

TOWN OF WESTMORE, VERMONT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
DECEMBER 31, 2023

TOWN OF WESTMORE, VERMONT

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

The Select Board
Town of Westmore, Vermont

Qualified 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 Westmore, Vermont, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Qualified Opinion on the General Fund

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Town of Westmore, Vermont, as of December 31, 2023, and 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 Governmental Activities, Each Major Fund Other than the General 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 the governmental activities, each major fund other than the General Fund, and the aggregate remaining fund information of the Town of Westmore, Vermont, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Westmore, 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on the General Fund

Limited accounting controls are exercised over incoming cash and checks for the sale of garbage bags and services at the transfer station prior to the initial entry in the accounting records. Due to this limitation, we were unable to obtain sufficient audit evidence about the amount recognized for charges for services revenue for the year ended December 31, 2023. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

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 Westmore, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Westmore, 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 Westmore, 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 budgetary comparison information, schedule of the proportionate share of the net pension liability and schedule of pension contributions on pages 23 to 26 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.

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

The Select Board
Town of Westmore, Vermont

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westmore, Vermont's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 7, 2024, on our consideration of the Town of Westmore, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Westmore, 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 the Town of Westmore, Vermont's internal control over financial reporting and compliance.

Pace & Hawley, LLC

Berlin, Vermont
October 7, 2024

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

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 522,313
Investments	1,003,911
Due from other governments	39,690
Delinquent property taxes and related interest receivable	56,884
Prepaid	<u>11,433</u>
Total current assets	<u>1,634,231</u>
Noncurrent assets:	
Capital assets	2,116,207
(Accumulated depreciation)	<u>(1,285,815)</u>
Total noncurrent assets	<u>830,392</u>
Total assets	<u>2,464,623</u>
Deferred outflows of resources	
Pension related - VMERS	<u>39,482</u>
Liabilities	
Current liabilities:	
Accounts payable	24,583
Accrued payroll, benefits & taxes	12,371
Grants received in advance	86,160
Other liabilities	765
Due to fiduciary activities	<u>531,985</u>
Total current liabilities	<u>655,864</u>
Noncurrent liabilities:	
Net pension liability - VMERS	<u>106,496</u>
Total liabilities	<u>762,360</u>
Deferred inflows of resources	
Pension related - VMERS	12,955
Property taxes received in advance	<u>7,431</u>
Total deferred inflows of resources	<u>20,386</u>
Net position	
Net investment in capital assets	830,392
Restricted	193,741
Unrestricted	<u>697,226</u>
Total net position	<u>\$ 1,721,359</u>

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

TOWN OF WESTMORE, VERMONT
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 280,348	\$ 14,553	\$ 172,421	\$ -	\$ (93,374)
Highway, streets and bridges	458,558	-	74,895	2,500	(381,163)
Public safety	41,280	-	-	-	(41,280)
Solid waste	98,345	27,626	-	-	(70,719)
Culture and recreation	44,293	-	21,640	-	(22,653)
Cemetery	6,227	3,200	-	-	(3,027)
Interest	246	-	-	-	(246)
Total governmental activities	\$ 929,297	\$ 45,379	\$ 268,956	\$ 2,500	(612,462)
General revenues					
					874,561
					13,617
					755
					888,933
					276,471
					1,444,888
					\$ 1,721,359

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

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

	General Fund	Highway Fund	ARPA Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 54,795	\$ 55,593	\$ 88,725	\$ -	\$ 323,200	\$ 522,313
Investments	1,003,911	-	-	-	-	1,003,911
Due from other governments	-	-	-	39,690	-	39,690
Delinquent property taxes and related interest receivable	56,884	-	-	-	-	56,884
Prepaid	11,433	-	-	-	-	11,433
Total assets	\$ 1,127,023	\$ 55,593	\$ 88,725	\$ 39,690	\$ 323,200	\$ 1,634,231
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable	\$ 24,583	\$ -	\$ -	\$ -	\$ -	\$ 24,583
Accrued payroll, benefits and taxes	10,605	1,766	-	-	-	12,371
Grants received in advance	-	-	86,160	-	-	86,160
Other liabilities	765	-	-	-	-	765
Due to other funds	500,435	-	2,565	28,985	-	531,985
Total liabilities	536,388	1,766	88,725	28,985	-	655,864
Deferred inflows of resources:						
Property taxes received in advance	7,431	-	-	-	-	7,431
Unavailable property taxes & interest	33,114	-	-	-	-	33,114
Total deferred inflows of resources	40,545	-	-	-	-	40,545
Fund balances:						
Nonspendable	11,433	-	-	-	-	11,433
Restricted	54,795	-	-	-	138,946	193,741
Committed	-	53,827	-	10,705	184,254	248,786
Unassigned	483,862	-	-	-	-	483,862
Total fund balances	550,090	53,827	-	10,705	323,200	937,822
Total liabilities, deferred inflows of resources and fund balances	\$ 1,127,023	\$ 55,593	\$ 88,725	\$ 39,690	\$ 323,200	\$ 1,634,231

