

TOWN OF WESTFIELD, VERMONT
Financial Statements
Year Ended December 31, 2023

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Independent Auditor's Report

To the Selectboard
Town of Westfield, Vermont
Westfield, Vermont

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westfield, Vermont as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Westfield, Vermont's basic financial statements as listed in the table of contents.

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

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Westfield, Vermont, as of December 31, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

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 Westfield, Vermont, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Westfield, Vermont, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 1 to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and net position and change the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Westfield, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Westfield, Vermont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related information on pages 4-9 and 36-38 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, 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.

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 assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westfield, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic 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 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 June 24, 2024, on our consideration of Town of Westfield, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Westfield, Vermont'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 Town of Westfield, Vermont's internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman P.C.
License # 092.0131564
Middlebury, Vermont
June 24, 2024

**TOWN OF WESTFIELD, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ended December 31, 2023**

As management of the Town of Westfield, Vermont, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. Other forward-looking indicators will also assist the reader to assess the overall financial health of the Town.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements consists of the following activities:

- Governmental activities – Most of the Town's basic services are reported here, including the general administration, highway, recycling, library, and the community center. Property taxes and state aid finance most of these activities.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town uses governmental funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains six governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and Highway Fund, both of which are considered major funds. The Reappraisal Fund, Cemetery Fund, Grader Replacement Fund, and Good Neighbor Fund are aggregated and reported as nonmajor governmental funds. Individual fund data for each of these governmental funds is provided in the form of combining schedules elsewhere in this report.

The general and highway funds are the only funds which the Town legally adopts a budget. The Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual – General Fund and the Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual – Highway Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide explanations of the accounting principles followed and include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The required supplementary information can be found immediately after the notes to the financial statements.

Supplementary information

Supplementary information includes financial statements and schedules that are not a required part of the basic financial statements but are presented for purposes of additional analysis. The combining statements for nonmajor special revenue funds are presented following the required supplementary information.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in the statement of net position by \$737,317 (i.e., net position), a change of \$20,703 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue in the statement of activities of \$875,643, a change of \$(38,516) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses in the statement of activities of \$854,940, a change of \$79,489 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$757,425, a change of \$16,931 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total revenue of \$869,879, a change of \$(51,514) in comparison to the prior year.

- As of the close of the current fiscal year, the governmental funds reported total expenses of \$858,050, a change of \$82,120 in comparison to the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$410,375, a change of \$6,419 in comparison to the prior year.
- When comparing budgeted revenues and other financing sources of \$413,972 and budgeted expenditures and other financing uses of \$413,972 in the General Fund, the Town's received \$430,245 and spent of \$424,371.
- When comparing budgeted revenues and other financing sources of \$452,984 and budgeted expenditures and other financing uses of \$481,056 in the Highway Fund, the town received \$435,681 and spent \$445,679.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current fiscal year.

	<u>Net Position</u>		
	2023	2022	Percent Change
Assets			
Current and other assets	\$ 934,328	\$ 926,440	0.9%
Noncurrent assets	4,384	-	-
Total assets	<u>938,712</u>	<u>926,440</u>	<u>1.3</u>
Deferred outflows of resources			
VMERS - pensions	<u>23,523</u>	<u>17,469</u>	<u>34.7</u>
Total assets and deferred outflows of resources	<u>\$ 962,235</u>	<u>\$ 943,909</u>	<u>1.9%</u>
Liabilities			
Current liabilities	\$ 19,078	\$ 28,630	-33.4%
Long-term liabilities	56,232	31,290	79.7
Total liabilities	<u>75,310</u>	<u>59,920</u>	<u>25.7</u>
Deferred inflows of resources			
Unearned federal aid	142,051	146,157	-2.8
Taxes collected in advance	2,639	2,804	-5.9
VMERS - pensions	4,918	18,414	-73.3
Total deferred inflows of resources	<u>149,608</u>	<u>167,375</u>	<u>-10.6</u>
Net position			
Restricted	293,779	294,868	-0.4
Unrestricted	443,538	421,746	5.2
Total net position	<u>737,317</u>	<u>716,614</u>	<u>2.9</u>
Total liabilities, deferred inflows and net position	<u>\$ 962,235</u>	<u>\$ 943,909</u>	<u>1.9%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$737,317, a change of \$20,703 from the prior year.

\$293,779 of net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$443,538 is unrestricted net position, which is the part of net position that may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Change in Net Position

	2023	2022	Percent Change
Revenues			
Program Revenues:			
Charges for services	\$ 55,623	\$ 59,850	-7.1%
Operating grants	101,246	94,324	7.3
Capital grants and contributions	35,312	12,820	175.4
General revenues:			
Property taxes	585,397	658,490	-11.1
Investment earnings	12,967	15,268	-15.1
State sources not restricted to specific programs	80,630	70,030	15.1
Miscellaneous	4,468	3,377	32.3
Total revenues	<u>875,643</u>	<u>914,159</u>	<u>-4.2</u>
Expenses			
General government	263,560	157,459	66.5
Public works	478,351	470,179	1.7
Culture and recreation	36,741	35,820	2.6
Cemetery	4,537	7,473	-39.3
County tax	11,637	10,752	8.2
Agency request	60,114	93,768	-35.9
Total expenses	<u>854,940</u>	<u>775,451</u>	<u>10.3</u>
Change in net position	20,703	138,708	-85.1
Net position - beginning of year	<u>716,614</u>	<u>577,906</u>	<u>24.0</u>
Net position - end of year	<u>\$ 737,317</u>	<u>\$ 716,614</u>	<u>2.9%</u>

Governmental activities

The Town's total revenues for the 2023 fiscal year were \$875,643, versus expenses of \$854,940. For the year, the Town's net position increased by \$20,703 to bring the total net position of the primary government to \$737,317. The drivers of revenues for the year were property taxes and operating grants. Property taxes comprised 67% of total revenues while operating grants were 12% of total revenue. Revenues were down from the prior year by \$38,516.

