auditors and delinquent tax collector	14,725	14,884	(159)
Zoning, DRB, and Planning Commission			
Salaries	75,646	72,593	3,053
Legal and professional	6,400	862	5,538
Planning maps	500	161	339
Education	700	265	435
Computer	1,500	1,733	(233)
Travel	700	795	(95)
Miscellaneous	100	54	46
Total zoning, DRB, and planning commission	85,546	76,463	9,083

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, 2019

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>Listers</b>			
Lister salary	7,200	6,343	857
Tax mapping	5,000	4,042	958
Supplies and equipment	200	0	200
Computer and software	500	215	285
Education	100	100	0
Travel	100	77	23
Total listers	<u>13,100</u>	<u>10,777</u>	<u>2,323</u>
<b>General Administration</b>			
Administration salary	70,317	67,767	2,550
Insurance - medical and disability	23,681	20,746	2,935
Insurance - property, workers comp, casualty	21,525	18,791	2,734
Pension	6,338	5,833	505
Payroll taxes	16,637	16,680	(43)
Office supplies and equipment	7,000	7,211	(211)
Legal and professional	25,500	41,027	(15,527)
Postage	4,300	3,138	1,162
Education	200	518	(318)
IT consultant	18,500	25,505	(7,005)
Printing	4,900	4,300	600
Generator maintenance	1,600	3,090	(1,490)
Street lights	1,870	1,527	343
Miscellaneous	0	401	(401)
Total general administration	<u>202,368</u>	<u>216,534</u>	<u>(14,166)</u>
<b>Town Office Building</b>			
Repairs & maintenance	8,000	6,740	1,260
Cleaning and landscaping	5,600	3,235	2,365
Electricity	3,000	2,900	100
Fuel Oil	1,000	1,047	(47)
Telephone	2,000	2,222	(222)
Water	700	659	41
Total town office building	<u>20,300</u>	<u>16,803</u>	<u>3,497</u>
<b>BCA/Elections</b>			
BCA salaries	800	870	(70)
Ballots and supplies	3,220	2,645	575
Total BCA/Elections	<u>4,020</u>	<u>3,515</u>	<u>505</u>
<b>Dues and Assessments</b>			
	<u>18,117</u>	<u>17,118</u>	<u>999</u>
Total general government	<u>429,419</u>	<u>428,219</u>	<u>1,200</u>
<b>Public Safety</b>			
Law enforcement	23,794	23,433	361
Emergency services	26,482	26,385	97
Fire department	50,100	50,100	0
Dog warden	900	691	209
Total public safety	<u>101,276</u>	<u>100,609</u>	<u>667</u>
<b>Health and welfare</b>			
Health Officer stipend	350	350	0
Cemetery stipend	350	350	0
Pleasant View Cemetery	1,500	1,500	0
Visiting Nurses Association	6,243	6,243	0
Women Helping Battered Women	250	250	0
Women's Rape Crisis Center	200	200	0
Agency on Aging	1,000	1,000	0
Total health and welfare	<u>9,893</u>	<u>9,893</u>	<u>0</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, 2019

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Culture and recreation			
CHIPS	500	500	0
Brick meeting house	4,500	4,500	0
Miscellaneous	2,905	1,339	1,566
Total culture and recreation	7,905	6,339	1,566
Solid waste and recycling	227,500	235,504	(8,004)
Debt service			
Principal	86,453	169,218	(82,765)
Interest	14,149	15,108	(959)
Total debt service	100,602	184,326	(83,724)
Total expenditures	876,595	964,890	(88,295)
EXCESS REVENUES (EXPENDITURES)	67,274	36,510	(30,764)
OTHER FINANCING SOURCES (USES)			
Proceeds from sales of Town property	0	131,750	131,750
Transfer to Fire Dept. Capital Fund	(23,706)	(23,703)	3
Transfer to Library Fund	(72,068)	(72,068)	0
Transfer to Admin. Capital Fund	(2,600)	(2,600)	0
Transfer to Recreation Department Fund	(5,000)	(5,000)	0
Transfer to Conservation Reserve Fund	(3,600)	(3,600)	0
Transfer to Planning Commission Fund	(8,000)	(8,439)	(439)
Transfer to Cemetery Fund	(12,300)	(12,300)	0
Total other financing sources (uses)	(127,274)	4,040	131,314
NET CHANGE IN FUND BALANCE	\$(60,000)	40,550	\$ 100,550
FUND BALANCE - JULY 1, 2018		263,444	
FUND BALANCE - JUNE 30, 2019		\$ 303,994	

