TOWN OF GUILFORD, VERMONT

FINANCIAL STATEMENTS

JUNE 30, 2019
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF GUILFORD, VERMONT

JUNE 30, 2019

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Mudgett
Jennett &
Krogh-Wisner, P.C.
Certified Public Accountants #435

INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Guilford, Vermont

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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 and the aggregate remaining fund information of the Town of Guilford, Vermont as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Highway Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

141 Main Street • P.O. Box 937, Montpelier, Vermont 05601 • Phone (802) 229-9193

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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's basic financial statements. The accompanying schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules 1 and 2 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 accompanying schedules 1 and 2 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 September 23, 2019 on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont
September 23, 2019

Mudgett, Jennett & Krogh-Wisner, P.C.

TOWN OF GUILFORD, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The following is a discussion and analysis of the Town of Guilford's (the Town) financial performance, including an overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. Readers should consider this information in conjunction with the financial statements, which are located after this analysis. This discussion and analysis provides comparisons between FY 2019 and FY 2018.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2019 by $5,335,521 compared to $5,009,827 at June 30, 2018. This represents an increase of $325,694 or 6.5%. The change in net position for fiscal year 2019 was $325,694 compared to $224,812 for fiscal year 2018, an increase of $100,882.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of $2,168,906 an increase of $196,171 in comparison with $156,393 for the prior year. Of the total fund balance, $17,670 is nonspendable, $485,838 is restricted, $1,468,692 is committed, $6,567 is assigned, leaving an unassigned balance of $190,139.

Long-term Debt

The Town's total debt decreased during the fiscal year from $197,500 to $128,000, a decrease of $69,500 or 35.2%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Town's financial statements consist of three sections; 1) Management's Discussion and Analysis, 2) Basic Financial Statements, and 3) Supplementary Schedules.

- **Management's Discussion and Analysis** - An introduction to the basic financial statements that is intended to be an easily read analysis of the Town's financial activities based on currently known facts, decisions or conditions.

- **Basic Financial Statements** - This section of the report includes government-wide financial statements, fund financial statements, budgetary comparisons for the General Fund and Highway Fund, and notes to the financial statements.

- **Supplementary Schedules** - This section of the report includes schedules 1 and 2, which are not required by accounting principles generally accepted in the United States of America (U.S. GAAP) but are presented as supplementary information. These schedules contain the combining information for individual nonmajor governmental funds. This section also includes schedules 3 and 4, which are required by U.S. GAAP. These schedules contain required historical pension information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances. The statements provide both short-term and long-term information about the Town's financial position, which helps readers determine whether the Town's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenues and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

- **Statement of Net Position -** This statement presents information on all of the Town's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Town is improving or deteriorating.

- **Statement of Activities -** This statement 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., uncollected taxes).

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Town's funds are categorized as either governmental or fiduciary.

- **Governmental Funds -** Most of the basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Town's current needs.

  Information is presented separately in the governmental fund statements for the General, Highway, VCDP Grant, Fund Balance Reserve and Town Office Renovation Funds which are each considered major funds. Data from the other twenty (20) governmental funds are aggregated into a single column on the fund financial statements. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

- **Fiduciary Funds -** Fiduciary funds are used to account for resources held for the benefit of other parties. Fiduciary activity is not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town's fiduciary funds are the Brainard S. Gale Fund, Mrs. C.A. King Fund, King & Lynde Fund, and the Bullock Scholarship Fund.

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

This report includes a reconciliation of the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (accrual accounting). The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, except for debt service expenditures during the year, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Deferred inflows of resources, relating to deferred property taxes, are included in the fund financial statements to offset uncollected taxes which are not available financial resources but are excluded from government-wide statements.
- Deferred inflows of resources relating to deferred pension credits, deferred outflows of resources relating to deferred pension expense, and net pension asset or liability are reported on the government-wide statements, but are excluded from the fund financial statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.

Because the focus of governmental funds is different from 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. This comparison can help readers better understand the long-term impact of the Town's near-term financing decisions. The comparisons are:

- Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Our analysis below focuses on net position and the change in net position of the Town's activities. The Town's net position for governmental activities increased from $5,009,827 to $5,335,521.

Net Position as of June 30, 2018 and 2019

	2018	2019
Current and Other Assets	$ 2,855,988	$ 2,868,348
Capital Assets, net	3,229,176	3,304,097
Total Assets	6,085,164	6,172,445
Deferred Outflows of Resources	96,999	81,318
Current Liabilities	250,562	129,145
Noncurrent Liabilities	307,801	232,580
Total Liabilities	558,363	361,725
Deferred Inflows of Resources	613,973	556,517
Net Position:		
Net Investment in Capital Assets	3,541,676	3,686,097
Restricted	1,818,244	1,972,200
Unrestricted	(350,093)	(322,776)
Total Net Position	$ 5,009,827	$ 5,335,521

A significant portion of the Town's net position (69.1%) reflects its investment in capital assets (e.g., land, buildings, equipment, construction in progress, and infrastructure); less any related outstanding debt used to

acquire those assets (net investment in capital assets). These assets are recorded net of depreciation in the financial statements. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (37.0%) represents restricted net position. These resources are subject to external restrictions or constitutional provisions specifying how they may be used.

The following condensed financial information was derived from the Government-wide Statement of Activities and provides detail regarding the change in net position.