For expenses, general government and public works made up a majority of the costs of the governmental activities. Total expenses for general government were \$263,560 which consists primarily of general fund payroll and town office expenses. Public works total expenses for the year was \$478,351. Costs associated with the public works included \$39,552 of recycling expenses and \$438,799 of highway expenses. In 2023, total expenses increased by \$79,489 compared to the prior year.

Governmental funds

General Fund – the General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance was \$410,375 and the total fund equity was \$432,651. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year, unassigned fund balance represents 98% of total expenditures (including transfers out), while total fund balance was 102% of the same amount. The total fund balance of the Town's General Fund increased by \$5,874 during the current year.

Highway fund – the Highway Fund accounts for all highway related revenues and expenditures. The fund balance at the end of the year was \$109,918. The fund balance of the Town's highway fund decreased by \$9,998 during the current year.

Nonmajor special revenue funds – the nonmajor special revenue funds for the Town are made up of the following individual funds: Reappraisal Fund, Cemetery Fund, Grader Replacement Fund, and the Good Neighbor Fund. At the end of the current fiscal year, the total nonmajor special revenue fund balance was \$214,856. This is a \$21,055 increase in fund balance compared to the prior year.

BUDGETARY HIGHLIGHTS

General fund

During the year, the Town reallocates funds within the general fund budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the Town's original and final general fund budget amounts compared with actual results is shown on the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund.

There was no difference between the original and final budget for the general fund.

Fiscal year 2023 revenues and other financing sources were \$16,273 over budget and expenditures were \$10,399 over budget. The combined effect was a change in the General Fund's fund balance by \$5,874.

Highway fund

During the year, the Town reallocates funds within the highway fund budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the Town's original and final highway fund budget amounts compared with actual results is shown on the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – Highway Fund.

There was no difference between the original and final budget for the highway fund.

Fiscal year 2023 revenues and other financing sources were \$17,303 under budget and expenditures were \$35,377 under budget.

DEBT ADMINISTRATION

The Town's long-term liabilities includes the VMERS net pension liability and compensated absences. Additional information on long-term debt can be found in the Notes to the Financial Statements.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town was not aware of any existing circumstances that could affect its future financial health.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Westfield, Vermont's finances for all those with an interest in the Town's finances. If you need any additional copies of this report or have any additional questions, please contact our offices at the following address: 38 School Street, Westfield, VT 05874 or by phone at 802-744-2484.

TOWN OF WESTFIELD, VERMONT
Statement of Net Position
December 31, 2023

Assets

Current assets	
Cash and cash equivalents	\$ 554,192
Cash - restricted	15,803
Investments	291,096
Due from other governments	37,043
Delinquent taxes receivable, net	25,717
Delinquent tax interest and penalties	2,861
Prepaid expenses	7,616
Total current assets	934,328
Noncurrent assets	
Right to use assets, net	4,384
Total assets	938,712

Deferred outflows of resources

VMERS - pensions	23,523
Total assets and deferred outflows of resources	\$ 962,235

Liabilities

Current liabilities	
Accrued liabilities	\$ 443
Due to other governments	17,651
Lease liability, current portion	984
Total current liabilities	19,078
Long-term liabilities	
Lease liability, less current portion	3,477
Compensated absences	3,858
Net pension liability	48,897
Total long-term liabilities	56,232
Total liabilities	75,310

Deferred inflows of resources

Unearned federal and state aid	142,051
Taxes collected in advance	2,639
VMERS - pensions	4,918
Total deferred inflows of resources	149,608

Net position

Restricted	293,779
Unrestricted	443,538
Total net position	737,317

Total liabilities, deferred inflows of resources and net position	\$ 962,235
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The accompanying notes are an integral part of the financial statements.

TOWN OF WESTFIELD, VERMONT
Statement of Activities
Year Ended December 31, 2023

Function/Programs	Expenses	Charges for Services	Program Revenues Operating Grants	Capital Grants	Net (Expense) Revenue and Changes in Net Position
Primary government					
Governmental activities					
General government	\$ 263,560	\$ 14,846	\$ 46,064	-	(202,650)
Public works	478,351	39,077	55,182	35,312	(348,780)
Culture and recreation	36,741	1,700	-	-	(35,041)
Cemetery	4,537	-	-	-	(4,537)
County tax	11,637	-	-	-	(11,637)
Appropriations	60,114	-	-	-	(60,114)
Total governmental activities	<u>\$ 854,940</u>	<u>\$ 55,623</u>	<u>\$ 101,246</u>	<u>\$ 35,312</u>	<u>(662,759)</u>
General revenues					
Real property taxes, penalties and interest					585,397
Investment earnings					12,967
State sources not restricted to specific programs					80,630
Miscellaneous					4,468
Total general revenues					<u>683,462</u>
Change in net position					20,703
Net position - beginning of year					<u>716,614</u>
Net position - end of year					<u>\$ 737,317</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WESTFIELD, VERMONT
Balance Sheet - Governmental Funds
December 31, 2023