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND DEFICIT  
BUDGET AND ACTUAL - MODIFIED CASH BASIS  
HIGHWAY FUND  
YEAR ENDED JUNE 30, 2019

EXHIBIT D

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Property taxes	\$799,237	\$ 799,287	\$ 50
Intergovernmental			
Transportation Aid	92,000	91,948	(52)
Better Roads grants	0	79,916	79,916
Highway projects grant	0	9,200	9,200
Other grants	0	9,520	9,520
Charges for services	5,000	0	(5,000)
Total revenues	<u>896,237</u>	<u>989,871</u>	<u>93,634</u>
<b>EXPENDITURES</b>			
Current:			
Road maintenance and repairs			
Salaries	187,817	173,913	13,904
Payroll taxes	14,766	13,268	1,498
Health insurance	25,190	18,414	6,776
Dental insurance	1,260	1,079	181
Disability insurance	1,000	728	272
Vision insurance	330	281	49
Pension	5,791	4,968	823
Gravel - roads	80,000	44,276	35,724
Town ditching	60,000	3,038	56,962
Chloride	35,000	32,885	2,115
Culverts	7,000	416	6,584
Road fabric	2,500	0	2,500
Hot mix & cold patch	500	167	333
Guardrails and fences	1,500	0	1,500
Seed and mulch	2,500	1,003	1,497
Signs	2,000	2,106	(106)
Sand	70,000	111,686	(41,686)
Salt	20,000	19,637	363
Chains	1,000	2,925	(1,925)
Gravel - mud season	30,000	27,773	2,227
Blades	5,000	1,026	3,974
Tires	5,000	5,377	(377)
Equipment rental	1,500	165	1,335
Contracted services	9,000	51,542	(42,542)
High priority road project	0	3,095	(3,095)
Heavy equipment repairs and maintenance	57,000	35,263	21,737
Small equipment repairs and maintenance	1,500	660	840
Travel	800	154	646
Diesel fuel	45,000	41,044	3,956
Chloride tanks and pumps	2,000	960	1,040
Total road maintenance and repairs	<u>674,954</u>	<u>597,849</u>	<u>77,105</u>

TOWN OF WESTFORD, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND DEFICIT  
BUDGET AND ACTUAL - MODIFIED CASH BASIS  
HIGHWAY FUND  
YEAR ENDED JUNE 30, 2019

EXHIBIT D

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Highway garage			
Supplies	6,000	3,926	2,074
Equipment	2,500	7,977	(5,477)
Communication equipment	800	0	800
Education workshops	1,000	0	1,000
Property and casualty insurance	33,100	31,899	1,201
Fire and security	0	10,232	(10,232)
IT service and software	500	0	500
Building maintenance and repairs	4,000	1,726	2,274
Electricity	3,500	4,161	(661)
Telephone	2,000	2,750	(750)
Water	600	226	374
Building improvements	8,000	2,803	5,197
Clothing allowance	2,000	1,014	986
Miscellaneous	2,000	12,071	(10,071)
Total highway garage	66,000	78,785	(12,785)
Debt service			
Principal	124,876	124,874	2
Interest	8,907	8,006	901
Total debt service	133,783	132,880	903
Capital outlays			
New trailer	0	23,975	(23,975)
Total capital outlays	0	23,975	(23,975)
Total expenditures	874,737	833,489	41,248
EXCESS REVENUES (EXPENDITURES)	21,500	156,382	134,882
OTHER FINANCING SOURCES (USES)			
Insurance proceeds	0	9,428	9,428
Transfer from Equipment Reserve Fund	20,000	0	(20,000)
Transfer to Equipment Reserve Fund	(36,500)	(36,500)	0
Transfer to Salt Shed Reserve Fund	(5,000)	(5,000)	0
Total other financing sources (uses)	(21,500)	(32,072)	(10,572)
NET CHANGE IN FUND DEFICIT	\$ 0	124,310	\$ 124,310
FUND DEFICIT - JULY 1, 2018		(274,369)	
FUND DEFICIT - JUNE 30, 2019		\$(150,059)	

TOWN OF WESTFORD, VERMONT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2019

EXHIBIT E

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

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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, Highway Fund, and the Fire Department Capital 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.