Change in Net Position for the Fiscal Year Ended June 30

	2018	2019
Revenues:		
Program Revenues:		
Grants and Contributions	$ 390,765	$ 328,440
Charges for Services	36,809	43,519
Other	1,233	446
	428,807	372,405
General Revenues:		
Property Taxes	1,823,877	1,890,633
Investment Income	4,802	20,615
	1,828,679	1,911,248
Total Revenues	2,257,486	2,283,653
Expenses:		
General Government	522,836	779,177
Highways and Streets	1,156,351	842,958
Culture and Recreation	785	10,133
Special Appropriations	345,094	320,408
Interest on Debt	7,608	5,283
Total Expenses	2,032,674	1,957,959
Increase in Net Position	$ 224,812	$ 325,694

Total governmental activities expenses were $2,032,674 and $1,957,959 in fiscal years 2018 and 2019, respectively. The largest expenses were incurred for general government and highways and streets. The expenses do not include capital outlays, which are reflected as capital assets in the government-wide financial statements.

Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenues from governmental activities were $428,807 in 2018 and $372,405 in 2019. Governmental program revenues come from charges for services, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues. Program revenues in the grants and contributions category include federal, state and local grants that are restricted for program use.

General revenues are all other revenues not categorized as program revenues and include property taxes and investment income. Total general revenues from governmental activities were $1,828,679 in fiscal 2018 and $1,911,248 in fiscal 2019. Approximately 99% of the Town's total general revenues comes from property taxes.

Fund Financial Statements

The fund balance for the General Fund increased from $179,236 in FY 2018 to $189,943 in 2019.

The Statement of Revenues and Expenditures - Budget and Actual - General Fund shows the Town raised $1,210,241 in revenues, $53,299 more than budgeted, while expenditures of $430,754 were $60,333 less than budgeted.

The fund balance for the Highway Fund increased from $401,223 in FY 2018 to $454,112 in 2019.

The Statement of Revenues and Expenditures - Budget and Actual - Highway Fund shows the Town raised $1,034,759 in revenues, $66,084 more than budgeted, while expenditures of $908,806 were $13,195 more than budgeted.

Capital Assets

The following is a schedule of capital assets as of June 30, 2018 and 2019.

	2018	2019
Land	$ 25,000	$ -
Construction in progress	61,848	-
Buildings and improvements	806,398	962,948
Vehicles and equipment	1,870,538	1,981,598
Infrastructure	2,415,087	2,415,087
Accumulated depreciation	(1,949,695)	(2,055,536)
Total net capital assets	$ 3,229,176	$ 3,304,097

The Town had $3,229,176 and $3,304,097 invested in capital assets, net of depreciation, on June 30, 2018 and June 30, 2019, respectively. The net increase (including additions and deductions) between the two periods amounted to $74,921.

This year's major capital events included:

- Purchase of a Ford F550 truck
- Purchase of a generator for the Town Office
- Town office renovations were completed

Long-term debt

At the end of the fiscal year, the Town had $128,000 in long-term debt outstanding compared to $197,500 in the prior year, an approximate 35.2% decrease. A list of outstanding long-term debt follows:

	2018	2019
Direct borrowings:		
VMBB 2008 Series 1	$ 100,000	$ 50,000
VMBB 2012 Series 1	97,500	78,000
	$ 197,500	$ 128,000

Fiscal Year 2020 Budget

The FY 2020 total operating budget is $1,171,989 for the General Fund and $997,047 for the Highway Fund (does not include school taxes). The FY 2019 total operating budget was $1,156,942 for the General Fund and $968,783 for the Highway Fund. The total increase is $43,311 or 2.0% over the previous year. The FY 2020 net budget (the amount to be raised by taxes) is $1,839,622. The FY 2019 net budget was $1,810,758. This is an increase of $28,864 to the net Town budget.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers and creditors. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Town of Guilford, 236 School Road, Guilford, Vermont 05301-8319.

TOWN OF GUILFORD, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS:	
Current assets -	
Cash and cash equivalents	$ 2,234,294
Investments	11,586
Taxes receivable, including penalties and interest	108,066
Accounts receivable	4,402
Total current assets	2,358,348
Noncurrent assets -	
Notes receivable	510,000
Capital assets	5,359,633
less - accumulated depreciation	(2,055,536)
Total noncurrent assets	3,814,097
Total assets	6,172,445
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred pension expense	81,318
LIABILITIES:	
Current liabilities -	
Accounts payable	47,825
Due to other activities	50
Accrued compensated absences	11,770
Current portion of long-term debt	69,500
Total current liabilities	129,145
Noncurrent liabilities -	
Long-term debt	58,500
Net pension liability	174,080
Total noncurrent liabilities	232,580
Total liabilities	361,725
DEFERRED INFLOWS OF RESOURCES:	
Deferred tax overpayments	28,453
Deferred note revenue	510,000
Deferred pension credits	18,064
Total deferred inflows of resources	556,517
NET POSITION:	
Net investment in capital assets	3,686,097
Restricted	1,972,200
Unrestricted	(322,776)
Total net position	$ 5,335,521

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Grants and Contributions	Charges for Services	Other	
FUNCTIONS/PROGRAMS:					
Governmental activities -					
General government	$ 779,177	$ 117,063	$ 41,989	$ 446	$ (619,679)
Highways and streets	842,958	211,377	938	-	(630,643)
Culture and recreation	10,133	-	592	-	(9,541)
Special appropriations	320,408	-	-	-	(320,408)
Debt service - interest	5,283	-	-	-	(5,283)
Total governmental activities	$ 1,957,959	$ 328,440	$ 43,519	$ 446	(1,585,554)

GENERAL REVENUES	- PROPERTY TAXES	1,890,633
	- INVESTMENT INCOME	20,615
		1,911,248
CHANGE IN NET POSITION		325,694
NET POSITION, July 1, 2018		5,009,827
NET POSITION, June 30, 2019		$ 5,335,521