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 554,192	\$ -	\$ -	\$ 554,192
Cash - restricted	11,252	-	4,551	15,803
Investments	91,274	-	199,822	291,096
Due from other governments	11,731	25,312	-	37,043
Delinquent taxes receivable, net	25,717	-	-	25,717
Delinquent tax interest and penalties	2,861	-	-	2,861
Prepaid expenses	7,616	-	-	7,616
Due from other funds	<u>112,808</u>	<u>142,163</u>	<u>19,364</u>	<u>274,335</u>
Total assets	<u>\$ 817,451</u>	<u>\$ 167,475</u>	<u>\$ 223,737</u>	<u>\$ 1,208,663</u>
Liabilities				
Accrued liabilities	\$ 443	\$ -	\$ -	\$ 443
Due to other governments	17,651	-	-	17,651
Due to other funds	<u>237,140</u>	<u>28,314</u>	<u>8,881</u>	<u>274,335</u>
Total liabilities	<u>255,234</u>	<u>28,314</u>	<u>8,881</u>	<u>292,429</u>
Deferred inflows of resources				
Unavailable revenue - taxes	14,119	-	-	14,119
Unearned federal and state aid	112,808	29,243	-	142,051
Taxes collected in advance	<u>2,639</u>	<u>-</u>	<u>-</u>	<u>2,639</u>
Total deferred inflows of resources	<u>129,566</u>	<u>29,243</u>	<u>-</u>	<u>158,809</u>
Fund Balance				
Nonspendable	7,616	-	-	7,616
Restricted	11,252	67,671	214,856	293,779
Assigned	3,408	42,247	-	45,655
Unassigned	<u>410,375</u>	<u>-</u>	<u>-</u>	<u>410,375</u>
Total fund balance	<u>432,651</u>	<u>109,918</u>	<u>214,856</u>	<u>757,425</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 817,451</u>	<u>\$ 167,475</u>	<u>\$ 223,737</u>	<u>\$ 1,208,663</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WESTFIELD, VERMONT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2023

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position
Assets				
Cash and cash equivalents	\$ 554,192	\$ -	\$ -	\$ 554,192
Cash - restricted	15,803	-	-	15,803
Investments	291,096	-	-	291,096
Due from other governments	37,043	-	-	37,043
Delinquent taxes receivable, net	25,717	-	-	25,717
Delinquent tax interest and penalties	2,861	-	-	2,861
Prepaid expenses	7,616	-	-	7,616
Due from other funds	274,335	-	(274,335)	-
Right to use assets, net	-	4,384	-	4,384
Total assets	1,208,663	4,384	(274,335)	938,712
Deferred outflows of resources				
VMERS - pensions	-	23,523	-	23,523
Total assets and deferred outflows of resources	\$ 1,208,663	\$ 27,907	\$ (274,335)	\$ 962,235
Liabilities				
Accrued liabilities	\$ 443	\$ -	\$ -	\$ 443
Due to other governments	17,651	-	-	17,651
Due to other funds	274,335	-	(274,335)	-
Lease liability	-	4,461	-	4,461
Compensated absences	-	3,858	-	3,858
Net pension liability - proportionate share	-	48,897	-	48,897
Total liabilities	292,429	57,216	(274,335)	75,310
Deferred inflows of resources				
Unavailable revenue - taxes	14,119	(14,119)	-	-
Unearned federal and state aid	142,051	-	-	142,051
Taxes collected in advance	2,639	-	-	2,639
VMERS - pension	-	4,918	-	4,918
Total deferred inflows or resources	158,809	(9,201)	-	149,608
Fund balance/net position				
Total fund balance/net position	757,425	(20,108)	-	737,317
Total liabilities, deferred inflows of resources, and fund balance/net position	\$ 1,208,663	\$ 27,907	\$ (274,335)	\$ 962,235

The accompanying notes are an integral part of the financial statements.

TOWN OF WESTFIELD, VERMONT
Statement of Revenues, Expenditures,
And Changes in Fund Balance - Governmental Funds
Year Ended December 31, 2023

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 233,362	\$ 340,436	\$ -	\$ 573,798
Penalties and interest	5,835	-	-	5,835
Licenses, fees and permits	14,201	283	-	14,484
Intergovernmental	118,444	80,494	-	198,938
Grant Income	-	10,000	8,250	18,250
Charges for services	41,139	-	-	41,139
Investment income	12,162	-	805	12,967
Miscellaneous	-	4,468	-	4,468
Total revenues	<u>425,143</u>	<u>435,681</u>	<u>9,055</u>	<u>869,879</u>
Expenditures				
General government	267,790	-	-	267,790
Public works	39,552	437,679	-	477,231
Culture and recreation	36,741	-	-	36,741
Cemetery	4,537	-	-	4,537
County tax	11,637	-	-	11,637
Appropriations	60,114	-	-	60,114
Total expenditures	<u>420,371</u>	<u>437,679</u>	<u>-</u>	<u>858,050</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>4,772</u>	<u>(1,998)</u>	<u>9,055</u>	<u>11,829</u>
Other financing sources (uses)				
Lease proceeds	5,102	-	-	5,102
Transfers in	-	-	12,000	12,000
Transfers (out)	(4,000)	(8,000)	-	(12,000)
Total other financing sources (uses)	<u>1,102</u>	<u>(8,000)</u>	<u>12,000</u>	<u>5,102</u>
Change in fund balance	5,874	(9,998)	21,055	16,931
Fund balance - beginning of year	<u>426,777</u>	<u>119,916</u>	<u>193,801</u>	<u>740,494</u>
Fund balance - end of year	<u>\$ 432,651</u>	<u>\$ 109,918</u>	<u>\$ 214,856</u>	<u>\$ 757,425</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WESTFIELD, VERMONT
Reconciliation of Governmental Funds Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended December 31, 2023