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

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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

**Fiduciary Funds:**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency).

*Basis of Accounting*

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

*Fund Equity*

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

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**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, 2019, the Town's bank balance of \$862,413 was exposed to custodial credit risk as follows:

FDIC insured	\$ 349,142
Collateralized by securities held by pledging financial institution	513,271
Total bank balance	<u>\$ 862,413</u>

TOWN OF WESTFORD, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

**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, 2019 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 107,567	\$ 579,531
Highway Fund	0	150,059
Fire Department Capital Fund	<u>163,800</u>	<u>0</u>
Total major governmental funds	<u>271,367</u>	<u>729,590</u>
Non-major funds - Other governmental funds:		
Admin Capital Fund	73,780	0
Equipment Reserve Fund	132,550	0
Salt Shed Reserve Fund	15,295	0
Office Expansion Fund	9,101	0
Planning Commission Fund	5,621	0
Conservation Reserve Fund	11,346	0
Lister Education Fund	5,056	0
Records Restoration Fund	37,184	0
Reappraisal Fund	90,557	0
Common Fund	44,922	0
Recreation Department Fund	13,953	0
Library Fund	<u>18,858</u>	<u>0</u>
Total other governmental funds	<u>458,223</u>	<u>0</u>
Total all funds	<u>\$ 729,590</u>	<u>\$ 729,590</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, 2019, included budgeted transfers from the General Fund to the Fire Department Capital Fund \$23,703, Recreation Department Fund \$5,000, Library Fund \$72,068, Administration Capital Fund \$2,600, Conservation Reserve Fund \$3,600, Planning Commission Fund \$8,439, and Cemetery Fund \$12,300. The Highway Fund transferred \$36,500 to the Equipment Reserve Fund and \$5,000 to the Salt Shed Reserve Fund.



TOWN OF WESTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 5 - LONG-TERM LIABILITIES**

Long-term liabilities at June 30, 2019 consisted of the following:

	Total	Due in one year
Long-term debt		
Note payable - Community Bank, NA, annual payment of \$24,362 plus interest at 3.2%, due September 7, 2027. For Pumper Truck.	\$ 219,259	\$ 24,362
Note payable - Community Bank, NA, annual payments of \$32,900 plus interest at 2.25%, due September 8, 2022. For Western Star Truck.	131,600	32,900
Note payable - Community Bank, NA, annual payments of \$28,900 plus interest at 2.4%, due December 12, 2022. For Jackson Forest Land.	87,304	28,900
Note payable - Peoples United Bank, annual principal payments of \$19,000 plus interest at 1.75%, due August 28, 2020. For John Deere loader.	38,000	19,000
Note payable - Peoples United Bank, annual principal payments of \$27,433, interest at 1.95%, due July 8, 2021. For Western Star Truck.	82,300	27,433
Total long-term debt	\$ 558,463	\$ 132,595

Changes in long-term liabilities are as follows:

	July 1, 2018 Balance	Principal Payments	June 30, 2019 Balance
Notes payable	\$ 852,555	\$ (294,092)	\$ 558,463

The total amount of interest paid on these long-term debts during fiscal year 2019 was \$23,114.