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019
(Page 1 of 3)

	General Fund	Highway Fund	VCDP Grant Fund	Fund Balance Reserve Fund	Town Office Renovation Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS							
Cash and cash equivalents	$ 2,015,850	$ -	$ -	$ -	$ -	$ 218,444	$ 2,234,294
Investments	-	-	-	-	-	11,586	11,586
Taxes receivable	108,066	-	-	-	-	-	108,066
Accounts receivable	2,551	-	-	-	-	1,851	4,402
Notes receivable	-	-	510,000	-	-	-	510,000
Due from other funds	-	464,369	196	324,639	-	968,371	1,757,575
Total assets	$ 2,126,467	$ 464,369	$ 510,196	$ 324,639	$ -	$ 1,200,252	$ 4,625,923
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	$ 47,589	$ -	$ -	$ -	$ -	$ 236	$ 47,825
Accrued compensated absences	1,513	10,257	-	-	-	-	11,770
Due to other funds	1,757,625	-	-	-	-	-	1,757,625
Total liabilities	1,806,727	10,257	-	-	-	236	1,817,220
DEFERRED INFLOWS OF RESOURCES:							
Deferred tax overpayments	28,453	-	-	-	-	-	28,453
Deferred property taxes	101,344	-	-	-	-	-	101,344
Deferred note revenue	-	-	510,000	-	-	-	510,000
Total deferred inflows of resources	129,797	-	510,000	-	-	-	639,797

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019
(Page 2 of 3)

	General Fund	Highway Fund	VCDP Grant Fund	Fund Balance Reserve Fund	Town Office Renovation Fund	Other Governmental Funds	Totals Governmental Funds
FUND EQUITY:							
Fund balances -							
Nonspendable	-	-	-	-	-	17,670	17,670
Restricted	-	-	-	-	-	485,838	485,838
Committed	-	454,112	-	324,639	-	689,941	1,468,692
Assigned	-	-	-	-	-	6,567	6,567
Unassigned	189,943	-	196	-	-	-	190,139
Total fund balances	189,943	454,112	196	324,639	-	1,200,016	2,168,906
Total liabilities, deferred inflows of resources and fund equity	$ 2,126,467	$ 464,369	$ 510,196	$ 324,639	$ -	$ 1,200,252	$ 4,625,923

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019
(Page 3 of 3)

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:

Amount reported on Balance Sheet - Governmental Funds - total fund balances	$ 2,168,906
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	5,359,633
Accumulated depreciation	(2,055,536)
Balances related to net pension asset or liability and related deferred outflows/inflows of resources are not reported in the governmental funds.	
Deferred pension expense	81,318
Deferred pension credits	(18,064)
Net pension liability	(174,080)
Deferred property taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	101,344
Liabilities not due and payable are not reported in governmental funds.	
Long-term debt	(128,000)
Net position of governmental activities - Government-wide Statement of Net Position	$ 5,335,521

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(Page 1 of 3)

	General Fund	Highway Fund	VCDP Grant Fund	Fund Balance Reserve Fund	Town Office Renovation Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:							
Property taxes	$ 1,059,973	$ 822,225	$ -	$ -	$ -	$ -	$ 1,882,198
Intergovernmental	101,743	211,377	4,790	-	-	10,530	328,440
Licenses, permits and fines	1,502	938	-	-	-	-	2,440
Charges for services	28,052	-	-	-	-	12,937	40,989
Investment income	18,635	219	-	-	-	1,761	20,615
Miscellaneous	336	-	-	200	-	-	536
Total revenues	1,210,241	1,034,759	4,790	200	-	25,228	2,275,218
EXPENDITURES:							
Current -							
General government	430,754	-	-	2,678	-	27,132	460,564
Highways and streets	-	809,897	-	-	-	-	809,897
Culture and recreation	-	-	4,153	-	-	5,980	10,133
Special appropriations	320,408	-	-	-	-	-	320,408
Capital outlay	-	98,909	-	12,151	292,202	-	403,262
Debt service - Principal	50,000	-	-	-	-	19,500	69,500
- Interest	2,935	-	-	-	-	2,348	5,283
Total expenditures	804,097	908,806	4,153	14,829	292,202	54,960	2,079,047
EXCESS OF REVENUES OR (EXPENDITURES)	406,144	125,953	637	(14,629)	(292,202)	(29,732)	196,171

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(Page 2 of 3)

	General Fund	Highway Fund	VCDP Grant Fund	Fund Balance Reserve Fund	Town Office Renovation Fund	Other Governmental Funds	Totals Governmental Funds
OTHER FINANCING SOURCES (USES):							
Transfers in (out), net	(395,437)	(73,064)	-	(180,349)	323,050	325,800	-
NET CHANGE IN FUND BALANCES	10,707	52,889	637	(194,978)	30,848	296,068	196,171
FUND BALANCES (DEFICIT), July 1, 2018	179,236	401,223	(441)	519,617	(30,848)	903,948	1,972,735
FUND BALANCES, June 30, 2019	$ 189,943	$ 454,112	$ 196	$ 324,639	$ -	$ 1,200,016	$ 2,168,906

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:

Net change in fund balance - total governmental funds	$ 196,171
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 those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets, net	378,262
Depreciation	(303,341)
Property tax revenue in governmental funds includes deferred property taxes of the prior year but excludes deferred property taxes of the current year as taxes uncollected within 60 days are unavailable at year end.	
Prior year	(92,909)
Current year	101,344
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. Neither transaction has any effect on net position.	
Payments on long-term debt	69,500
Changes in net pension asset or liability and related deferred outflows/inflows of resources will increase or decrease the amounts reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds.	
Net (increase) decrease in net pension obligation	(23,333)
Change in net position of governmental activities - Government-wide Statement of Activities	$ 325,694