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

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

Total fund balances - governmental funds	\$	937,822
<p>Amounts reported for governmental activities in the government-wide statement of net position are different because:</p>		
<p>Capital assets used in governmental funds are not current financial resources, and therefore, are not reported in the governmental funds balance sheet:</p>		
Capital assets		2,116,207
Accumulated depreciation		(1,285,815)
<p>Unavailable property taxes are recorded as a deferred inflow of resources in the governmental funds financial statements because property taxes which are not collected within 60 days of year-end are not available financial resources</p>		
		33,114
<p>Deferred outflows of resources, deferred inflows of resources and the net pension liability related to the Town's proportionate share of the VMERS pension plan are not reported in the governmental funds balance sheet</p>		
		<u>(79,969)</u>
Net position - governmental activities	\$	<u>1,721,359</u>

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

TOWN OF WESTMORE, VERMONT
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended December 31, 2023
(Page 1 of 2)

	General Fund	Highway Fund	ARPA Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 366,552	\$ 349,795	\$ -	\$ 14,497	\$ 116,000	\$ 846,844
Interest & penalties on delinquent taxes	14,942	-	-	-	-	14,942
Intergovernmental	82,408	71,975	2,565	104,666	8,999	270,613
Licenses, permits and fines	12,297	-	-	-	-	12,297
Charges for services	27,626	-	-	-	3,200	30,826
Investment earnings	13,004	17	-	-	596	13,617
Donations	-	-	-	8,100	-	8,100
Miscellaneous	755	-	-	-	-	755
Total revenues	<u>517,584</u>	<u>421,787</u>	<u>2,565</u>	<u>127,263</u>	<u>128,795</u>	<u>1,197,994</u>
Expenditures						
Current:						
General government	267,856	-	-	-	932	268,788
Highways, streets and bridges	-	376,578	-	-	14,297	390,875
Public safety	41,280	-	-	-	-	41,280
Solid waste	98,345	-	-	-	-	98,345
Cemetery	-	-	-	-	6,227	6,227
Culture and recreation	8,868	-	-	35,425	-	44,293
Capital outlay	4,912	-	2,565	100,120	-	107,597
Debt service - principal	-	-	-	-	13,524	13,524
Debt service - interest	44	-	-	-	202	246
Total expenditures	<u>421,305</u>	<u>376,578</u>	<u>2,565</u>	<u>135,545</u>	<u>35,182</u>	<u>971,175</u>
Excess of revenues or (expenditures)	96,279	45,209	-	(8,282)	93,613	226,819
<i>Continued</i>						

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

TOWN OF WESTMORE, VERMONT
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended December 31, 2023
(Page 2 of 2)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>ARPA Fund</u>	<u>Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Continued</i>						
Other financing sources (uses)						
Transfers in (out)	<u>-</u>	<u>(13,994)</u>	<u>-</u>	<u>13,994</u>	<u>-</u>	<u>-</u>
Net change in fund balances	96,279	31,215	-	5,712	93,613	226,819
Fund balances, beginning of year	<u>453,811</u>	<u>22,612</u>	<u>-</u>	<u>4,993</u>	<u>229,587</u>	<u>711,003</u>
Fund balances, end of year	\$ <u>550,090</u>	\$ <u>53,827</u>	\$ <u>-</u>	\$ <u>10,705</u>	\$ <u>323,200</u>	\$ <u>937,822</u>

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

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

Net change in fund balances - governmental funds \$ 226,819

Amounts reported for governmental activities in the government-wide statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is depreciated over their estimated useful lives:

Expenditures for capital assets	112,597
Current year depreciation	(59,993)

The Town's contribution to VMERS is recorded as an expenditure in the governmental funds. However, in the statement of activities, pension expense is actuarially determined. (24,250)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds:

Principal payments on notes payable	13,524
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Revenues in the statement of activities that do not provide current financial resources (property taxes not collected within 60 days of year-end and grant proceeds not collected within 6 months of year-end) are not reported as revenues in the governmental fund statements:

Decrease in unavailable grants	(5,000)
Increase in unavailable property taxes	<u>12,774</u>

Change in net position - governmental activities \$ 276,471

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

TOWN OF WESTMORE, VERMONT
Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2023

		Custodial Fund
Assets		
Cash and cash equivalents	\$	319,081
Due from other funds		531,985
Total assets		851,066
 Liabilities and net position		
Due to other governments		851,066
Net position	\$	-

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

TOWN OF WESTMORE, VERMONT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2023

	<u>Custodial Fund</u>
Additions	
Statewide education taxes collected for other governments	\$ <u>2,292,134</u>
Deductions	
Statewide education taxes paid to other governments	<u>2,292,134</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	\$ <u><u>-</u></u>

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

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

1. Summary of significant accounting policies

The Town of Westmore, Vermont (the Town) was chartered on August 17, 1781, under the provisions of the State of Vermont. The Town operates under a Board of Selectmen form of government, and provides the following services: highways, public safety, solid waste, and general administrative services.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the Town have been prepared in conformity with generally accepted accounting principles as applied to governmental entities. The following is a summary of the Town's more significant accounting policies:

A. Reporting entity - The Town is a primary government under reporting criteria established by the GASB. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units and evaluated them against the criteria established by the GASB. Based on these criteria, there are no other entities that are considered to be component units of the Town that should be included in these financial statements.