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

Fiscal Year	Principal	Interest	Total
June 30, 2020	\$132,595	\$ 14,869	\$147,464
June 30, 2021	132,595	11,675	144,270
June 30, 2022	113,596	8,455	122,051
June 30, 2023	57,866	5,571	63,437
June 30, 2024	24,362	3,898	28,260
June 30, 2025-2029	97,449	7,796	105,245
	\$558,463	\$ 52,264	\$610,727

TOWN OF WESTFORD, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

**NOTE 6 - FUND BALANCE CLASSIFICATIONS**

The restricted, assigned, and nonspendable fund balances as of June 30, 2019 consisted of the following:

	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>	<u>Nonspendable Fund Balance</u>
General Fund	\$ 0	\$ 35,000	\$ 0
Fire Department Capital Fund	0	163,800	0
Nonmajor funds:			
Administration Capital Fund	0	73,780	0
Equipment Reserve Fund	0	132,550	0
Salt Shed Reserve Fund	0	15,295	0
Office Expansion Fund	0	9,101	0
Planning Commission Fund	5,621	0	0
Conservation Reserve Fund	11,346	0	0
Lister Education Fund	5,056	0	0
Records Restoration Fund	37,184	0	0
Reappraisal Fund	90,557	0	0
Common Fund	44,922	0	0
Recreation Department Fund	13,953	0	0
Library Fund	18,858	0	0
Cemetery Fund	43,299	0	4,896
	<u>\$ 270,796</u>	<u>\$ 429,526</u>	<u>\$ 4,896</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 2018/2019:

	<u>Residential</u>	<u>Non-residential</u>
General Fund	\$ 0.3458	\$ 0.3458
Highway Fund	0.3332	0.3332
State Education Tax	1.4934	1.6081
	<u>\$ 2.1724</u>	<u>\$ 2.2871</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, 2019

**NOTE 7 - PROPERTY TAXES AND ABATEMENTS (continued)**

tax bills, which results in a reduction of property tax revenue to the Town. For fiscal year 2019, the amount of Town property taxes foregone as a result of the Current Use Program was approximately \$85,300. 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 2019 was \$11,880, and was 2018 was \$11,793.

**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 – HIGHWAY FUND DEFICIT**

As of June 30, 2019, a deficit of \$150,059 remains in the Highway Fund. The deficit will be incorporated into the fiscal year 2020 tax rate.

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

For the year ended June 30, 2019, expenditures exceeded appropriation in the General Fund by \$88,295. The excess expenditures were funded by excess revenue.

**NOTE 12 – 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, 2019 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.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 12, 2019, the date which the financial statements were available for issue. On July 31, 2019, the Town secured financing in the amount of \$162,711 from Community Bank, N.A. to purchase highway equipment. The interest rate being charged is 2.5%.

TOWN OF WESTFORD, VERMONT  
 COMBINING AND INDIVIDUAL FUND SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES  
 MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019

	Capital Projects Funds				Special Revenue Funds								Total Non-Major Funds	
	Admin. Capital	Equipment Reserve	Salt Shed Reserve	Office Expansion	Planning Commission	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	\$ 48,195	\$ 48,195
Due from other funds	73,780	132,550	15,295	9,101	5,621	11,346	5,056	37,184	90,557	44,922	13,953	18,858	0	458,223
Total assets	<u>\$ 73,780</u>	<u>\$ 132,550</u>	<u>\$ 15,295</u>	<u>\$ 9,101</u>	<u>\$ 5,621</u>	<u>\$ 11,346</u>	<u>\$ 5,056</u>	<u>\$ 37,184</u>	<u>\$ 90,557</u>	<u>\$ 44,922</u>	<u>\$ 13,953</u>	<u>\$ 18,858</u>	<u>\$ 48,195</u>	<u>\$ 506,418</u>
<b>FUND BALANCES</b>														
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,896	\$ 4,896
Restricted	0	0	0	0	5,621	11,346	5,056	37,184	90,557	44,922	13,953	18,858	43,299	270,796
Assigned	73,780	132,550	15,295	9,101	0	0	0	0	0	0	0	0	0	230,726
Total fund balances	<u>\$ 73,780</u>	<u>\$ 132,550</u>	<u>\$ 15,295</u>	<u>\$ 9,101</u>	<u>\$ 5,621</u>	<u>\$ 11,346</u>	<u>\$ 5,056</u>	<u>\$ 37,184</u>	<u>\$ 90,557</u>	<u>\$ 44,922</u>	<u>\$ 13,953</u>	<u>\$ 18,858</u>	<u>\$ 48,195</u>	<u>\$ 506,418</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, 2019