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019
(Page 1 of 2)

	Original and Final Budget	Actual (Budgetary Basis)	Variance Over (Under)
REVENUES:			
Property taxes	$ 988,425	$ 1,041,241	$ 52,816
Interest and penalties on delinquent taxes	10,524	18,732	8,208
Intergovernmental	121,930	101,743	(20,187)
Licenses and permits	1,450	1,502	52
Fines	25	-	(25)
Town clerk fees	12,950	18,934	5,984
Charges for services - AFD #1	8,500	9,118	618
Interest	1,500	18,635	17,135
Miscellaneous	70	336	266
Fund balance carryover	11,568	-	(11,568)
Total revenues	1,156,942	1,210,241	53,299
EXPENDITURES:			
General Government -			
Selectboard	215,961	176,147	(39,814)
Treasurer	44,264	43,709	(555)
Board of civil authority	4,080	597	(3,483)
Auditors	23,450	14,326	(9,124)
Listers	41,610	28,186	(13,424)
Town clerk	66,380	60,259	(6,121)
Planning commission	1,000	166	(834)
Conservation commission	3,000	1,671	(1,329)
Constable	8,200	5,428	(2,772)
Pound keeper	4,585	2,534	(2,051)
Floodplain administrator	500	-	(500)
Health officer	150	-	(150)
Solid waste	18,807	18,747	(60)
Cemeteries	7,700	3,619	(4,081)
Library	33,200	28,168	(5,032)
Fire warden	200	-	(200)
County tax	18,000	17,083	(917)
HRA deductibles	-	30,114	30,114
Total general government	491,087	430,754	(60,333)
Special appropriations -			
Windham Regional Commission	4,761	4,761	-
WRC Commissioner	500	-	(500)
Green Up Vermont	150	300	150

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019
(Page 2 of 2)

	Original and Final Budget	Actual (Budgetary Basis)	Variance Over (Under)
EXPENDITURES (CONTINUED):			
Special appropriations (continued) -			
VLCT	3,471	3,471	-
Rescue, Inc.	49,441	49,441	-
Front Porch Forum	-	50	50
Guilford Gazette	-	100	100
Guilford Volunteer Fire Department	230,063	230,063	-
Library	-	2,779	2,779
Youth Services	1,605	1,605	-
Women's Freedom Center	1,000	1,000	-
Groundworks Collaborative	1,000	1,000	-
Visiting Nurse Alliance	6,300	6,300	-
RSVP	485	485	-
HCRS - Mental Health	3,000	3,000	-
Senior Solutions	850	850	-
Brattleboro Area Hospice	300	300	-
The Gathering Place	500	500	-
Brattleboro Senior Meals	350	350	-
Early Education Services	850	850	-
SEVEDS	6,363	6,363	-
AIDS Project of Southern Vermont	350	350	-
Connecticut River Transit	250	250	-
Guilford Cares	4,200	4,200	-
SEVCA, Inc.	2,040	2,040	-
Total special appropriations	317,829	320,408	2,579
Debt service - Principal	50,000	50,000	-
- Interest	3,058	2,935	(123)
Total debt service	53,058	52,935	(123)
Total expenditures	861,974	804,097	(57,877)
EXCESS OF REVENUES OR (EXPENDITURES)	294,968	406,144	111,176
OTHER FINANCING SOURCES (USES):			
Transfers in (out), net	(294,968)	(395,437)	100,469
NET CHANGE IN FUND BALANCE	$ -	10,707	$ 10,707
FUND BALANCE, July 1, 2018		179,236	
FUND BALANCE, June 30, 2019		$ 189,943	

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual (Budgetary Basis)	Variance Over (Under)
REVENUES:			
Property taxes	$ 822,225	$ 822,225	$ -
State aid to highways	145,000	146,377	1,377
Intergovernmental	-	65,000	65,000
Civil fines	1,200	938	(262)
Interest income	250	219	(31)
Total revenues	968,675	1,034,759	66,084
EXPENDITURES:			
Highway general	396,163	333,727	(62,436)
Highway winter	186,348	180,000	(6,348)
Retreatment	180,000	102,650	(77,350)
Bridges	8,500	-	(8,500)
MRGP fees	2,500	1,990	(510)
Town garage	32,100	40,058	7,958
Town equipment	90,000	250,381	160,381
Total expenditures	895,611	908,806	13,195
EXCESS OF REVENUES OR (EXPENDITURES)	73,064	125,953	52,889
OTHER FINANCING SOURCES (USES):			
Transfers in (out), net	(73,064)	(73,064)	-
NET CHANGE IN FUND BALANCE	$ -	52,889	$ 52,889
FUND BALANCE, July 1, 2018		401,223	
FUND BALANCE, June 30, 2019		$ 454,112	

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
STATEMENT OF NET POSITION -
FIDUCIARY FUNDS
JUNE 30, 2019

	Brainard S. Gale Fund	Mrs. C. A. King Fund	King & Lynde Fund	Bullock Scholarship Fund	Totals
ASSETS:					
Cash and cash equivalents	$ 339	$ 1,008	$ 1,008	$ 5,330	$ 7,685
Investments	-	-	-	122,790	122,790
Due from other funds	-	-	-	50	50
Total assets	339	1,008	1,008	128,170	130,525
LIABILITIES:					
Accounts payable	-	8	8	186	202
NET POSITION:					
Restricted	339	1,000	1,000	127,984	130,323
Total net position	$ 339	$ 1,000	$ 1,000	$ 127,984	$ 130,323

The notes to financial statements are an integral part of this statement.