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Funds</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Activities Totals</u>
Revenues					
Property taxes	\$ 573,798	\$ 5,764	\$ -	\$ -	\$ 579,562
Penalties and interest	5,835	-	-	-	5,835
Licenses, fees and permits	14,484	-	-	-	14,484
Intergovernmental	198,938	-	-	-	198,938
Grant Income	18,250	-	-	-	18,250
Charges for services	41,139	-	-	-	41,139
Investment income	12,967	-	-	-	12,967
Miscellaneous	4,468	-	-	-	4,468
Total revenues	<u>869,879</u>	<u>5,764</u>	<u>-</u>	<u>-</u>	<u>875,643</u>
Expenditures/Expenses					
General government	267,790	1,513	(5,102)	(641)	263,560
Public works	477,231	1,120	-	-	478,351
Culture and recreation	36,741	-	-	-	36,741
Cemetery	4,537	-	-	-	4,537
County tax	11,637	-	-	-	11,637
Appropriations	60,114	-	-	-	60,114
Total expenditures/expenses	<u>858,050</u>	<u>2,633</u>	<u>(5,102)</u>	<u>(641)</u>	<u>854,940</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>11,829</u>	<u>3,131</u>	<u>5,102</u>	<u>641</u>	<u>20,703</u>
Other financing sources (uses)					
Lease proceeds	5,102	-	-	(5,102)	-
Transfers in	12,000	(12,000)	-	-	-
Transfers (out)	(12,000)	12,000	-	-	-
	<u>5,102</u>	<u>-</u>	<u>-</u>	<u>(5,102)</u>	<u>-</u>
Net change for the year	<u>\$ 16,931</u>	<u>\$ 3,131</u>	<u>\$ 5,102</u>	<u>\$ (4,461)</u>	<u>\$ 20,703</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

The Town of Westfield, Vermont ("the Town") was chartered on May 15, 1780. The Town is organized according to Vermont State Law and Town Charter, under the governance of a Selectboard to provide the following services for the Town: general administration, highway, recycling, and recreation.

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Town are described below:

a) Reporting Entity

This report includes all of the funds of the Town. The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based on the application of these criteria, there are no entities that should be combined with the financial statements of the Town.

b) Basis of Presentation

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). Both government-wide and fund financial statements categorize primary activities as governmental. The Town's General Fund, Highway Fund, Reappraisal Fund, Cemetery Fund, Grader Replacement Fund, and Good Neighbor Fund activities are classified as governmental.

Government-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the Town at year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

The fund statements provide information about the Town's governmental funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

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

Highway Fund: This fund is used to account for revenues and expenses for highway activities.

c) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources to be measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

In the governmental funds, expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences and pensions, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease liabilities are reported as other financing sources.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

d) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town's policy concerning which to apply first varies with the intended use and with associated legal requirements, many of which are described elsewhere in these Notes.

e) Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the proprietary fund and the fiduciary fund.

The fund financial statements report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Town's practice to settle these amounts at a net balance based upon the right of legal offset. Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

f) 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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

g) Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Additionally, each fund's equity on the Town's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

h) Investments

The Town invest as allowed by State Statute. Investments with readily determinable fair values are reported at fair value on the balance sheet. Unrealized gains and losses are included in revenue.

i) Accounts Receivable

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgement of management and a review of the current status of existing receivables.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

j) Capital Assets

General fixed assets have been acquired by the Town for general government purposes and have been recorded as expenditures in the fund making the purchase. The Town has not recorded depreciation expense on those assets in the statement of activities. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets, net position, and expense of the governmental activities. The amount by which this departure would affect, assets, net position, and expenses has not been determined.

k) Right to Use Assets

Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

l) Deferred Outflows Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

The Town has one items that qualify for reporting in this category. This item is related to pensions reported in the government-wide Statements of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability and difference during the measurement period between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included in this item is the Town's contribution to the pension systems (VMERS) subsequent to the measurement date.

m) Deferred Inflows Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has three items that qualify for reporting in this category. The first is related to unavailable revenues. The Town reports unavailable revenues on its governmental funds balance sheets. Unavailable revenues consist of property taxes which are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item is related to unearned revenue. Unearned revenue arises when resources are received by the Town before it has legal claim to them, as when grant monies or property taxes are received prior to incurrence of qualifying expenditures. Unearned revenue consists of taxes paid in advance and unearned federal and state aid. The Town reports unearned revenue on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

m) Deferred Inflows Resources (continued)

The third item is related to pensions. The Town reports the net change in the it's proportion of the collective net pension liability (VMERS) and differences during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension system not included in the pension expense.

n) Pensions

For the purpose of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) plan and additions to/deductions from the VMERS' fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o) Compensated Absences

It is the Town's policy to permit employees to accumulate unused vacation time. The accrual for unused compensated absence time, based on current pay rates, is recorded in the government-wide statements. The liability for unused compensated absences is not reported in the governmental financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

p) Short-term Debt

The Town may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The Town may issue Bond Anticipation Notes (BANs) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds.

q) Long-term Liabilities

Long-term liabilities include other obligations such as compensated absences payable and net pension liability benefits. Long-term liabilities are reported in the government-wide financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheet.