B. Basis of presentation

Fund accounting: The accounts of the Town are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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. The effect of interfund activity has been removed from these statements.

Fund financial statements: Fund financial statements are presented according to each fund category; governmental and fiduciary. Separate financial statements are provided for each of these categories. Major governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are reported as non-major funds.

The Town reports the following major governmental funds:

General Fund - This fund is used to account for the primary activity of the Town. Property tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Highway Fund - This special revenue fund is used to account for activities related to the highway department. Committed revenue sources are property taxes that have been voted by taxpayers to be used only for highway activities.

ARPA Fund - This special revenue fund is used to report transactions associated with assets received because of the American Rescue Plan Act (ARPA) in response to the COVID-19 pandemic.

Grants Fund - This special revenue fund is used to report transactions associated with the Town's projects fund primarily with intergovernmental grants, other than ARPA.

The Town also reports fiduciary activities in a custodial fund used to report statewide education property taxes collected on behalf of the State of Vermont and paid to other governments.

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

1. Summary of significant accounting policies (continued)

- C. Measurement focus and basis of accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus refers to what items are reported on the financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this model, revenues are recognized when both measurable and available for use. Expenditures are recorded when the liability has occurred if measurable. Measurable means that the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the fiscal year and other revenues to be available if they are collected within 6 months of the end of the fiscal year. Expenditures related to principal and interest on long-term debt that has not matured, compensated absences, and claims and judgments are recorded only when payment is due.

Fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Additions are recorded when they occur and deductions when a liability has occurred, regardless of the related cash flows.

- D. Governmental fund equity - In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision-making authority, and that remain binding unless removed in the same manner. For the purposes of defining the committed fund balance category, the Town considers the taxpayers, through voted Town Articles, to be its highest level of decision-making authority.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Select Board or a body or official to which the Select Board has delegated the authority to assign amounts for specific purposes.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include any negative residual balance resulting from expenditures exceeding amounts restricted, committed, or assigned for a specific purpose.

For the classification of governmental fund balances, the Town does not have a formal policy regarding which classification should be reduced first when more than one classification is available. However, the Town has generally considered an expenditure to be made from the most restrictive first when more than one classification is available unless specifically determined.

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

1. Summary of significant accounting policies (continued)

For the classification of net position, the Town does not have a formal policy regarding which classification should be reduced first when more than one classification is available. However, the Town has generally considered an expense to be made from the most restrictive first when more than one classification is available.

- E. Budgetary accounting - The operating budgets of the General Fund and the Highway Fund are prepared by the Town on the modified accrual basis of accounting. The budget is approved at Town Meeting and the Select Board sets the municipal property tax rate based on the grand list and approved budget.
- F. Estimates - The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, or expenses, during the reported period. Actual results could differ from those estimates.
- G. Cash and cash equivalents – Cash and cash equivalents consists of cash and short-term investments with an original maturity of three months or less.
- H. Investments – The Town’s investment consists entirely of non-negotiable certificates of deposit which are stated at cost.
- I. Receivables - The Town has not recorded an allowance for doubtful accounts. Management estimates that all receivables are collectible.
- J. Capital Assets - Capital assets, which include land, land improvements, buildings, building improvements, equipment, software, and infrastructure are reported in the governmental activities’ columns in the government-wide financial statements. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. The Town’s policy is to capitalize assets with a useful life of more than one year and a cost in excess of \$20,000 for land, land improvements, buildings, building improvements, infrastructure and in excess of \$2,000 for software and equipment. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation. The Town began reporting capital assets for the year ending December 31, 2015. The Town did not retroactively report infrastructure assets for prior years. Capital assets of the Town are depreciated using the straight-line method over the following useful lives:

Land improvements	20 years
Building improvements	20 years
Buildings	50 years
Infrastructure	30 years
Software	8 years
Equipment	6 - 10 years

- K. Interfund balances and transfers – Interfund receivables and payables represent transactions incurred within the fund for other funds. These accounts are expected to be eliminated in the normal course of operations. Interfund transfers represent flows of cash or goods from one fund to another without a requirement for repayment.
- L. Deferred outflows/inflows of resources – In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources, if applicable, are reported as separate sections in the government-wide statement of net position and the balance sheet - governmental funds. A deferred outflow of resources is a consumption of net assets by the Town that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets by the Town that is applicable to a future reporting period.