TOWN OF GUILFORD, VERMONT
STATEMENT OF CHANGES IN NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Brainard S. Gale Fund	Mrs. C. A. King Fund	King & Lynde Fund	Bullock Scholarship Fund	Totals
ADDITIONS:					
Interest and dividends	$ -	$ -	$ -	$ 3,455	$ 3,455
Gain (loss) on market value	-	-	-	4,590	4,590
Total additions	-	-	-	8,045	8,045
DEDUCTIONS	-	-	-	3,000	3,000
CHANGE IN NET POSITION	-	-	-	5,045	5,045
NET POSITION, July 1, 2018	339	1,000	1,000	122,939	125,278
NET POSITION, June 30, 2019	$ 339	$ 1,000	$ 1,000	$ 127,984	$ 130,323

The notes to financial statements are an integral part of this statement.

1. Summary of significant accounting policies:

The Town of Guilford, Vermont (the Town) was chartered in 1764. The Town is a unit of local government organized under the statutes of the State of Vermont and is governed by a Selectboard (the Board). The Town provides various services as authorized and funded by State government or Town voters.

A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

In the government-wide Statement of Net Position, the financial position of the Town is consolidated and incorporates capital assets as well as all long-term debt and obligations. The government-wide Statement of Activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds, if any, are summarized in a single column.

C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate.

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

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

Highway Fund - The Highway Fund is used to account for the Town's Highway department.

VCDP Grant Fund - The VCDP Grant Fund is used to account for the long-term note receivable related to a VCDP grant that was subgranted to the Algiers Family Housing Limited Partnership.

Fund Balance Reserve Fund - The Fund Balance Reserve Fund was created by the voters at the 2013 Town Meeting for the purpose of funding unanticipated revenue shortfalls and paying non-recurring and unanticipated expenditures. The Fund is maintained using annual budget surplus funds, growing at a level of not less than 5.0% and not more than 20.0% of the total General and Highway operating budgets. Any expenditure of the Fund shall require approval of a majority of the Board after due notice and a public hearing. Expenditures of the Fund for any purpose other than the defined criteria above shall require the authorization of a majority of the voters present at an annual or special town meeting.

Town Office Renovation Fund - The Town Office Renovation Fund is used to account for the Town office renovation project expenditures and related income.

The Town also reports fiduciary funds which are used to account for assets held in a trustee capacity (trust funds) or as an agent (agency funds) for the benefit of parties outside of the Town. The Town's fiduciary funds are the Brainard S. Gale Fund, Mrs. C. A. King Fund, King & Lynde Fund and Bullock Scholarship Fund.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that 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. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures are recorded only when payment is made.

Property taxes are recorded as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received because they are generally not measurable prior to collection. Investment earnings and certain intergovernmental grants are recorded as earned. Unbilled service revenue is accrued in the Water Fund.

1. Summary of significant accounting policies (continued):

E. Budgets and budgetary accounting - The Town approves budgets for the General and Highway Funds at the annual Town Meeting. The tax rate is determined by the Selectboard based on the education and municipal grand lists and the approved budgets. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year for the General and Highway Funds. The Town does not legally adopt budgets for other governmental funds. All budgeted amounts lapse at year end.

F. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Listers establish a grand list of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2019 were due in full on October 15th.

G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

H. 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; injuries to employees and others; environmental liability; and natural disasters. The Town manages these risks through commercial insurance packages and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.

I. Cash, cash equivalents and investments - The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair value using quoted prices in active markets for identical assets. This is considered a level 1 input valuation technique under the framework established by U.S. GAAP for measuring fair value. The Town does not own investments valued with level 2 or level 3 inputs, which would use quoted prices for similar assets, or in inactive markets, or other methods for estimating fair value.

J. Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

K. Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired or constructed general infrastructure assets since the implementation of GASB Statement No. 34. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects

1. Summary of significant accounting policies (continued):

K. Capital assets (continued) -

during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the useful lives shown below:

Buildings and improvements	7 - 30 years
Vehicles and equipment	10 years
Infrastructure	20 years

L. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources are reported as separate sections in the applicable statement of net position or balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.

M. Compensated absences - It is the Town's policy to permit employees to accumulate earned but unused vacation benefits based upon their length of employment (subject to certain carryover limitations and time restrictions). Upon retirement, termination or death, employees are compensated for these accrued benefits at their current rates of pay. These compensated absences are reported in the government-wide and fund financial statements.

N. Long-term obligations - Governmental activities report long-term debt and other long-term obligations as liabilities in the statement of net position. Governmental funds report the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

O. Fund equity - In the fund financial statements, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Town Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Selectboard.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in another classification. Deficits are also classified as unassigned.

The Town's policy is to apply expenditures against unassigned fund balance unless motions by the Selectboard specify otherwise.

1. Summary of significant accounting policies (continued):

P. New Accounting Standard - The Town has implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The adoption of GASB Statement No. 88 improves information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The impact on these financial statements is that the Town's disclosures related to debt provide users with information to understand the effects of debt on future resource flows, and separate information regarding direct borrowings (loan agreement with a lender) and direct placements of debt (a debt security issued directly to an investor) from other debt.

2. Deposits and investments:

Fair value and classification - Deposits and investments are stated at fair value as described in note 1.I. As of June 30, 2019, the Town's investments were fully invested in mutual funds and have a fair value of $134,376.

