

TOWN OF WESTFORD, VERMONT
AUDIT REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2020
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FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

To the Selectboard and Management
Town of Westford, Vermont

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of each major fund and the aggregate remaining fund information of the Town of Westford, Vermont as of and for the year ended June 30, 2020, 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. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from transactions for the Town's governmental activities have not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Financial Statements as a Whole" paragraph, the financial statements referred to above do not present fairly the financial position of the Town of Westford, Vermont as of June 30, 2020, or the changes in financial position or the budget comparison for the General Fund and Highway Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

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

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund modified cash basis financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the matters discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole paragraph, we are not expressing an opinion on the supplementary schedules.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

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

January 29, 2021

TOWN OF WESTFORD, VERMONT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2020

EXHIBIT A

	Major Funds		Non-Major Funds	Total Governmental Funds
	General Fund	Highway Fund		
ASSETS				
Cash and cash equivalents	\$ 941,319	\$ 0	\$ 74,335	\$ 1,015,654
Due from other funds	107,503	0	649,397	756,900
Total assets	<u>\$ 1,048,822</u>	<u>\$ 0</u>	<u>\$ 723,732</u>	<u>\$ 1,772,554</u>
LIABILITIES				
Due to Fiduciary Fund	\$ 2,008	\$ 0	\$ 0	\$ 2,008
Due to State of Vermont	1,376	0	0	1,376
Prepaid taxes	6,085	0	0	6,085
Due to other funds	756,900	0	0	756,900
Total liabilities	<u>766,369</u>	<u>0</u>	<u>0</u>	<u>766,369</u>
FUND BALANCES				
Nonspendable - Perpetual care	0	0	21,086	21,086
Restricted - Special Revenue Funds	0	0	296,299	296,299
Assigned - Capital Projects Funds	0	0	406,347	406,347
Assigned - Fiscal year 2021 tax rate	50,000	0	0	50,000
Unassigned	232,453	0	0	232,453
Total fund balances	<u>282,453</u>	<u>0</u>	<u>723,732</u>	<u>1,006,185</u>
Total liabilities and fund balances	<u>\$ 1,048,822</u>	<u>\$ 0</u>	<u>\$ 723,732</u>	<u>\$ 1,772,554</u>

TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES (DEFICIT)
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

EXHIBIT B

	Major Funds			Total Governmental Funds
	General Fund	Highway Fund	Non-Major Funds	
REVENUES				
Property taxes, penalties and interest	\$ 877,514	\$ 830,867	\$ 0	\$ 1,708,381
Intergovernmental	88,708	126,791	8,533	224,032
Fees, fines, licenses, rents	61,054	0	17,259	78,313
Investment interest	1,423	0	2,298	3,721
Grants and donations	958	0	25,552	26,510
Miscellaneous	7,453	1,565	0	9,018
Total revenues	<u>1,037,110</u>	<u>959,223</u>	<u>53,642</u>	<u>2,049,975</u>
EXPENDITURES				
Current:				
General Government	402,259	0	5,345	407,604
Highways and Streets	0	781,908	0	781,908
Public Safety	103,594	0	0	103,594
Health and welfare	9,868	0	4,216	14,084
Culture and Recreation	8,352	0	94,157	102,509
Solid Waste and Recycling	258,161	0	0	258,161
Debt service principal	53,262	178,033	0	231,295
Debt service interest	9,342	5,103	0	14,445
Capital outlays	0	173,604	6,000	179,604
Total expenditures	<u>844,838</u>	<u>1,138,648</u>	<u>109,718</u>	<u>2,093,204</u>
EXCESS REVENUES (EXPENDITURES)	<u>192,272</u>	<u>(179,425)</u>	<u>(56,076)</u>	<u>(43,229)</u>
OTHER FINANCING SOURCES (USES)				
Litigation proceeds	15,200	0	0	15,200
Loan proceeds	0	210,061	0	210,061
Transfers from other funds	0	173,973	173,840	347,813
Transfers to other funds	(229,013)	(54,550)	(64,250)	(347,813)
Total other financing sources (uses)	<u>(213,813)</u>	<u>329,484</u>	<u>109,590</u>	<u>225,261</u>
NET CHANGE IN FUND BALANCES	(21,541)	150,059	53,514	182,032
FUND BALANCES (DEFICIT) - JULY 1, 2019	<u>303,994</u>	<u>(150,059)</u>	<u>670,218</u>	<u>824,153</u>
FUND BALANCES - JUNE 30, 2020	<u>\$ 282,453</u>	<u>\$ 0</u>	<u>\$ 723,732</u>	<u>\$ 1,006,185</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, 2020