	Capital Projects Funds				Special Revenue Funds								Total Non-Major Funds	
	Admin. Capital	Equipment Reserve	Salt Shed Reserve	Office Expansion	Planning Commission	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library		Cemetery
<b>REVENUES</b>														
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,109	\$ 0	\$ 0	\$ 1,142	\$ 0	\$ 9,251
Charges for services	0	0	0	0	0	0	0	7,506	0	0	0	0	0	7,506
Donations	0	0	0	0	0	0	0	0	0	0	1,359	3,680	0	5,039
Investment interest	248	357	54	33	7	31	17	120	282	157	13,873	0	377	15,556
<b>Total revenues</b>	<b>248</b>	<b>357</b>	<b>54</b>	<b>33</b>	<b>7</b>	<b>31</b>	<b>17</b>	<b>7,626</b>	<b>8,391</b>	<b>157</b>	<b>13,873</b>	<b>2,501</b>	<b>4,057</b>	<b>37,352</b>
<b>EXPENDITURES</b>														
General government	4,925	0	0	853	0	2,566	0	4,165	0	0	0	0	0	12,509
Culture and recreation	0	0	0	0	7,106	0	0	0	0	2,428	13,860	71,374	0	94,768
Health and welfare	0	0	4,918	0	0	0	0	0	0	0	0	0	11,244	16,162
<b>Total expenditures</b>	<b>4,925</b>	<b>0</b>	<b>4,918</b>	<b>853</b>	<b>7,106</b>	<b>2,566</b>	<b>0</b>	<b>4,165</b>	<b>0</b>	<b>2,428</b>	<b>13,860</b>	<b>71,374</b>	<b>11,244</b>	<b>123,439</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(4,677)</b>	<b>357</b>	<b>(4,864)</b>	<b>(820)</b>	<b>(7,099)</b>	<b>(2,535)</b>	<b>17</b>	<b>3,461</b>	<b>8,391</b>	<b>(2,271)</b>	<b>13</b>	<b>(68,873)</b>	<b>(7,187)</b>	<b>(86,087)</b>
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfer from Highway Fund	0	36,500	5,000	0	0	0	0	0	0	0	0	0	0	41,500
Transfer from General Fund	2,600	0	0	0	8,439	3,600	0	0	0	0	5,000	72,068	12,300	104,007
<b>Total other financing sources (uses)</b>	<b>2,600</b>	<b>36,500</b>	<b>5,000</b>	<b>0</b>	<b>8,439</b>	<b>3,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>72,068</b>	<b>12,300</b>	<b>145,507</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,077)</b>	<b>36,857</b>	<b>136</b>	<b>(820)</b>	<b>1,340</b>	<b>1,065</b>	<b>17</b>	<b>3,461</b>	<b>8,391</b>	<b>(2,271)</b>	<b>5,013</b>	<b>3,195</b>	<b>5,113</b>	<b>59,420</b>
<b>FUND BALANCES - JULY 1, 2018</b>	<b>75,857</b>	<b>95,693</b>	<b>15,159</b>	<b>9,921</b>	<b>4,281</b>	<b>10,281</b>	<b>5,039</b>	<b>33,723</b>	<b>82,166</b>	<b>47,193</b>	<b>8,940</b>	<b>15,663</b>	<b>43,082</b>	<b>446,998</b>
<b>FUND BALANCES - JUNE 30, 2019</b>	<b>\$ 73,780</b>	<b>\$ 132,550</b>	<b>\$ 15,295</b>	<b>\$ 9,101</b>	<b>\$ 5,621</b>	<b>\$ 11,346</b>	<b>\$ 5,056</b>	<b>\$ 37,184</b>	<b>\$ 90,557</b>	<b>\$ 44,922</b>	<b>\$ 13,953</b>	<b>\$ 18,858</b>	<b>\$ 48,195</b>	<b>\$ 506,418</b>

# 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 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 12, 2019. We expressed an adverse opinion on the Town's financial statements due to not presenting government-wide financial statements.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

*Fothergill Segale & Valley, CPAs*

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Vermont Public Accountancy License #110  
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December 12, 2019