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town 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. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Town does not have a policy for custodial credit risk. As of June 30, 2019, the Town's depository accounts were fully insured or collateralized.

3. Notes receivable:

The Town, through various federal loan programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as notes receivable. Notes receivable as of June 30, 2019 are as follows:

VCDP Grant Fund -	
Algiers Family Housing Limited Partnership, no interest, matures November 2042, secured by mortgage on property.	$ 510,000

During the year the Town closed the Revolving Loan Fund. The two development loans, and their allowance, were written off, and the balance of the Revolving Loan Fund was remitted to the State of Vermont.

4. Capital assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increase	Decrease	Balance June 30, 2019
Capital assets, not depreciated:				
Land	$ 25,000	$ -	$ 25,000	$ -
Construction in progress	61,848	292,202	354,050	-
Total capital assets, not depreciated	86,848	292,202	379,050	-
Capital assets, depreciated:				
Buildings and improvements	806,398	354,050	197,500	962,948
Vehicles and equipment	1,870,538	111,060	-	1,981,598
Infrastructure	2,415,087	-	-	2,415,087
Total capital assets, depreciated	5,092,023	465,110	197,500	5,359,633
Less accumulated depreciation for:				
Buildings and improvements	612,030	22,862	197,500	437,392
Vehicles and equipment	932,363	159,725	-	1,092,088
Infrastructure	405,302	120,754	-	526,056
Total accumulated depreciation	1,949,695	303,341	197,500	2,055,536
Total capital assets, depreciated, net	3,142,328	161,769	-	3,304,097
Capital assets, net	$ 3,229,176	$ 453,971	$ 379,050	$ 3,304,097

Depreciation expense of $303,341 in the governmental activities was allocated to expenses of the general government ($295,280) and highways and streets ($8,061) programs based on capital assets assigned to those functions.

5. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as of June 30, 2019 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	$ -	$ 1,757,625
Highway Fund	464,369	-
VCDP Grant Fund	196	-
Fund Balance Reserve Fund	324,639	-
Other Governmental Funds	968,371	-
Fiduciary Funds	50	-
	$ 1,757,625	$ 1,757,625

6. Interfund transfers:

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Interfund transfers for the year ended June 30, 2019 were as follows:

	Transfers In	Transfers Out
General Fund	$ 13,064	$ 408,501
Highway Fund	-	73,064
Fund Balance Reserve Fund	142,701	323,050
Town Office Renovation Fund	323,050	-
Other Governmental Funds	325,800	-
	$ 804,615	$ 804,615

Transfers from the General Fund and Highway Fund of $408,501 and $60,000, respectively, to the Fund Balance Reserve Fund and Other Governmental Funds were made in accordance with the budget, and as approved by the Board. Transfers from Fund Balance Reserve Fund of $323,050 to the Town Office Renovation Fund were to fund the Town Office Renovation project. Transfers from Highway Fund of $13,064 to the General Fund were to fund HRA deductibles.

7. Related parties:

The Guilford Volunteer Fire Department (GVFD) is a not-for-profit 501(c)(3) organization which provides volunteer fire fighting and emergency medical response services to the residents of the Town. Annually, the voters approve an appropriation to help support GVFD's operations. In FY 2019, the appropriation was $230,063. In addition, the Vermont Municipal Bond Bank 2008 Series 1 direct borrowing, to finance the GVFD building construction, is held in the Town's name, and the Town is responsible for the annual debt service. In FY 2019, the Town paid $50,000 towards the principal, and $2,935 in interest.

The Town maintains an agreement with the Algiers Fire District #1 (AFD #1) to perform its financial administration. Duties under this agreement include bookkeeping, annual budget preparation, reporting, and warrant preparation. The Town received $8,517 for financial services and $601 for administrative services during FY 2019 for services provided under this agreement.

8. Long-term obligations:

Long-term obligations activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Compensated absences	$ 8,642	$ 3,127	$ -	$ 11,769	$ 2,000
Net pension liability	179,801	-	5,721	174,080	22,000
Long-term debt	197,500	-	69,500	128,000	69,500
	$ 385,943	$ 3,127	$ 75,221	$ 313,849	$ 93,500

9. Debt:

Long-term - Outstanding long-term debt as of June 30, 2019 is as follows:

Notes from direct borrowings:	
Vermont Municipal Bond Bank - 2008 Series 1, various interest rates. Annual principal payments ranging from $50,000 to $55,000. Matures November 2019.	$ 50,000
Vermont Municipal Bond Bank - 2012 Series 1, various interest rates. Annual principal payments of $19,500. Matures November 2022.	78,000
	$ 128,000

Long-term debt activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Reductions	Balance June 30, 2019	Due Within One Year
Notes from direct borrowings:				
VMBB 2008 Series 1	$ 100,000	$ 50,000	$ 50,000	$ 50,000
VMBB 2012 Series 1	97,500	19,500	78,000	19,500
	$ 197,500	$ 69,500	$ 128,000	$ 69,500

Debt service requirements to maturity are as follows:

	Notes from Direct Borrowings	
	Principal	Interest
Year ending June 30,		
2020	$ 69,500	$ 2,613
2021	19,500	1,407
2022	19,500	866
2023	19,500	293
	$ 128,000	$ 5,179

10. Fund balances:

At year end, the Town reported nonspendable fund balances related to the original bequests that created certain other governmental funds that are to be held in perpetuity:

Birdie Cook Fund	$ 1,500
Aurelia D. Taft Fund	10,800
Charles P. Wood Fund	5,370
	$ 17,670

11. Pension plan:

Vermont Municipal Employees' Retirement System -

Plan description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS or the Plan) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. The State statutory provisions, found in Title 24, Chapter 125, of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS' office, 109 State Street, Montpelier, Vermont, 05609-6200, by calling (802) 828-2305 or online at http://www.vermonttreasurer.gov.