In the government-wide statements, any bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financial sources while discounts on debt issued are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

r) Equity Classifications

Government-wide statements:

In the government-wide statements there are two classes of net position:

Restricted net position – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Town.

Fund statements:

In the fund basis statements, there are five classifications of fund balance:

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, i.e., the Selectboard.

Assigned – Includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget.

Unassigned – Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town and could report a surplus or deficit. In the funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Net Position/Fund Balance

Net position flow assumption: Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted – net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund balance flow assumption: Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance).

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

r) Equity Classifications (continued)

In order to calculate the amounts to be reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Order of use of fund balance – The Town’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignment of fund balance cannot cause a negative unassigned fund balance.

s) Implementation of New Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2023, the Town implemented the following new standards issued by GASB. GASB issued Statement No. 96, *Subscription-Based Information Technology*, effective for the year ended December 31, 2023.

Note 2. Explanation of Differences Between Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. Total fund balances of the Town’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

Explanation of difference between Governmental Fund Balance and Government-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	757,425
Right to use assets, net of related amortization		4,384
Deferred outflows of resources:		
VMERS - pension		23,523
Liabilities:		
Long-term:		
Lease liability		(4,461)
Compensated absences		(3,858)
Net pension liability – proportionate share		(48,897)
Deferred inflows of resources:		
Unavailable revenue – taxes		14,119
VMERS - pension		(4,918)
Ending net position reported in Statement of Position for governmental activities	\$	<u>737,317</u>

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 2. Explanation of Differences Between Fund Statements and Government-wide Statements (continued)

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of two categories. The amounts shown below represent:

- i) Long-term revenue and expense differences:
 Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

- ii) Pension differences:
 Pension differences occur as a result of changes in the Town's proportion of the collective net pension asset/liability and difference between the Town's contributions and its proportionate share of the total contributions to the pension system.

Explanation of Differences Between the Governmental Funds Operating Statements and the Government-wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$	874,981
Lease proceeds		(5,102)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This amount represents an increase in unavailable property taxes and a decrease in unavailable revenue.		5,764
Total revenues of governmental activities in the Statement of Activities	\$	875,643
Total expenditures reported in governmental funds	\$	858,050
<p>When the purchase of right-to-use assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital outlays		(5,102)
Current year amortization		718
<p>Repayment of bond and capital lease principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
Principal		(641)
<p>In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned 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).</p>		
		(324)
<p>Governmental funds report Town pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		2,239
Total expenses of governmental activities in the Statement of Activities	\$	854,940

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 3. Stewardship, Compliance and Accountability

Budgetary information

The Town administration prepares a proposed budget for approval by the Selectboard for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the Town approved the proposed appropriation budget for the general and highway funds. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Selectboard as a result of selected new revenue sources not included in the original budget (when permitted by law).

These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year determined at the time the budget was adopted. Budgets are established annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The general and highways funds are the only funds with a legally approved budget for the year ended December 31, 2023.

Note 4. Cash and Cash Equivalents

The Town's cash and cash equivalents consisted of the following at December 31, 2023:

Cash and cash equivalents	
Cash on hand	\$ 50
Deposited with financial institutions	569,945
Total cash and cash equivalents	<u>\$ 569,995</u>

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the Town's cash.

	Book Balance	Bank Balance
FDIC/SPIC Insured	\$ 265,808	\$ 265,808
Uninsured and uncollateralized	294,187	399,813
Total	<u>\$ 569,995</u>	<u>\$ 665,621</u>

The difference between book and bank balance is due to reconciling items such as deposits in transit and outstanding checks.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 4. Cash and Cash Equivalents (continued)

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required to be reserved for various purposes. Restricted consists of the following at December 31, 2023:

Fund	Restricted Cash Balance	Restriction
General	\$ 11,252	Record restorations
Nonmajor special revenue	4,551	Reappraisal fund
	\$ 15,803	

Note 5. Investments

The Town's investments consisted of the following at December 31, 2023:

Investments	
Money market – cash	\$ 1,356
Mutual funds – bonds	785
Mutual funds – equity funds	114,039
Certificates of deposits	174,916
	\$ 291,096

Custodial credit risk

Custodial risk is the risk that in the event of a failure of the counter-party (e.g., Broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial risk. The certificates of deposits are in the name of the Town and are not exposed to custodial credit risk.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rate risk.

Credit risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The rating allows the investors to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk.

Fair value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, "Fair Value Measurement and Application". The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 5. Investments (continued)

Level 1 –Unadjusted quoted prices for identical instruments in active markets

Level 2 –Quoted price for similar instruments in active markets; quoted price for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 –Valuations derived from valuation techniques in which significant inputs are unobservable.