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

1. Summary of significant accounting policies (continued)

The Town has recorded, in the General Fund, deferred inflows for unavailable property taxes which have not been collected within 60 days following year-end and are not considered available for current year operations.

M. Property tax calendar - Property taxes attach as an enforceable lien on property as of April 1st. Property taxes for 2023 were payable in one installment due on October 20, 2023. Taxes not paid by the due date were declared delinquent and turned over to the Delinquent Tax Collector. Municipal property taxes are recorded as revenue in the applicable governmental funds. Statewide education property taxes are not considered Town Revenue and are reported in the fiduciary custodial fund.

2. Cash and cash equivalents

The Town's reported cash and investments, including \$319,081 held in fiduciary capacity as of December 31, 2023, consisting of the following:

Cash	
Deposits with financial institutions	\$ 841,394
Investments	
Nonnegotiable certificates of deposit	<u>1,003,911</u>
Total cash and investments	\$ <u>1,845,305</u>

Custodial credit risk – Custodial credit risk, for deposits and related nonnegotiable certificates of deposit, is the risk that, in the event of a failure of a depository financial institution, the Town's deposits might not be recovered. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2023, the Town's bank balance was \$1,838,807. Of this amount, \$349,389 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$1,489,418 was collateralized through participation in public unit deposit and backed by a letter of credit from the Federal Home Loan Bank of Boston.

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

3. Capital assets

Changes in governmental activities capital assets consisted of the following:

	Balance January 1, <u>2023</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2023</u>
Capital assets, not depreciated:				
Land	\$ <u>236,923</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>236,923</u>
Capital assets, depreciated:				
Software	13,629	-	-	13,629
Equipment, machinery and vehicles	1,194,889	9,978	-	1,204,867
Infrastructure	245,572	102,619	-	348,191
Buildings	<u>312,597</u>	<u>-</u>	<u>-</u>	<u>312,597</u>
	<u>1,766,687</u>	<u>112,597</u>	<u>-</u>	<u>1,879,284</u>
Less accumulated depreciation for:				
Software	13,180	224	-	13,404
Equipment, machinery and vehicles	1,002,661	44,610	-	1,047,271
Infrastructure	52,577	9,145	-	61,722
Buildings	<u>157,404</u>	<u>6,014</u>	<u>-</u>	<u>163,418</u>
	<u>1,225,822</u>	<u>59,993</u>	<u>-</u>	<u>1,285,815</u>
Total capital assets depreciated, net	<u>540,865</u>	<u>52,604</u>	<u>-</u>	<u>593,469</u>
Capital assets, net, governmental activities	\$ <u>777,788</u>	\$ <u>52,604</u>	\$ <u>-</u>	\$ <u>830,392</u>

Depreciation expense in the governmental activities totaling \$59,993 was allocated to the following functions: general government \$5,308 and highway \$54,685.

4. Short-term debt

The Town utilizes promissory notes to coordinate its cash flow needs. On July 3, 2023, the Town obtained a tax anticipation note at an interest rate of 5.32% due December 31, 2023, with a credit limit of \$122,280. During the year ended December 31, 2023, the Town borrowed and repaid \$0 in principal on this note.

5. Long-term liabilities

Long-term liabilities consisted of the following as of December 31, 2023:

Governmental activities:	
Net pension liability - VMERS	\$ <u>106,496</u>

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

5. Long-term liabilities (continued)

Changes in long-term liabilities for the year ended December 31, 2023, were as follows:

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2023</u>	Due Within <u>One Year</u>
Governmental activities:					
Notes from direct borrowings	\$ 13,524	\$ -	\$ 13,524	\$ -	\$ -
Net pension liability - VMERS	<u>118,151</u>	<u>-</u>	<u>11,655</u>	<u>106,496</u>	<u>-</u>
	<u>\$ 131,675</u>	<u>\$ -</u>	<u>\$ 25,179</u>	<u>\$ 106,496</u>	<u>\$ -</u>

6. Pension plan – Vermont Municipal Employees’ Retirement System

Plan description – The Vermont Municipal Employees’ Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the Vermont State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975. The State statutory provisions, found in Title 24, V.S.A. Chapter 125, govern eligibility for benefits, service requirements, contribution requirements and benefit provisions. 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. All assets are held in a single trust and are available to pay retirement benefits to all members. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont’s Annual Comprehensive Financial Report (ACFR). The ACFR can be viewed on the State of Vermont’s Department of Finance and Management’s website.

Benefits – Full-time employees of participating municipalities are covered under VMERS. Municipalities elect coverage under Groups A, B, C or D provisions. VMERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on average final compensation, years of creditable service, age upon retirement, and on the benefit structure of the Group. Vesting occurs upon the attainment of five years of creditable service.