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes			
Property taxes	\$ 864,335	\$ 867,008	\$ 2,673
Interest and penalties on delinquent taxes	15,000	10,506	(4,494)
Intergovernmental			
Current Use	78,000	84,389	6,389
State traffic fines	3,500	4,319	819
Grants	0	958	958
Licenses, fees, and fines			
Recording fees	12,000	29,034	17,034
Dog licenses and fines	3,400	1,801	(1,599)
Access permits	100	255	155
Marriage licenses	100	20	(80)
Excess weight permit	650	765	115
Vault/copier fees	3,000	3,381	381
Building permits	14,000	22,372	8,372
Planning and zoning charges	2,500	2,701	201
School expense reimbursements	2,000	725	(1,275)
Interest earned	750	1,423	673
Miscellaneous	3,450	7,453	4,003
Total revenues	1,002,785	1,037,110	34,325
EXPENDITURES			
Current:			
General government			
Town Clerk and Treasurer			
Clerk salary	52,572	55,424	(2,852)
Treasurer salary	11,821	11,821	0
Dues	300	315	(15)
Education	1,100	150	950
Office supplies	4,300	6,341	(2,041)
Travel	1,600	1,088	512
Total town clerk and treasurer	71,693	75,139	(3,446)
Auditors and Delinquent Tax Collector			
Independent audit	11,000	9,800	1,200
Tax collector salary	6,000	4,845	1,155
Tax collector expense	125	174	(49)
Education	100	30	70
Total auditors and delinquent tax collector	17,225	14,849	2,376
Zoning, DRB, and Planning Commission			
Salaries	78,803	75,853	2,950
Legal and professional	6,400	640	5,760
Education	1,300	175	1,125
Travel	800	648	152
Special projects	0	980	(980)
Conservation Commission	0	1,659	(1,659)
Miscellaneous	600	0	600
Total zoning, DRB, and planning commission	87,903	79,955	7,948

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, 2020

EXHIBIT C

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Listers			
Lister salary	7,478	5,557	1,921
Tax mapping	5,000	3,194	1,806
Supplies and equipment	200	0	200
Computer and software	700	215	485
Education	100	0	100
Travel	100	37	63
Total listers	<u>13,578</u>	<u>9,003</u>	<u>4,575</u>
General Administration			
Administration salary	67,516	68,930	(1,414)
Insurance - medical and disability	25,770	21,698	4,072
Insurance - property, workers comp, casualty	21,500	20,151	1,349
Pension	6,253	5,959	294
Payroll taxes	16,942	16,890	52
Office supplies and equipment	7,300	4,431	2,869
Legal and professional	27,000	6,805	20,195
Postage	4,100	4,223	(123)
Education	500	195	305
IT consultant	19,200	19,736	(536)
Printing	4,700	4,238	462
Generator maintenance	1,600	1,450	150
Street lights	1,800	1,648	152
Tax abatements	0	3,454	(3,454)
Miscellaneous	0	3,336	(3,336)
Total general administration	<u>204,181</u>	<u>183,144</u>	<u>21,037</u>
Town Office Building			
Repairs & maintenance	12,900	8,603	4,297
Cleaning and landscaping	5,600	5,990	(390)
Electricity	3,000	3,058	(58)
Fuel Oil	1,000	791	209
Telephone	2,000	2,134	(134)
Water	700	257	443
Total town office building	<u>25,200</u>	<u>20,833</u>	<u>4,367</u>
BCA/Elections			
BCA salaries	800	440	360
Ballots and supplies	1,720	1,644	76
Total BCA/Elections	<u>2,520</u>	<u>2,084</u>	<u>436</u>
Dues and Assessments			
	<u>18,251</u>	<u>17,252</u>	<u>999</u>
Total general government	<u>440,551</u>	<u>402,259</u>	<u>38,292</u>
Public Safety			
Law enforcement	23,796	22,939	857
Emergency services	26,823	27,160	(337)
Fire department	50,600	52,795	(2,195)
Dog warden	900	700	200
Total public safety	<u>102,119</u>	<u>103,594</u>	<u>(1,475)</u>
Health and welfare			
Health Officer stipend	350	350	0
Cemetery stipend	350	350	0
Pleasant View Cemetery	1,500	1,500	0
Visiting Nurses Association	6,243	6,243	0
Women Helping Battered Women	225	225	0
Women's Rape Crisis Center	200	200	0
Agency on Aging	1,000	1,000	0
Total health and welfare	<u>9,868</u>	<u>9,868</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, 2020