The Town has the following fair value measurement as of December 31, 2023:

Description	Total	Level 1	Level 2	Level 3
Money market – cash	\$ 1,356	\$ 1,356	\$ -	\$ -
Mutual funds - bonds	785	785	-	-
Mutual funds – equity funds	114,039	114,039	-	-
Certificates of deposits	174,916	-	174,916	-
Total	<u>\$ 291,096</u>	<u>\$ 116,180</u>	<u>\$ 174,916</u>	<u>\$ -</u>

Note 6. Accounts Receivable

Receivables and allowance for uncollectible accounts at year-end for individual funds are as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivable
Governmental funds/activities:			
Delinquent taxes	\$ 25,717	\$ -	\$ 25,717
Penalties, interest, and collection fees on delinquent taxes	2,861	-	2,861
Due from other governments	37,043	-	37,043
	<u>\$ 65,621</u>	<u>\$ -</u>	<u>\$ 65,621</u>

Note 7. Interfund Balances and Activity

Interfund balances and activity at December 31, 2023 and for the fiscal year then ended, were as follows:

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenses
Governmental Funds				
General fund	\$ 112,808	\$ 237,140	\$ -	\$ 4,000
Highway fund	142,163	28,314	-	8,000
Nonmajor special revenue funds	19,364	8,881	12,000	-
Total	<u>\$ 274,335</u>	<u>\$ 274,335</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 7. Interfund Balances and Activity (continued)

During the year, interfund transfers occurred between funds. The transfers were made in accordance with budgetary authorization. Transfers for the year were as follows:

Transfer from	Transfer to	Amount	Purpose
General Fund	Reappraisal Fund	\$ 4,000	To fund reappraisal reserve.
Highway Fund	Grader Replacement Fund	8,000	To fund grader replacement reserve.
Total		<u>\$ 12,000</u>	

Note 8. Right to Use Assets

Right to use asset balances and activity for the year ended June 30, 2023 were as follows:

	12/31/22 Balance	Additions	Reductions	12/31/23 Balance
Right to use assets:				
Leased equipment	\$ -	\$ 5,102	\$ -	\$ 5,102
Total	<u>-</u>	<u>5,102</u>	<u>-</u>	<u>5,102</u>
Less accumulated amortization:				
Leased equipment	-	718	-	718
Total	<u>-</u>	<u>718</u>	<u>-</u>	<u>718</u>
Total right to use assets - net	<u>\$ -</u>	<u>\$ 4,384</u>	<u>\$ -</u>	<u>\$ 4,384</u>

Amortization expense of \$718 was charged to the general government governmental function in the statement of activities.

Note 9. Indebtedness

Long-term liability balances and activity for the year ended December 31, 2023 are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Compensated absences	\$ 4,182	\$ -	\$ 324	\$ 3,858
Lease obligation	-	5,102	641	4,461
Net pension liability	27,108	21,789	-	48,897
Total	<u>\$ 31,290</u>	<u>\$ 26,891</u>	<u>\$ 965</u>	<u>\$ 57,216</u>

Note 10. Leases

The Town has entered into a capital lease agreement for the purpose of the right to use tangible assets, which consists of a copier. The initial terms for these leases vary dependent on the terms and conditions of the lease. For accounting purposes, the right to use lease liability is reported at the present value of future minimum lease payments.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 10. Leases (continued)

Lease liabilities are comprised of the following:

Description of Issue	Issue date	Final maturity	Interest rate	Original amount	Balance
Lease liability - copier	5/19/23	4/19/28	2.7%	5,102	\$ 4,461
Less: current portion					984
Long-term portion					<u>\$ 3,477</u>

The following is a summary of maturing lease liability requirements:

Years ended June 30	Principal	Interest	Total
2024	\$ 984	\$ 108	\$ 1,092
2025	1,011	81	1,092
2026	1,038	54	1,092
2027	1,066	25	1,091
2028	362	2	364
	<u>\$ 4,461</u>	<u>\$ 270</u>	<u>\$ 4,731</u>

Note 11. Fund Balance/Net Position

The fund balance/net position of the Town are categorized as follows:

	Governmental Funds	Governmental Activities
Nonspendable:		
General Fund – prepaid expenses	\$ 7,616	\$ -
Restricted:		
General Fund – record restoration	11,252	11,252
Highway Fund	67,671	67,671
Reappraisal Fund	17,618	17,618
Cemetery Fund	43,772	43,772
Grader Replacement Fund	83,308	83,308
Good Neighbor Fund	70,158	70,158
	<u>293,779</u>	<u>293,779</u>
Assigned:		
General Fund – use of fund balance in 2024	3,408	-
Highway Fund – Use of fund balance in 2024	42,247	-
	<u>45,655</u>	<u>-</u>
Unassigned (governmental funds)		
General Fund	410,375	-
Unrestricted (government-wide)		
	<u>-</u>	<u>443,538</u>
Total fund balance/net position	<u>\$ 757,425</u>	<u>\$ 737,317</u>

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 12. Property Taxes

Taxes are levied based upon the assessed value as of April 1, for all real and personal property, with exemptions to qualifying veterans and excludes assessments on municipal, school and church properties. Tax payments are due October 10th. Delinquent taxes are subject to an 8% penalty plus interest. Property taxes are recognized as revenue in the period for which they levied, which is the fiscal year during which tax payments are due, provided the taxes are received within sixty (60) days after year-end. The remaining receivables are reported as unearned revenue.

Education tax rate – nonresident	\$	1.5649
Education tax rate – resident		1.3257
Municipal tax rate		0.7798
Cost of veteran exemption		0.0037

Note 13. Pension Plans

All eligible employees of the Town are enrolled for coverage by the Vermont Municipal Employees' Retirement System (VMERS) immediately upon employment.