Contributions – Municipal employees participating in the plan were required to contribute 3.500%, 5.875%, 11.000%, and 12.350% of gross wages for Groups A, B, C and D, respectively, through June 30, 2023, and 3.750%, 6.125%, 11.250%, and 12.600% of gross wages for Groups A, B, C and D, respectively, from July 1, 2023, to December 31, 2023. Municipal employers were required to contribute 5.000%, 6.500%, 8.250%, and 10.850% of gross wages for Groups A, B, C and D, respectively, through June 30, 2023, and 5.250 %, 6.750%, 8.500%, and 11.100% of gross wages for Groups A, B, C and D, respectively, from July 1, 2023, to December 31, 2023.

The Town began participating in the plan on April 1, 2019. Employees of the Town are covered under Group A. Town employees contributed \$6,814 to VMERS for the year ended December 31, 2023. The Town contributed \$9,631 to VMERS for the year ended December 31, 2023.

The State of Vermont has provided the following information to all employers participating in VMERS; net pension liability, each Town’s proportionate share of the net pension liability, expected rate of return on investments and discount rates. The information specific to the Town is based on its proportionate share of VMERS relative to all participating employers. Actuarial reports and schedules of employer allocations can be obtained by visiting the office of the Vermont State Treasurer at the following internet address: www.vermonttreasurer.gov.

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

6. Pension plan – Vermont Municipal Employees’ Retirement System (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – As of December 31, 2023, the Town reported a liability of \$106,496 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the total pension liability as of June 30, 2022, to June 30, 2023. The Town’s proportion of the net pension liability was based on the Town’s proportional share of employer contributions to the total contributions to VMERS. As of June 30, 2023, measurement date, the Town’s proportion was 0.03325%, which was a decrease of 0.00570% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized pension expense of \$28,914, related to VMERS. As of December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to VMERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,679	\$ -
Changes in assumptions	3,471	-
Difference between projected and actual earnings on pension plan investments	12,116	-
Changes in proportional share of contributions	12,139	12,955
Town contributions subsequent to the measurement date	<u>5,077</u>	<u>-</u>
	<u>\$ 39,482</u>	<u>\$ 12,955</u>

\$5,077 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 ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized in pension expense over a period of 5 years.

Actuarial assumptions – The net pension liability, measured as of June 30, 2023, was based on a June 30, 2022, actuarial valuation using the following actuarial assumptions: investment rate of return 7.00%, salary increases: 4.07% to 6.21%, inflation 2.30%, cost of living adjustments 1.10% to 3.00%. The mortality tables used and additional actuarial assumptions are presented in the actuarial valuation which can be viewed on the State of Vermont Treasurer’s website.

The long-term expected rate of return of 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of the June 30, 2023, measurement date, are summarized in the following table:

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

6. Pension plan – Vermont Municipal Employees’ Retirement System (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global equities	44.00%	5.35%
Private equity	10.00%	7.50%
Emerging markets debt	2.00%	5.00%
Private and alternative credit	10.00%	5.50%
Non-core real estate	4.00%	5.50%
Core fixed income	19.00%	1.50%
Core real estate	4.00%	3.25%
U.S. TIPS	2.00%	1.50%
Infrastructure/farmland	<u>5.00%</u>	4.25%
	100.00%	

Discount rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions would continue to be made in accordance with the current funding policy at the rates set by the Board of Trustees.

The following presents the Town’s proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the Town’s proportionate share 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 <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1 % Increase <u>(8.00%)</u>
Town's proportionate share of the net pension liability	\$ <u>160,295</u>	\$ <u>106,496</u>	\$ <u>62,278</u>

7. Interfund balances

Interfund receivable and payables balances as of December 31, 2023, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities		
General Fund	\$ -	\$ 500,435
ARPA Fund	-	2,565
Grants Fund	-	28,985
	<u>-</u>	<u>531,985</u>
Fiduciary activities		
Custodial Fund	<u>531,985</u>	<u>-</u>
	\$ <u>531,985</u>	\$ <u>531,985</u>

Interfund balances were the result of pooling of cash for efficient operating purposes and assets being used to pay for grant-related activities before the cash was received from the grantor or reimbursed from the separate ARPA bank account.

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

8. Interfund transfers

Interfund transfers for the year ended December 31, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net In (Out)</u>
Highway Fund	\$ -	\$ 13,994	\$ (13,994)
Grants Fund	13,994	-	13,994
	\$ 13,994	\$ 13,994	\$ -

Transfers out of the Highway Fund to the Grants Fund were to record the Town's required match for various grant funded projects.

9. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and injuries to employees. The Town maintains coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risk of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded coverage in any of the past three years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate setting policies have been estimated after conclusion with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members.

10. Statewide education property taxes

During the year ended December 31, 2023, the Town paid \$1,441,068 in cash payments to the local school and State of Vermont for the state's fiscal year June 30, 2024, state-wide education property taxes, as instructed by the State of Vermont. Subsequent to the Town's year-end the state issued its final education property tax reconciliation for the state's fiscal year ending June 30, 2024. The state's final reconciliation shows \$851,066 is required to be paid to the school and the State of Vermont. Accordingly, the Town has recorded this amount as a liability as of December 31, 2023, in the fiduciary activities custodial fund.