Benefits provided: VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits do vary between the groups included in the Plan, but are determined for the members of each group as a percentage of average compensation in a certain number of the highest consecutive years of service. Eligibility for benefits requires five years of service.

Contributions: Defined benefit plan members are required to contribute 2.625% (Group A), 5.0% (Group B), 10.125% (Group C) or 11.475% (Group D) of their annual covered salary, and the Town is required to contribute 4.125% (Group A), 5.625% (Group B), 7.375% (Group C) or 9.975% (Group D) of the employees' compensation. Defined contribution plan members are required to contribute 5.0% of their annual covered salary and the Town is required to contribute an equal dollar amount. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2019, 2018, and 2017, were $23,223, $21,675, and $24,236, respectively. The amounts contributed were equal to the required contributions for each year.

Pension liabilities, deferred outflows of resources, deferred inflows of resources: These financial statements include the Town's proportionate share of the VMERS net pension liability, deferred outflows of resources for pension expense, deferred inflows of resources from investment earnings and contributions, and the related effects on government-wide net position and activities. The State of Vermont has provided the following information to all employers participating in VMERS, which is based on its calculation of the Town's 0.12370% proportionate share of the VMERS defined benefit plan.

Town's share of VMERS net pension liability	$ 174,080
Deferred outflows of resources - Deferred pension expense	$ 81,318
Deferred inflows of resources - Deferred pension credits	$ 18,064

Additional information: VMERS obtains an annual actuarial valuation for the pension plan. Detailed information is provided in that report for actuarial assumptions of inflation rates, salary increases, investment rates of return, mortality rates, discount rates, and the calculations used to develop annual contributions and the VMERS net position.

The Town adopted GASB Statement No 68 in FY 2015 and is developing the ten years of required supplementary information in schedules 3 and 4. This historical pension information includes the Town's Proportionate Share of Net Pension Liability of VMERS and Town's Contributions to VMERS.

TOWN OF GUILFORD, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2019

	Revolving Loan Fund	Emergency Response Fund	Act 64 Fund	Preservation Fund	Lister Education Fund	Reappraisal Fund
ASSETS						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	1,335	117,968	18,477	575	114,141
Total assets	$ -	$ 1,335	$ 117,968	$ 18,477	$ 575	$ 114,141
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
Accounts payable	$ -	$ 43	$ -	$ -	$ -	$ -
FUND EQUITY:						
Fund balances -						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	117,968	18,477	575	114,141
Committed	-	-	-	-	-	-
Assigned	-	1,292	-	-	-	-
Total fund balances	-	1,292	117,968	18,477	575	114,141
Total liabilities and fund equity	$ -	$ 1,335	$ 117,968	$ 18,477	$ 575	$ 114,141

TOWN OF GUILFORD, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2019

	Algiers Water Line Fund	Capital Projects Fund	Water Fund	Sweet Pond Fund	Recreation Fund	Planning Commission Reserve Fund	Conservation Commission Reserve Fund
ASSETS							
Cash and cash equivalents	$ 195,000	$ -	$ -	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	1,851	-	-	-	-
Due from other funds	579	393,338	9,019	6,761	4,300	1,286	1,719
Total assets	$ 195,579	$ 393,338	$ 10,870	$ 6,761	$ 4,300	$ 1,286	$ 1,719
LIABILITIES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	$ -	$ -	$ 59	$ -	$ -	$ -	$ -
FUND EQUITY:							
Fund balances -							
Nonspendable	-	-	-	-	-	-	-
Restricted	195,579	-	10,811	6,761	4,300	-	-
Committed	-	393,338	-	-	-	-	-
Assigned	-	-	-	-	-	1,286	1,719
Total fund balances	195,579	393,338	10,811	6,761	4,300	1,286	1,719
Total liabilities and fund equity	$ 195,579	$ 393,338	$ 10,870	$ 6,761	$ 4,300	$ 1,286	$ 1,719

TOWN OF GUILFORD, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2019

	Bridges Fund	Green River Covered Bridge Reserve Fund	Cemetery Dedicated Fund	Cemetery Trust Fund	Birdie Cook Fund	Aurelia D. Taft Fund	Charles P. Wood Fund	Totals
ASSETS								
Cash and cash equivalents	$ -	$ -	$ -	$ 4,751	$ 2,389	$ 10,889	$ 5,415	$ 218,444
Investments	-	-	-	11,586	-	-	-	11,586
Accounts receivable	-	-	-	-	-	-	-	1,851
Due from other funds	259,103	37,500	2,270	-	-	-	-	968,371
Total assets	$ 259,103	$ 37,500	$ 2,270	$ 16,337	$ 2,389	$ 10,889	$ 5,415	$ 1,200,252
LIABILITIES AND FUND EQUITY								
LIABILITIES:								
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 89	$ 45	$ 236
FUND EQUITY:								
Fund balances -								
Nonspendable	-	-	-	-	1,500	10,800	5,370	17,670
Restricted	-	-	-	16,337	889	-	-	485,838
Committed	259,103	37,500	-	-	-	-	-	689,941
Assigned	-	-	2,270	-	-	-	-	6,567
Total fund balances	259,103	37,500	2,270	16,337	2,389	10,800	5,370	1,200,016
Total liabilities and fund equity	$ 259,103	$ 37,500	$ 2,270	$ 16,337	$ 2,389	$ 10,889	$ 5,415	$ 1,200,252