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	1,552	3,352	(1,800)
Total culture and recreation	<u>6,552</u>	<u>8,352</u>	<u>(1,800)</u>
Solid waste and recycling	<u>250,000</u>	<u>258,161</u>	<u>(8,161)</u>
Debt service			
Principal	61,231	53,262	7,969
Interest	11,962	9,342	2,620
Total debt service	<u>73,193</u>	<u>62,604</u>	<u>10,589</u>
Capital outlays			
Pumper Truck	31,378	0	31,378
Total capital outlays	<u>31,378</u>	<u>0</u>	<u>31,378</u>
Total expenditures	<u>913,661</u>	<u>844,838</u>	<u>68,823</u>
EXCESS REVENUES (EXPENDITURES)	<u>89,124</u>	<u>192,272</u>	<u>103,148</u>
OTHER FINANCING SOURCES (USES)			
Litigation proceeds	0	15,200	15,200
Transfer to Highway Fund	0	(109,723)	(109,723)
Transfer to Fire Dept. Capital Fund	(13,921)	(11,726)	2,195
Transfer to Library Fund	(74,203)	(74,203)	0
Transfer to Admin. Capital Fund	(9,400)	(9,400)	0
Transfer to Recreation Department Fund	(6,000)	(6,000)	0
Transfer to Conservation Reserve Fund	(3,600)	(1,941)	1,659
Transfer to Planning Commission Fund	(8,000)	(7,020)	980
Transfer to Cemetery Fund	(9,000)	(9,000)	0
Total other financing sources (uses)	<u>(124,124)</u>	<u>(213,813)</u>	<u>(89,689)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (35,000)</u>	<u>(21,541)</u>	<u>\$ 13,459</u>
FUND BALANCE - JULY 1, 2019		<u>303,994</u>	
FUND BALANCE - JUNE 30, 2020		<u>\$ 282,453</u>	

TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE (DEFICIT)
BUDGET AND ACTUAL - MODIFIED CASH BASIS
HIGHWAY FUND
YEAR ENDED JUNE 30, 2020

EXHIBIT D

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	\$830,663	\$ 830,867	\$ 204
Intergovernmental			
Transportation Aid	91,750	94,351	2,601
Better Roads grants	0	18,840	18,840
Other grants	0	13,600	13,600
Miscellaneous	0	1,565	1,565
Total revenues	<u>922,413</u>	<u>959,223</u>	<u>36,810</u>
EXPENDITURES			
Current:			
Road maintenance and repairs			
Salaries	197,344	196,484	860
Payroll taxes	15,495	14,961	534
Health insurance	30,000	24,437	5,563
Dental insurance	1,260	1,339	(79)
Disability insurance	1,000	965	35
Vision insurance	330	326	4
Pension	6,076	5,536	540
Gravel - roads	80,000	115,088	(35,088)
Town ditching	20,000	2,559	17,441
Chloride	35,000	62,318	(27,318)
Culverts	2,000	11,787	(9,787)
Road fabric	2,500	0	2,500
Hot mix & cold patch	1,500	362	1,138
Guardrails and fences	1,500	0	1,500
Seed and mulch	1,800	1,570	230
Signs	2,000	3,655	(1,655)
Sand	70,000	104,926	(34,926)
Salt	20,000	20,487	(487)
Chains	2,000	3,410	(1,410)
Gravel - mud season	30,000	1,568	28,432
Blades	5,000	699	4,301
Tires	5,000	7,022	(2,022)
Equipment rental	1,500	1,142	358
Contracted services	24,000	56,515	(32,515)
Heavy equipment repairs and maintenance	82,000	39,514	42,486
Small equipment repairs and maintenance	1,000	1,520	(520)
Travel	800	471	329
Diesel fuel	45,000	36,397	8,603
Chloride tanks and pumps	2,000	153	1,847
Total road maintenance and repairs	<u>686,105</u>	<u>715,211</u>	<u>(29,106)</u>

TOWN OF WESTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE (DEFICIT)
BUDGET AND ACTUAL - MODIFIED CASH BASIS
HIGHWAY FUND
YEAR ENDED JUNE 30, 2020