11. Joint Venture: Northeast Kingdom Waste Management District

The Town is a participating member in the Northeast Kingdom Waste Management District (the District); which is a union municipal district that exists to cooperatively and comprehensively address the solid waste management interest of its member towns. The District is governed by a Board of Supervisors composed of one representative from each of the participating municipalities. The District has primary liability for its future obligations, including operating costs and debt service. Municipalities have contingent liability through membership in the District. The District issues separate financial statements which can be obtained by contacting the District's office located at 224 Church Street, Lyndonville, VT 05851.

TOWN OF WESTMORE, VERMONT
Notes to Financial Statements
December 31, 2023

12. Governmental activities net position

As of December 31, 2023, governmental activities restricted net position consisted of the following:

Restricted for:	
Vault restoration	\$ 16,910
Reappraisal & mapping	76,842
Landfill closure	54,795
Cemetery	<u>45,194</u>
	<u>\$ 193,741</u>

13. Governmental fund equity

As of December 31, 2023, governmental fund balances consisted of the following:

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>Grants</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Nonspendable for:					
Prepays	\$ <u>11,433</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,433</u>
Restricted for:					
Vault restoration	-	-	-	16,910	16,910
Reappraisal & mapping	-	-	-	76,842	76,842
Landfill closure	54,795	-	-	-	54,795
Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,194</u>	<u>45,194</u>
	<u>54,795</u>	<u>-</u>	<u>-</u>	<u>138,946</u>	<u>193,741</u>
Committed for:					
Highway	-	53,827	-	-	53,827
Highway-paving	-	-	-	55,079	55,079
Infrastructure	-	-	-	30,214	30,214
Town equipment	-	-	-	67,402	67,402
Milfoil	-	-	10,705	-	10,705
Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,559</u>	<u>31,559</u>
	<u>-</u>	<u>53,827</u>	<u>10,705</u>	<u>184,254</u>	<u>248,786</u>
Unassigned	<u>483,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483,862</u>
	<u>\$ 550,090</u>	<u>\$ 53,827</u>	<u>\$ 10,705</u>	<u>\$ 323,200</u>	<u>\$ 937,822</u>

14. Contingency

A former Town employee has filed a claim against the Town for monetary compensation. Defense of this claim is being provided by the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund ("VLCT PACIF"). The likelihood of an unfavorable outcome and any potential estimate of loss is unknown. Accordingly, the Town has not recorded a liability in its financial statements for this potential loss contingency.

15. Subsequent event

On September 16, 2024, the Town obtained a \$150,000 3-year note payable at an interest rate of 4.76% to be applied to the purchase of a new truck.

TOWN OF WESTMORE, VERMONT
Schedule of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 382,723	\$ 382,723	\$ 366,552	\$ (16,171)
Interest & penalties on delinquent taxes	20,000	20,000	14,942	(5,058)
Intergovernmental	75,000	75,000	82,408	7,408
Licenses, permits & fines	14,200	14,200	12,297	(1,903)
Charges for services	29,500	29,500	27,626	(1,874)
Investment earnings	4,400	4,400	13,004	8,604
Miscellaneous	500	500	755	255
Total revenues	<u>526,323</u>	<u>526,323</u>	<u>517,584</u>	<u>(8,739)</u>
Expenditures				
Town Clerk's office	79,705	79,705	79,228	477
Treasurer's office	12,918	12,918	12,948	(30)
Select Board	8,535	8,535	7,603	932
Planning and zoning	9,725	9,725	2,777	6,948
Lister's office	43,500	43,500	26,269	17,231
911 Coordinator	2,300	2,300	388	1,912
Delinquent Tax Collector	12,918	12,918	10,562	2,356
General	154,437	154,437	122,520	31,917
Municipal building maintenance	9,400	9,400	12,394	(2,994)
Lake account	17,400	17,400	8,868	8,532
Transfer station	101,155	101,155	103,257	(2,102)
Community appropriations	42,430	42,430	12,430	30,000
Service expenditures	31,300	31,300	21,611	9,689
Miscellaneous	500	500	450	50
Total expenditures	<u>526,223</u>	<u>526,223</u>	<u>421,305</u>	<u>104,918</u>
Net change in fund balances	\$ <u>100</u>	\$ <u>100</u>	\$ <u>96,279</u>	\$ <u>96,179</u>

