

**TOWN OF GUILFORD, VERMONT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**TOWN OF GUILFORD, VERMONT**

**JUNE 30, 2020**

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## 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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2020, 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.

## ***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 March 22, 2021 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  
March 22, 2021

  
Madge J. Bennett, P.C.

**TOWN OF GUILFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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, 2020. 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 2020 and FY 2019.

**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, 2020 by \$5,619,722 compared to \$5,335,521 at June 30, 2019. This represents an increase of \$284,201 or 5.3%. The change in net position for fiscal year 2020 was \$284,201 compared to \$325,694 for fiscal year 2019, a decrease of \$41,493.

**Fund Highlights**

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,417,488 an increase of \$248,582 in comparison with \$196,171 for the prior year. Of the total fund balance, \$17,670 is nonspendable, \$525,923 is restricted, \$1,651,759 is committed, \$20,043 is assigned, leaving an unassigned balance of \$202,093.

**Long-term Debt**

The Town's total debt decreased during the fiscal year from \$128,000 to \$58,500, a decrease of \$69,500 or 54.3%.

**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 Capital Projects Funds which are each considered major funds. Data from the other eighteen (18) 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 \$5,335,521 to \$5,619,722.

##### **Net Position as of June 30,**

	<u>2019</u>	<u>2020</u>
Current and Other Assets	\$ 2,868,348	\$ 3,102,118
Capital Assets, net	<u>3,304,097</u>	<u>3,298,484</u>
Total Assets	<u>6,172,445</u>	<u>6,400,602</u>
Deferred Outflows of Resources	<u>81,318</u>	<u>78,240</u>
Current Liabilities	129,145	62,647
Noncurrent Liabilities	<u>232,580</u>	<u>248,700</u>
Total Liabilities	<u>361,725</u>	<u>311,347</u>
Deferred Inflows of Resources	<u>556,517</u>	<u>547,773</u>
Net Position:		
Net Investment in Capital Assets	3,176,097	3,239,984
Restricted	1,972,200	2,195,352
Unrestricted	<u>187,224</u>	<u>184,386</u>
Total Net Position	<u>\$ 5,335,521</u>	<u>\$ 5,619,722</u>

A significant portion of the Town’s net position (57.7%) 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 (39.1%) 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**

	<u>2019</u>	<u>2020</u>
Revenues:		
Program Revenues:		
Grants and Contributions	\$ 328,440	\$ 543,507
Charges for Services	43,519	49,170
Other	446	76
	372,405	592,753
General Revenues:		
Property Taxes	1,890,633	1,910,990
Investment Income	20,615	20,292
Sale of Capital Assets	-	20,000
	1,911,248	1,951,282
Total Revenues	2,283,653	2,544,035
Expenses:		
General Government	779,177	527,180
Highways and Streets	842,958	1,399,995
Culture and Recreation	10,133	11,359
Special Appropriations	320,408	318,687
Interest on Debt	5,283	2,613
Total Expenses	1,957,959	2,259,834
Increase in Net Position	\$ 325,694	\$ 284,201

Total governmental activities expenses were \$1,957,959 and \$2,259,834 in fiscal years 2019 and 2020, 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 \$372,405 in 2019 and \$592,753 in 2020. 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 \$1,911,248 in fiscal 2019 and \$1,951,282 in fiscal 2020. Approximately 98% of the Town's total general revenues comes from property taxes.



## Fund Financial Statements

The fund balance for the General Fund increased from \$189,943 in FY 2019 to \$210,122 in 2020.

The Statement of Revenues and Expenditures - Budget and Actual - General Fund shows the Town raised \$1,204,481 in revenues, \$38,855 more than budgeted, while expenditures of \$826,001 were \$41,780 less than budgeted.

The fund balance for the Highway Fund increased from \$454,112 in FY 2019 to \$466,996 in 2020.

The Statement of Revenues and Expenditures - Budget and Actual - Highway Fund shows the Town raised \$1,251,973 in revenues, \$254,926 more than budgeted, while expenditures of \$1,157,489 were \$242,042 more than budgeted.

## Capital Assets

The following is a schedule of capital assets as of June 30, 2019 and 2020.

	<u>2019</u>	<u>2020</u>
Buildings and improvements	\$ 962,948	\$ 962,948
Vehicles and equipment	1,981,598	2,076,400
Infrastructure	2,415,087	2,415,087
Accumulated depreciation	<u>(2,055,536)</u>	<u>(2,155,951)</u>
Total net capital assets	<u>\$ 3,304,097</u>	<u>\$ 3,298,484</u>

The Town had \$3,304,097 and \$3,298,484 invested in capital assets, net of depreciation, on June 30, 2019 and June 30, 2020, respectively. The net decrease (including additions and deductions) between the two periods amounted to \$5,613.