EXHIBIT D

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
Highway garage			
Supplies	6,000	5,767	233
Equipment	2,500	488	2,012
Communication equipment	800	1,362	(562)
Education workshops	2,000	0	2,000
Property and casualty insurance	31,000	35,129	(4,129)
Fire and security	0	1,710	(1,710)
Building maintenance and repairs	6,000	6,036	(36)
Electricity	4,600	4,511	89
Telephone	2,300	2,818	(518)
Water	500	113	387
Building improvements	30,000	5,277	24,723
Clothing allowance	2,000	728	1,272
Storage shed	0	1,200	(1,200)
Miscellaneous	2,800	1,558	1,242
Total highway garage	90,500	66,697	23,803
Debt service			
Principal	79,333	178,033	(98,700)
Interest	5,925	5,103	822
Total debt service	85,258	183,136	(97,878)
Capital outlays			
John Deere excavator	0	91,350	(91,350)
Salt shed	0	20,418	(20,418)
Western Star truck	0	61,836	(61,836)
Total capital outlays	0	173,604	(173,604)
Total expenditures	861,863	1,138,648	(276,785)
EXCESS REVENUES (EXPENDITURES)	60,550	(179,425)	(239,975)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	0	210,061	210,061
Transfer from General Fund	0	109,723	109,723
Transfer from Equipment Reserve Fund	49,000	44,000	(5,000)
Transfer to Equipment Reserve Fund	(49,550)	(49,550)	0
Transfer from Salt Shed Reserve Fund	0	20,250	20,250
Transfer to Salt Shed Reserve Fund	(5,000)	(5,000)	0
Total other financing sources (uses)	(5,550)	329,484	335,034
NET CHANGE IN FUND DEFICIT	\$ 55,000	150,059	\$ 95,059
FUND DEFICIT - JULY 1, 2019		(150,059)	
FUND BALANCE - JUNE 30, 2020		\$ 0	

TOWN OF WESTFORD, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

EXHIBIT E

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

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basic Financial Statements – Fund Financial Statements

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

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

Governmental Funds:

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

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

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

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Fund Equity

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

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the Town's bank balance of \$1,054,588 was exposed to custodial credit risk as follows:

FDIC insured	\$ 355,906
Collateralized by securities held by pledging financial institution	698,682
Total bank balance	<u>\$ 1,054,588</u>

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 107,503	\$ 756,900
Total major governmental funds	<u>107,503</u>	<u>756,900</u>
Non-major funds - Other governmental funds:		
Admin Capital Fund	83,410	0
Equipment Reserve Fund	138,510	0
Salt Shed Reserve Fund	89	0
Fire Department Capital Fund	176,035	0
Office Expansion Fund	8,303	0
Planning Commission Fund	12,158	0
Conservation Reserve Fund	12,994	0
Lister Education Fund	5,072	0
Records Restoration Fund	44,100	0
Reappraisal Fund	98,986	0
Common Fund	44,776	0
Recreation Department Fund	6,713	0
Library Fund	18,251	0
Total other governmental funds	<u>649,397</u>	<u>0</u>
Total all funds	<u>\$ 756,900</u>	<u>\$ 756,900</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, 2020, included budgeted transfers from the General Fund to the Fire Department Capital Fund \$11,726, Recreation Department Fund \$6,000, Library Fund \$74,203, Administration Capital Fund \$9,400, Conservation Reserve Fund \$1,941, Planning Commission Fund \$7,020, and Cemetery Fund \$9,000. Additionally, the General Fund transferred \$109,723 to the Highway Fund to reduce the deficit to 0. The Highway Fund transferred \$49,550 to the Equipment Reserve Fund and \$5,000 to the Salt Shed Reserve. Additionally, the Equipment reserve fund transferred \$44,000 back to the Highway Fund, and the Salt Shed Reserve also transferred \$20,250 back to the Highway Fund.

TOWN OF WESTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2020 consisted of the following:

	Total	Due in one year
Note payable - Community Bank, NA, annual payment of \$24,362 plus interest at 3.2%, due September 7, 2027. For Pumper Truck.	\$ 194,897	\$ 24,362
Note payable - Community Bank, NA, annual payments of \$32,542 plus interest at 2.5%, due July 30, 2024. For International Truck.	162,711	32,542
Note payable - Community Bank, NA, annual payments of \$16,412 including interest at 1.98%, due February 14, 2023. For John Deere Excavator	47,350	15,475
Note payable - Community Bank, NA, annual payments of \$28,900 plus interest at 2.4%, due December 12, 2022. For Jackson Forest Land.	58,404	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.	19,000	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.	54,867	27,433
Total long-term debt	\$ 537,229	\$ 147,712

Changes in long-term liabilities are as follows:

	July 1, 2019 Balance	Proceeds	Principal Payments	June 30, 2020 Balance
Notes payable	\$ 558,463	\$ 210,061	\$ (231,295)	\$ 537,229

The total amount of interest paid on these long-term debts during fiscal year 2020 was \$14,445.