TOWN OF WESTMORE, VERMONT
Schedule of Revenues and Expenditures
Budget and Actual - Highway Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property taxes	\$ 349,796	\$ 349,796	\$ 349,795	\$ (1)
Intergovernmental	50,000	50,000	71,975	21,975
Investment earnings	-	-	17	17
Total revenues	<u>399,796</u>	<u>399,796</u>	<u>421,787</u>	<u>21,991</u>
Expenditures				
Payroll & benefits	177,050	177,050	182,048	(4,998)
Town garage	27,450	27,450	27,605	(155)
Road expenditures	3,100	3,100	3,221	(121)
Road maintenance	83,100	83,100	71,747	11,353
Equipment maintenance	100,745	100,745	91,957	8,788
Total expenditures	<u>391,445</u>	<u>391,445</u>	<u>376,578</u>	<u>14,867</u>
Excess of revenues or (expenditures)	8,351	8,351	45,209	36,858
Other financing sources				
Transfers in (out)	-	-	(13,994)	(13,994)
Net change in fund balances	<u>\$ 8,351</u>	<u>\$ 8,351</u>	<u>\$ 31,215</u>	<u>\$ 22,864</u>

TOWN OF WESTMORE, VERMONT
Schedule of Proportionate Share of the Net Pension Liability
June 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
VMERS					
Town's proportion of the net pension liability	0.03325%	0.03895%	0.04234%	0.03340%	0.01132%
Town's proportionate share of the net pension liability	\$ 106,496	\$ 118,151	\$ 62,320	\$ 84,490	\$ 19,640
Town's covered payroll	\$ 189,545	\$ 205,148	\$ 209,197	\$ 162,870	\$ 52,728
Town's proportionate share of the net pension liability as a percentage of its covered payroll	56.19%	57.59%	29.79%	51.88%	37.25%
Plan fiduciary net position as a percentage of the total pension liability	74.01%	73.60%	86.29%	74.52%	80.25%

Notes to schedule:

Data presented as of the measurement date. Historical information prior to implementation of GASB 68 is not required.

The plan provisions used in the measurement of the net pension liability are the same as those used in the valuation as of June 30, 2022, but are updated to reflect changes in the following assumptions and rates; salary increases, mortality, active retirement, termination and disability. The details of the actuarial assumptions can be located on the State of Vermont Treasurer's website.

The Town began participating in VMERS on April 1, 2019.

TOWN OF WESTMORE, VERMONT
Schedule of Pension Contributions
For the year ended December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
VMERS					
Contractually required contributions	\$ 9,631	\$ 9,982	\$ 9,497	\$ 9,049	\$ 6,922
Contributions in relation to the contractually required contribution	<u>(9,631)</u>	<u>(9,982)</u>	<u>(9,497)</u>	<u>(9,049)</u>	<u>(6,922)</u>
Contribution deficiency (excess)	\$ <u>-</u>				
Town's covered payroll	<u>187,785</u>	<u>204,961</u>	<u>205,578</u>	<u>206,881</u>	<u>162,870</u>
Contributions as a percentage of covered payroll	5.129%	4.870%	4.620%	4.374%	4.250%

Notes to schedule:

Historical information prior to implementation of GASB 68 is not required.
The Town began participating in VMERS on April 1, 2019.

TOWN OF WESTMORE, VERMONT
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Special Revenue Funds		Capital Project Funds				Total
	Reappraisal & Mapping Fund	Cemetery Fund	Town Equipment Fund	Vault Restoration Fund	Infrastructure Fund	Paving Fund	Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	\$ 76,842	\$ 76,753	\$ 67,402	\$ 16,910	\$ 30,214	\$ 55,079	\$ 323,200
Liabilities and fund balances							
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:							
Restricted	76,842	45,194	-	16,910	-	-	138,946
Committed	-	31,559	67,402	-	30,214	55,079	184,254
Total fund balances	<u>76,842</u>	<u>76,753</u>	<u>67,402</u>	<u>16,910</u>	<u>30,214</u>	<u>55,079</u>	<u>323,200</u>
Total liabilities and fund balances	<u>\$ 76,842</u>	<u>\$ 76,753</u>	<u>\$ 67,402</u>	<u>\$ 16,910</u>	<u>\$ 30,214</u>	<u>\$ 55,079</u>	<u>\$ 323,200</u>

See independent auditor's report

TOWN OF WESTMORE, VERMONT
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue Funds		Capital Project Funds				Total Nonmajor Governmental Funds
	Reappraisal & Mapping Fund	Cemetery Fund	Town Equipment Fund	Vault Restoration Fund	Infrastructure Fund	Paving Fund	
Revenues							
Property taxes	\$ 10,000	\$ 6,000	\$ 50,000	\$ -	\$ 10,000	\$ 40,000	\$ 116,000
Intergovernmental	6,743	-	-	2,256	-	-	8,999
Charges for services	-	3,200	-	-	-	-	3,200
Investment earnings	121	259	61	33	48	74	596
Total revenues	<u>16,864</u>	<u>9,459</u>	<u>50,061</u>	<u>2,289</u>	<u>10,048</u>	<u>40,074</u>	<u>128,795</u>
Expenditures							
Current:							
General government	263	-	-	669	-	-	932
Highway	-	-	-	-	-	14,297	14,297
Cemetery	-	6,227	-	-	-	-	6,227
Debt service - principal	-	-	13,524	-	-	-	13,524
Debt service - interest	-	-	202	-	-	-	202
Total expenditures	<u>263</u>	<u>6,227</u>	<u>13,726</u>	<u>669</u>	<u>-</u>	<u>14,297</u>	<u>35,182</u>
Net change in fund balances	16,601	3,232	36,335	1,620	10,048	25,777	93,613
Fund balances, beginning of year	<u>60,241</u>	<u>73,521</u>	<u>31,067</u>	<u>15,290</u>	<u>20,166</u>	<u>29,302</u>	<u>229,587</u>
Fund balances, end of year	\$ <u>76,842</u>	\$ <u>76,753</u>	\$ <u>67,402</u>	\$ <u>16,910</u>	\$ <u>30,214</u>	\$ <u>55,079</u>	\$ <u>323,200</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**