This year's major capital events included:

- Purchase of a 2009 International 7500
- Purchase of a 2019 John Deere loader
- Purchase of a 2020 Ford F-550 1-ton truck

## Long-term debt

At the end of the fiscal year, the Town had \$58,500 in long-term debt outstanding compared to \$128,000 in the prior year, an approximate 54% decrease. A list of outstanding long-term debt follows:

	<u>2019</u>	<u>2020</u>
Direct borrowings:		
VMBB 2008 Series 1	\$ 50,000	\$ -
VMBB 2012 Series 1	<u>78,000</u>	<u>58,500</u>
	<u>\$ 128,000</u>	<u>\$ 58,500</u>

## **Fiscal Year 2021 Budget**

The FY 2021 total operating budget is \$1,127,045 for the General Fund and \$1,020,911 for the Highway Fund (does not include school taxes). The FY 2020 total operating budget was \$1,165,626 for the General Fund and \$997,047 for the Highway Fund. The total decrease is \$14,717 or 0.68% under the previous year. The FY 2021 net budget (the amount to be raised by taxes) is \$1,850,208. The FY 2020 net budget was \$1,861,523. This is a decrease of \$11,315 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, 2020**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Current assets -	
Cash and cash equivalents	\$ 2,458,066
Investments	11,705
Taxes receivable, including penalties and interest	120,012
Accounts receivable	<u>2,335</u>
Total current assets	<u>2,592,118</u>
Noncurrent assets -	
Notes receivable	510,000
Capital assets	5,454,435
less - accumulated depreciation	<u>(2,155,951)</u>
Total noncurrent assets	<u>3,808,484</u>
Total assets	<u>6,400,602</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred pension expense	<u>78,240</u>
<b>LIABILITIES:</b>	
Current liabilities -	
Accounts payable	28,456
Due to other activities	3,050
Accrued compensated absences	11,641
Current portion of long-term debt	<u>19,500</u>
Total current liabilities	<u>62,647</u>
Noncurrent liabilities -	
Long-term debt	39,000
Net pension liability	<u>209,700</u>
Total noncurrent liabilities	<u>248,700</u>
Total liabilities	<u>311,347</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred tax overpayments	22,314
Deferred note revenue	510,000
Deferred pension credits	<u>15,459</u>
Total deferred inflows of resources	<u>547,773</u>
<b>NET POSITION:</b>	
Net investment in capital assets	3,239,984
Restricted	2,195,352
Unrestricted	<u>184,386</u>
Total net position	<u>\$ 5,619,722</u>

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, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Grants and Contributions</u>	<u>Charges for Services</u>	<u>Other</u>	
<b>FUNCTIONS/PROGRAMS:</b>					
Governmental activities -					
General government	\$ 527,180	\$ 135,653	\$ 47,704	\$ 76	\$ (343,747)
Highways and streets	1,399,995	400,560	714	-	(998,721)
Culture and recreation	11,359	7,294	752	-	(3,313)
Special appropriations	318,687	-	-	-	(318,687)
Debt service - interest	<u>2,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,613)</u>
 Total governmental activities	 \$ <u>2,259,834</u>	 \$ <u>543,507</u>	 \$ <u>49,170</u>	 \$ <u>76</u>	 <u>(1,667,081)</u>
 <b>GENERAL REVENUES - PROPERTY TAXES</b>					1,910,990
<b>- INVESTMENT INCOME</b>					20,292
<b>- SALE OF CAPITAL ASSETS</b>					<u>20,000</u>
					<u>1,951,282</u>
 CHANGE IN NET POSITION					 284,201
 NET POSITION, July 1, 2019					 <u>5,335,521</u>
 NET POSITION, June 30, 2020					 \$ <u>5,619,722</u>

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

**TOWN OF GUILFORD, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**  
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	<u>General Fund</u>	<u>Highway Fund</u>	<u>VCDP Grant Fund</u>	<u>Fund Balance Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,238,847	\$ -	\$ -	\$ -	\$ -	\$ 219,219	\$ 2,458,066
Investments	-	-	-	-	-	11,705	11,705
Taxes receivable	120,012	-	-	-	-	-	120,012
Accounts receivable	653	-	-	-	-	1,682	2,335
Notes receivable	-	-	510,000	-	-	-	510,000
Due from other funds	<u>-</u>	<u>477,049</u>	<u>-</u>	<u>422,127</u>	<u>393,533</u>	<u>695,632</u>	<u>1,988,341</u>
Total assets	<u>\$ 2,359,512</u>	<u>\$ 477,049</u>	<u>\$ 510,000</u>	<u>\$ 422,127</u>	<u>\$ 393,533</u>	<u>\$ 928,238</u>	<u>\$ 5,090,459</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ 28,204	\$ -	\$ -	\$ -	\$ -	\$ 252	\$ 28,456
Accrued compensated absences	1,588	10,053	-	-	-	-	11,641
Due to other funds	<u>1,988,115</u>	<u>-</u>	<u>3,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,991,391</u>
Total liabilities	<u>2,017,907</u>	<u>10,053</u>	<u>3,276</u>	<u>-</u>	<u>-</u>	<u>252</u>	<u>2,031,488</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Deferred tax overpayments	22,314	-	-	-	-	-	22,314
Deferred property taxes	109,169	-	-	-	-	-	109,169
Deferred note revenue	<u>-</u>	<u>-</u>	<u>510,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>510,000</u>
Total deferred inflows of resources	<u>131,483</u>	<u>-</u>	<u>510,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,483</u>