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

Fiscal Year	Principal	Interest	Total
June 30, 2021	\$ 147,712	\$ 14,213	\$161,925
June 30, 2022	129,019	10,695	139,714
June 30, 2023	73,602	7,508	81,110
June 30, 2024	56,904	5,525	62,429
June 30, 2025	56,905	3,925	60,830
June 30, 2026-2030	73,087	4,678	77,765
	\$ 537,229	\$ 46,544	\$583,773

TOWN OF WESTFORD, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 6 - FUND BALANCE CLASSIFICATIONS

The restricted, assigned, and nonspendable fund balances as of June 30, 2020 consisted of the following:

	Restricted Fund Balance	Assigned Fund Balance	Nonspendable Fund Balance
General Fund	\$ 0	\$ 50,000	\$ 0
Nonmajor funds:			
Administration Capital Fund	0	83,410	0
Equipment Reserve Fund	0	138,510	0
Salt Shed Reserve Fund	0	89	0
Fire Department Capital Fund	0	176,035	0
Office Expansion Fund	0	8,303	0
Planning Commission Fund	12,158	0	0
Conservation Reserve Fund	12,994	0	0
Lister Education Fund	5,072	0	0
Records Restoration Fund	44,100	0	0
Reappraisal Fund	98,986	0	0
Common Fund	44,776	0	0
Recreation Department Fund	6,713	0	0
Library Fund	18,251	0	0
Cemetery Fund	53,249	0	21,086
	<u>\$ 296,299</u>	<u>\$ 456,347</u>	<u>\$ 21,086</u>

NOTE 7 - PROPERTY TAXES AND ABATEMENTS

The Town levies its property taxes based upon the assessed value as of April 1, for all real and personal property, with exemptions to qualifying veterans and farms and excludes assessments on municipal, school and church properties. The tax is payable in four installments due August 15, November 15, March 15 and May 15. Interest at 1%-1½% per month is charged for installments not paid by the due date and any tax levies not paid by May 15 are delinquent and are assessed an 8% penalty. The following shows the tax rates for fiscal year 2019/2020:

	Residential	Non-residential
General Fund	\$ 0.3637	\$ 0.3637
Highway Fund	0.3437	0.3437
State Education Tax	1.5082	1.6597
	<u>\$ 2.2156</u>	<u>\$ 2.3671</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, 2020

NOTE 7 - PROPERTY TAXES AND ABATEMENTS (continued)

tax bills, which results in a reduction of property tax revenue to the Town. For fiscal year 2020, the amount of Town property taxes foregone as a result of the Current Use Program was approximately \$90,500. 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 2020 was \$12,679, and was 2019 was \$11,880.

NOTE 9 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

NOTE 10 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2020, expenditures exceeded appropriation in the Highway Fund by \$276,785. The excess expenditures were funded by additional revenue, loan proceeds, and transfers from other funds.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federally and state assisted grant programs. The programs are subject to program compliance audits by the grantors or their representatives. Some audits of these programs for or including the year ended June 30, 2020 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 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2021, the date which the financial statements were available for issue. No subsequent events need to be disclosed.