The Select Board
Town of Westmore, 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 Westmore, 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 Westmore, Vermont's basic financial statements and have issued our report thereon dated October 7, 2024 in which our opinion on the General Fund was qualified.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Westmore, 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 Westmore, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Westmore, Vermont's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2023-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Westmore, 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*.

The Select Board
Town of Westmore, Vermont

Town of Westmore, Vermont's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Westmore, Vermont's response to the findings identified in our audit and described in the accompanying schedule of findings. Town of Westmore, Vermont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Pace & Hawley, LLC

Berlin, Vermont
October 7, 2024

TOWN OF WESTMORE, VERMONT
Schedule of Findings
For the Year Ended December 31, 2023

2023-001 Controls Over Cash Received at the Transfer Station and for Garbage Bag Sales

Condition: The operation of the Town's transfer station and sale of refuse bags results in cash and checks being received by various employees of the Town with limited controls to ensure that all money collected from customers is deposited into the Town's bank account and ultimately recorded in the Town's accounting system. Prenumbered sales receipts are used at the transfer station and garbage bags provided to the transfer station are being tracked. However, no control is in place to ensure that receipts are used for every applicable transaction at the transfer station. Additionally, a town-wide inventory of garbage bags is in process but has not been completed.

Criteria: By the nature of the activity, the selling of services and collection of cash and checks creates a situation in which controls must be designed, implemented, and monitored to provide assurance that all cash and checks received by Town employees are properly deposited into the Town's bank accounts.

Cause: Town personnel had other significant responsibilities and did not have sufficient time to devote to this activity.

Effect: Assets, cash, and checks could be misappropriated before being deposited into the Town's bank accounts.

Recommendation: We recommend that the Town continue using the prenumbered receipts at the transfer station and require the attendant to use the receipt for every construction debris transaction. A sign should be displayed indicating that if a receipt is not provided, the customer should contact the Town Office. Additionally, a town-wide inventory of garbage bags should be completed and tracked as bags are sold at the Town Office, the transfer station and various locations throughout Town.

Management's Response: Trash bag inventories were conducted during 2023. In 2024 the town billed outside establishments for bags sold other than at town managed facilities. Inventories maintained in the Municipal building tied out well with the cash collected there. The inventories at the Transfer Station were less successful as there may have been comingling of payments with the tipping fees collected. The new scale installed at the Transfer Station late in 2023 should help to address this going forward.

2023-002 Controls Over Disbursements

Condition: The Town's limited number of accounting personnel creates a situation in which proper segregation of duties is not reasonably possible and compensating controls are insufficient to entirely mitigate this lack of segregation of duties.

Criteria: In general, authorization, accounting and treasury functions should be performed by separate individuals. Absent such segregation of duties, extensive mitigating controls are necessary to prevent and detect misstatements or misappropriation of assets.

Cause: Assignment of responsibility for reviewing bank statements has not been communicated to an appropriate Town employee or official.

Effect: The Town's financial assets could be misappropriated

Recommendation: We recommend that someone other than the Treasurer receive bank statements directly from the bank or have their own read-only access to the electronic statements and receive a copy of the monthly bank reconciliations. The other designated individual should review the transactions on the bank statements and reconciliations for propriety. A sample of electronic, check and other disbursements should be agreed to evidence of board approval and other supporting documentation, such as an invoice. The other designated individual should document the procedures performed and the results.

TOWN OF WESTMORE, VERMONT
Schedule of Findings
For the Year Ended December 31, 2023

2023-002 Controls Over Disbursements (continued)

Management's Response: A new policy adopted in 2023 (available at the Town Office) was established to address the bank reconciliation process. In conversation with our Audit Partner the town will strengthen the process around the Assistant Treasurer's review that is subsequent to the Treasurer performing the bank reconciliation.

Additionally, the supporting documentation for all expenditures (electronic and check) is presented at each Select Board meeting for approval. This includes the check warrant list, invoice and amount being paid. The Treasurer reviews this prior to the Select Board meeting and, after approval, again when signing the checks.