Vermont Municipal Employees' Retirement System (VMERS)

Plan description

The Vermont Municipal Employees' Retirement System (VMERS) – a cost-sharing, multiple-employer defined benefit pension plan administered by the State Treasurer and its Board of Trustees. It is designed for Towns and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2023, the retirement plan consisted of 359 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association. All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Summary of system provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Group A, B, C, or D provisions.
Creditable Service	Service as a member plus purchased service.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Group B and C – average annual compensation during highest 3 consecutive years. Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance Eligibility	Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service. Group C and D – age 55 with 5 years of service.
Amount	Group A – 1.4% of AFC x service. Group B – 1.7% of AFC x service as Group B member plus percentage earned as a group A member x AFC. Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC. Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC. Maximum benefit is 60% of AFC for Group A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.
Death Benefits	
Eligibility	Death after 5 years of service.
Amount	For Groups A, B, and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.
Optional Benefit and Death After Retirement	For Group A, B, and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but no more than 2% for Group A and 3% for Group B, C, and D.
Retirement Stipend	\$25 per month payable at the option of the Board of Trustees.
Member Contributions	Group A – 3.50% Group B – 5.875% Group C – 11.00% Group D – 12.35%
Employer Contributions	Group A – 5.00% Group B – 6.50% Group C – 8.25% Group D – 10.85%

Significant actuarial assumptions and methods

Investment rate of return:	7.00%, net of pension plan investment expenses, including inflation.
Salary increases:	Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.
Mortality:	
Pre-retirement:	Group A, B, and C – 40% PubG-2010 general employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019. Group D – PubG-2010 general employee above-median, with generational projection using scale MP-2019.
Healthy post-retirement:	<u>Retiree</u> Group A, B, and C – 104% of 40% PubG-2010 general healthy retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019. Group D – PubG-2010 general healthy retirees, with generational projection using scale MP-2019. <u>Beneficiaries</u> Group A, B, and C – 70% PubG-2010 contingent survivor below-median and 30% of PubG-2010 contingent survivor, with generational projection using scale MP-2019. Group D – PubG-2010 contingent survivor, with generational projection using scale MP-2019.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

Disabled post-retirement:	All groups – PubNS-2010 non-safety disabled mortality table with generational projection using scale MP-2019.
Spouse's age:	Females three years younger than males
Cost-of-living adjustments:	1.10% per annum for Group A members and 1.20% per annum for Groups B, C, and D members. The January 1, 2023 COLA is 2.00% for all groups. The January 1, 2022 COLAs were 2.00% Group A members and 2.30% for Group B, C, and D members.
Inflation:	2.30%

Actuarial cost method: Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major class included in the pension plan's target asset allocation at June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected</u>
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00	4.30
US Equities – Large Cap	4.00	3.25
US Equities – Small/Mid Cap	3.00	3.75
Non-US Developed US Equities	7.00	.00
Emerging Markets Debts	4.00	3.50
Core Fixed Income	19.00	0.00
Private & Alternate Credit	10.00	4.75
US TIPS	3.00	(05.0)
Core Real Estate	3.00	3.75
Non-Core Real Estate	4.00	6.00
Private Equity	10.00	5.50
Infrastructure/Farmland	4.00	4.25
Total	100.00%	

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

Discount rate: The long-term expected rate of return on pension plan assets is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closes date prior to the valuation date of June 30, 2022, is 3.54%, as published by the Bond Buyer. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
\$ 73,270	\$ 48,897	\$ 28,849

Pension liability, pension expense, and deferred outflow of resources and deferred inflows of resources related to pensions

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and has a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position pension liability of \$303,371,956. As of December 31, 2023, the Town's proportionate share of this was 0.01612% resulting in a net pension liability of \$48,897. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.01612% was a decrease of 0.0023% from its proportion measured as of the prior year.

For the year ended December 31, 2023, the Town recognized pension expense of \$8,230.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 13. Pension Plans (continued)

As of December 31, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 3,672	\$ -
Changes of assumptions	2,500	-
Difference between projected and actual investment earnings	7,938	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	1,052	4,918
Town's contributions subsequent to the measurement date	8,361	-
Total	\$ 23,523	\$ 4,918

The \$8,361 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended:	
2023	\$ 3,229
2024	2,850
2025	28
2026	4,137

Employer contribution history for the Town as of December 31, 2023 is as follows:

FY22	\$ 4,033
FY21	4,095
FY20	4,016

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

Note 14. 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. Settle claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

TOWN OF WESTFIELD, VERMONT

Notes to the Financial Statements

Note 15. Contingencies

Federal and State Grants

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of such audits is not likely to have a material adverse effect on the Town's funds.

Note 16. Related Party Transactions

The Town enters into a road maintenance agreement with Kennison & Son Excavating Inc. Eric Kennison is the Town's road foreman and president of Kennison & Son Excavating Inc. For the year end December 31, 2023, the Town incurred road maintenance expenditures with Kennison & Sons Excavating Inc. of \$328,516.