TOWN OF WESTFORD, VERMONT
 COMBINING AND INDIVIDUAL FUND SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Capital Projects Funds					Special Revenue Funds								Total Non-Major Funds	
	Admin. Capital	Equipment Reserve	Salt Shed Reserve	Fire Department Capital	Office Expansion	Planning Commission	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library		Cemetery
ASSETS															
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,335	\$ 74,335
Due from other funds	83,410	138,510	89	176,035	8,303	12,158	12,994	5,072	44,100	98,986	44,776	6,713	18,251	0	649,397
Total assets	<u>\$ 83,410</u>	<u>\$ 138,510</u>	<u>\$ 89</u>	<u>\$ 176,035</u>	<u>\$ 8,303</u>	<u>\$ 12,158</u>	<u>\$ 12,994</u>	<u>\$ 5,072</u>	<u>\$ 44,100</u>	<u>\$ 98,986</u>	<u>\$ 44,776</u>	<u>\$ 6,713</u>	<u>\$ 18,251</u>	<u>\$ 74,335</u>	<u>\$ 723,732</u>
FUND BALANCES															
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,086	\$ 21,086
Restricted	0	0	0	0	0	12,158	12,994	5,072	44,100	98,986	44,776	6,713	18,251	53,249	296,299
Assigned	83,410	138,510	89	176,035	8,303	0	0	0	0	0	0	0	0	0	406,347
Total fund balances	<u>\$ 83,410</u>	<u>\$ 138,510</u>	<u>\$ 89</u>	<u>\$ 176,035</u>	<u>\$ 8,303</u>	<u>\$ 12,158</u>	<u>\$ 12,994</u>	<u>\$ 5,072</u>	<u>\$ 44,100</u>	<u>\$ 98,986</u>	<u>\$ 44,776</u>	<u>\$ 6,713</u>	<u>\$ 18,251</u>	<u>\$ 74,335</u>	<u>\$ 723,732</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, 2020

	Capital Projects Funds					Special Revenue Funds								Total Non-Major Funds	
	Admin. Capital	Equipment Reserve	Salt Shed Reserve	Fire Department Capital	Office Expansion	Planning Commission	Conservation Reserve	Lister Education	Records Restoration	Reappraisal	Common Fund	Recreation Department	Library		Cemetery
REVENUES															
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,143	\$ 0	\$ 0	\$ 390	\$ 0	\$ 8,533
Charges for services	0	0	0	0	0	0	0	10,661	0	0	0	6,598	0	0	17,259
Donations	0	0	0	0	0	0	325	0	0	0	0	0	4,335	20,892	25,552
Investment interest	230	410	44	509	27	17	34	16	123	286	138	0	0	464	2,298
Total revenues	230	410	44	509	27	17	359	16	10,784	8,429	138	6,598	4,725	21,356	53,642
EXPENDITURES															
General government	0	0	0	0	825	0	652	0	3,868	0	0	0	0	0	5,345
Culture and recreation	0	0	0	0	0	500	0	0	0	0	284	13,838	79,535	0	94,157
Health and welfare	0	0	0	0	0	0	0	0	0	0	0	0	0	4,216	4,216
Capital outlay	0	0	0	0	0	0	0	0	0	0	0	6,000	0	0	6,000
Total expenditures	0	0	0	0	825	500	652	0	3,868	0	284	19,838	79,535	4,216	109,718
EXCESS REVENUES (EXPENDITURES)	230	410	44	509	(798)	(483)	(293)	16	6,916	8,429	(146)	(13,240)	(74,810)	17,140	(56,076)
OTHER FINANCING SOURCES (USES)															
Transfer to Highway Fund	0	(44,000)	(20,250)	0	0	0	0	0	0	0	0	0	0	0	(64,250)
Transfer from Highway Fund	0	49,550	5,000	0	0	0	0	0	0	0	0	0	0	0	54,550
Transfer from General Fund	9,400	0	0	11,726	0	7,020	1,941	0	0	0	0	6,000	74,203	9,000	119,290
Total other financing sources (uses)	9,400	5,550	(15,250)	11,726	0	7,020	1,941	0	0	0	0	6,000	74,203	9,000	109,590
NET CHANGE IN FUND BALANCES	9,630	5,960	(15,206)	12,235	(798)	6,537	1,648	16	6,916	8,429	(146)	(7,240)	(607)	26,140	53,514
FUND BALANCES - JULY 1, 2019	73,780	132,550	15,295	163,800	9,101	5,621	11,346	5,056	37,184	90,557	44,922	13,953	18,858	48,195	670,218
FUND BALANCES - JUNE 30, 2020	\$ 83,410	\$ 138,510	\$ 89	\$ 176,035	\$ 8,303	\$ 12,158	\$ 12,994	\$ 5,072	\$ 44,100	\$ 98,986	\$ 44,776	\$ 6,713	\$ 18,251	\$ 74,335	\$ 723,732

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Selectboard
Town of Westford, Vermont

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of each major fund, and the aggregate remaining fund information of the Town of Westford, Vermont, as of and for the year ended June 30, 2020, 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 29, 2021. We expressed an adverse opinion on the Town's financial statements due to not presenting government-wide financial statements.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Fothergill Segale & Valley, CPAs

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

January 29, 2021