TOWN OF GUILFORD, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Revolving Loan Fund	Emergency Response Fund	Act 64 Fund	Preservation Fund	Lister Education Fund	Reappraisal Fund
REVENUES:						
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ 10,507
Charges for services	-	-	-	5,720	-	-
Investment income	4	-	-	18	-	261
Total revenues	4	-	-	5,738	-	10,768
EXPENDITURES:						
General government	18,938	-	-	153	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service - Principal	-	-	-	-	-	-
- Interest	-	-	-	-	-	-
Total expenditures	18,938	-	-	153	-	-
EXCESS OF REVENUES OR (EXPENDITURES)	(18,934)	-	-	5,585	-	10,768
OTHER FINANCING SOURCES (USES):						
Operating transfers in (out)	-	-	-	3,000	-	-
NET CHANGE IN FUND BALANCES	(18,934)	-	-	8,585	-	10,768
FUND BALANCES, July 1, 2018	18,934	1,292	117,968	9,892	575	103,373
FUND BALANCES, June 30, 2019	$ -	$ 1,292	$ 117,968	$ 18,477	$ 575	$ 114,141

TOWN OF GUILFORD, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Algiers Water Line Fund	Capital Projects Fund	Water Fund	Sweet Pond Fund	Recreation Fund	Planning Commission Reserve Fund	Conservation Commission Reserve Fund
REVENUES:							
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 23
Charges for services	-	-	6,625	-	592	-	-
Investment income	-	327	2	-	-	-	-
Total revenues	-	327	6,627	-	592	-	23
EXPENDITURES:							
General government	-	-	8,041	-	-	-	-
Culture and recreation	-	4,290	-	-	1,690	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service - Principal	19,500	-	-	-	-	-	-
- Interest	2,348	-	-	-	-	-	-
Total expenditures	21,848	4,290	8,041	-	1,690	-	-
EXCESS OF REVENUES OR (EXPENDITURES)	(21,848)	(3,963)	(1,414)	-	(1,098)	-	23
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	24,500	225,000	-	-	800	-	-
NET CHANGE IN FUND BALANCES	2,652	221,037	(1,414)	-	(298)	-	23
FUND BALANCES, July 1, 2018	192,927	172,301	12,225	6,761	4,598	1,286	1,696
FUND BALANCES, June 30, 2019	$ 195,579	$ 393,338	$ 10,811	$ 6,761	$ 4,300	$ 1,286	$ 1,719

TOWN OF GUILFORD, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Bridges Fund	Green River Covered Bridge Reserve Fund	Cemetery Dedicated Fund	Cemetery Trust Fund	Birdie Cook Fund	Aurelia D. Taft Fund	Charles P. Wood Fund	Totals
REVENUES:								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,530
Charges for services	-	-	-	-	-	-	-	12,937
Investment income	-	-	-	1,147	2	-	-	1,761
Total revenues	-	-	-	1,147	2	-	-	25,228
EXPENDITURES:								
General government	-	-	-	-	-	-	-	27,132
Culture and recreation	-	-	-	-	-	-	-	5,980
Capital outlay	-	-	-	-	-	-	-	-
Debt service - Principal	-	-	-	-	-	-	-	19,500
- Interest	-	-	-	-	-	-	-	2,348
Total expenditures	-	-	-	-	-	-	-	54,960
EXCESS OF REVENUES OR (EXPENDITURES)	-	-	-	1,147	2	-	-	(29,732)
OTHER FINANCING SOURCES (USES):								
Operating transfers in (out)	60,000	12,500	-	-	-	-	-	325,800
NET CHANGE IN FUND BALANCES	60,000	12,500	-	1,147	2	-	-	296,068
FUND BALANCES, July 1, 2018	199,103	25,000	2,270	15,190	2,387	10,800	5,370	903,948
FUND BALANCES, June 30, 2019	$ 259,103	$ 37,500	$ 2,270	$ 16,337	$ 2,389	$ 10,800	$ 5,370	$ 1,200,016

TOWN OF GUILFORD, VERMONT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
VMERS
JUNE 30, 2019

Schedule 3

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
The Town's proportion of the net pension liability	0.1237%	0.1484%	0.1396%	0.1382%	0.1398%
Town's proportionate share of the net pension liability	$ 174,080	$ 179,801	$ 179,663	$ 106,508	$ 11,496
Town's covered payroll	$ 412,849	$ 394,091	$ 440,650	$ 385,760	$ 359,278
Town's proportionate share of the net pension liability as a percentage of its covered payroll	42.166%	45.624%	40.772%	27.610%	3.200%
VMERS net position as a percentage of the net total pension liability	82.60%	83.64%	80.95%	87.42%	98.32%

SCHEDULE OF TOWN'S CONTRIBUTIONS
VMERS
JUNE 30, 2019

Schedule 4

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 23,223	$ 21,675	$ 24,236	$ 21,217	$ 19,311
Contributions in relation to the contractually required contribution	23,223	21,675	24,236	21,217	19,311
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$ 412,849	$ 394,091	$ 440,650	$ 385,760	$ 359,278
Contributions as a percentage of covered payroll	5.625%	5.500%	5.500%	5.500%	5.375%

Mudgett
Jennett &
Krogh-Wisner, P.C.
Certified Public Accountants #435

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 Selectboard
Town of Guilford, 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 Guilford, Vermont (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 23, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

141 Main Street • P.O. Box 937, Montpelier, Vermont 05601 • Phone (802) 229-9193

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 Town'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 Town's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Montpelier, Vermont
September 23, 2019

Mudgett Jennett & Krogh-Wisner P.C.