Note 17. Subsequent Events

The Town has evaluated events and transactions that occurred between December 31, 2023 and June 24, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

TOWN OF WESTFIELD, VERMONT
Statement of Revenues and Expenditures
Budget and Actual - General Fund
Year Ended December 31, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 262,867	\$ 239,197	\$ (23,670)
State of Vermont	72,475	118,444	45,969
Clerk office	14,530	14,201	(329)
Miscellaneous	24,250	14,884	(9,366)
Community center	750	1,700	950
Library	100	644	544
Recycling	39,000	41,175	2,175
Total revenue	<u>413,972</u>	<u>430,245</u>	<u>16,273</u>
Expenditures			
Payroll	128,783	120,806	7,977
Town office	27,510	24,569	2,941
General expenses	112,550	142,588	(30,038)
Playground	1,300	983	317
Community center	17,410	15,635	1,775
Library	19,075	20,124	(1,049)
Recycling	47,000	39,552	7,448
Appropriations	60,344	60,114	230
Total expenditures	<u>413,972</u>	<u>424,371</u>	<u>(10,399)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 5,874</u>	<u>\$ 5,874</u>

See the independent auditor's report

TOWN OF WESTFIELD, VERMONT
Statement of Revenues and Expenditures
Budget and Actual - Highway
Year Ended December 31, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 340,436	\$ 340,436	\$ -
Highway	112,548	95,245	(17,303)
Total revenue	<u>452,984</u>	<u>435,681</u>	<u>(17,303)</u>
 Expenditures			
Payroll	57,566	57,934	(368)
Town office	11,330	5,524	5,806
General highway expenses	16,500	10,425	6,075
Road maintenance	353,100	362,138	(9,038)
Highway grant	42,560	9,658	32,902
Total expenditures	<u>481,056</u>	<u>445,679</u>	<u>35,377</u>
 Change in fund balance	 <u>\$ (28,072)</u>	 <u>\$ (9,998)</u>	 <u>\$ 18,074</u>

See the independent auditor's report

TOWN OF WESTFIELD, VERMONT
Schedule of Proportionate Share of the Net Pension Liability
Year Ended December 31, 2023

VMERS

	<u>2023</u>	<u>2022</u>
	6/30/2022	6/30/2021
Measurement date		
Town's proportion of the net pension liability (asset)	0.01612%	0.01842%
Town's proportionate share of the net pension liability (asset)	\$ 48,897	\$ 27,108
Town's covered-employee payroll	\$ 90,447	\$ 71,127
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	54.06%	38.11%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	86.29%

TOWN OF WESTFIELD, VERMONT
Schedule of the Town's Pension Contributions
Year Ended December 31, 2023

VMERS

	<u>2023</u>	<u>2022</u>
Contractually required contributions	\$ 8,361	\$ 6,403
Contributions in relation to the contractually required contribution	<u>8,361</u>	<u>6,403</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 90,447	\$ 71,127
Contributions as a percentage of covered-employee payroll	9.24%	9.00%

See Independent Auditor's Report

TOWN OF WESTFIELD, VERMONT
Combining Balance Sheet - Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	Reappraisal Fund	Cemetery Fund	Grader Replacement Fund	Good Neighbor Fund	Total
Assets					
Cash - restricted	\$ 4,551	\$ -	\$ -	\$ -	\$ 4,551
Investments	13,105	47,823	88,100	50,794	199,822
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,364</u>	<u>19,364</u>
Total assets	<u>\$ 17,656</u>	<u>\$ 47,823</u>	<u>\$ 88,100</u>	<u>\$ 70,158</u>	<u>\$ 223,737</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>38</u>	<u>4,051</u>	<u>4,792</u>	<u>-</u>	<u>8,881</u>
Total liabilities	<u>38</u>	<u>4,051</u>	<u>4,792</u>	<u>-</u>	<u>8,881</u>
Fund balance					
Restricted	<u>17,618</u>	<u>43,772</u>	<u>83,308</u>	<u>70,158</u>	<u>214,856</u>
Total fund balance	<u>17,618</u>	<u>43,772</u>	<u>83,308</u>	<u>70,158</u>	<u>214,856</u>
Total liabilities and fund balance	<u>\$ 17,656</u>	<u>\$ 47,823</u>	<u>\$ 88,100</u>	<u>\$ 70,158</u>	<u>\$ 223,737</u>

See Independent Auditor's Report.

TOWN OF WESTFIED, VERMONT
Combining Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	<u>Reappraisal</u> <u>Fund</u>	<u>Cemetery</u> <u>Fund</u>	<u>Grader</u> <u>Replacement</u> <u>Fund</u>	<u>Good</u> <u>Neighbor</u> <u>Fund</u>	<u>Total</u>
Revenues					
Grant income	\$ -	\$ -	\$ -	\$ 8,250	\$ 8,250
Investments income	642	-	163	-	805
Total revenues	<u>642</u>	<u>-</u>	<u>163</u>	<u>8,250</u>	<u>9,055</u>
Expenditures					
General expenses	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>642</u>	<u>-</u>	<u>163</u>	<u>8,250</u>	<u>9,055</u>
Other financing sources					
Transfers in	4,000	-	8,000	-	12,000
Total other financing sources	<u>4,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>12,000</u>
Change in fund balance	4,642	-	8,163	8,250	21,055
Fund balance - beginning of year	<u>12,976</u>	<u>43,772</u>	<u>75,145</u>	<u>61,908</u>	<u>193,801</u>
Fund balance - end of year	<u>\$ 17,618</u>	<u>\$ 43,772</u>	<u>\$ 83,308</u>	<u>\$ 70,158</u>	<u>\$ 214,856</u>

See Independent Auditor's Report.

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 Westfield, Vermont

We have audited, in accordance with the 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 Westfield, Vermont, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Westfield, Vermont's basic financial statements, and have issued our report thereon dated June 24, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Westfield, Vermont's financial statements are free from 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.

Telling & Hillman, P.C.

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Middlebury, Vermont
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