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

**TOWN OF GUILFORD, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**  
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	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>VCDP</u> <u>Grant</u> <u>Fund</u>	<u>Fund</u> <u>Balance</u> <u>Reserve</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
FUND EQUITY:							
Fund balances -							
Nonspendable	-	-	-	-	-	17,670	17,670
Restricted	-	-	-	-	-	525,923	525,923
Committed	-	466,996	-	422,127	393,533	369,103	1,651,759
Assigned	-	-	-	-	-	20,043	20,043
Unassigned	<u>210,122</u>	<u>-</u>	<u>(3,276)</u>	<u>-</u>	<u>-</u>	<u>(4,753)</u>	<u>202,093</u>
Total fund balances (deficit)	<u>210,122</u>	<u>466,996</u>	<u>(3,276)</u>	<u>422,127</u>	<u>393,533</u>	<u>927,986</u>	<u>2,417,488</u>
 Total liabilities, deferred inflows of resources and fund equity	 \$ <u>2,359,512</u>	 \$ <u>477,049</u>	 \$ <u>510,000</u>	 \$ <u>422,127</u>	 \$ <u>393,533</u>	 \$ <u>928,238</u>	 \$ <u>5,090,459</u>

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

**TOWN OF GUILFORD, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**  
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**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	\$ 2,417,488
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	5,454,435
Accumulated depreciation	(2,155,951)
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	78,240
Deferred pension credits	(15,459)
Net pension liability	(209,700)
Deferred property taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
	109,169
Liabilities not due and payable are not reported in governmental funds.	
Long-term debt	<u>(58,500)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u>5,619,722</u>

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, 2020**

(Page 1 of 3)

	General Fund	Highway Fund	VCDP Grant Fund	Fund Balance Reserve Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
<b>REVENUES:</b>							
Property taxes	\$ 1,052,568	\$ 850,597	\$ -	\$ -	\$ -	\$ -	\$ 1,903,165
Intergovernmental	104,143	400,560	-	-	-	38,413	543,116
Licenses, permits and fines	1,225	714	-	-	-	-	1,939
Charges for services	32,544	-	-	-	-	14,687	47,231
Donations	-	-	-	-	-	391	391
Investment income	13,925	102	-	-	3,978	2,287	20,292
Miscellaneous	76	-	-	-	-	-	76
Total revenues	<u>1,204,481</u>	<u>1,251,973</u>	<u>-</u>	<u>-</u>	<u>3,978</u>	<u>55,778</u>	<u>2,516,210</u>
<b>EXPENDITURES:</b>							
Current -							
General government	456,603	-	3,472	-	-	17,050	477,125
Highways and streets	-	993,417	-	-	151,145	2,072	1,146,634
Culture and recreation	-	-	-	-	-	11,359	11,359
Special appropriations	318,687	-	-	-	-	-	318,687
Capital outlay	-	164,072	-	-	97,638	-	261,710
Debt service - Principal	50,000	-	-	-	-	19,500	69,500
- Interest	711	-	-	-	-	1,902	2,613
Total expenditures	<u>826,001</u>	<u>1,157,489</u>	<u>3,472</u>	<u>-</u>	<u>248,783</u>	<u>51,883</u>	<u>2,287,628</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	<u>378,480</u>	<u>94,484</u>	<u>(3,472)</u>	<u>-</u>	<u>(244,805)</u>	<u>3,895</u>	<u>228,582</u>

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, 2020**  
(Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>VCDP Grant Fund</u>	<u>Fund Balance Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Sale of capital assets	-	-	-	-	20,000	-	20,000
Transfers in (out), net	<u>(358,301)</u>	<u>(81,600)</u>	<u>-</u>	<u>97,488</u>	<u>225,000</u>	<u>117,413</u>	<u>-</u>
Total other financing sources (uses)	<u>(358,301)</u>	<u>(81,600)</u>	<u>-</u>	<u>97,488</u>	<u>245,000</u>	<u>117,413</u>	<u>20,000</u>
 NET CHANGE IN FUND BALANCES	 20,179	 12,884	 (3,472)	 97,488	 195	 121,308	 248,582
 FUND BALANCES, July 1, 2019	 <u>189,943</u>	 <u>454,112</u>	 <u>196</u>	 <u>324,639</u>	 <u>393,338</u>	 <u>806,678</u>	 <u>2,168,906</u>
 FUND BALANCES (DEFICIT), June 30, 2020	 \$ <u>210,122</u>	 \$ <u>466,996</u>	 \$ <u>(3,276)</u>	 \$ <u>422,127</u>	 \$ <u>393,533</u>	 \$ <u>927,986</u>	 \$ <u>2,417,488</u>

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, 2020**

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**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	\$ 248,582
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	321,710
Depreciation	(327,323)
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	(101,344)
Current year	109,169
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	<u>(36,093)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u>284,201</u>

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, 2020**

(Page 1 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over (Under) <u>(Under)</u>
<b>REVENUES:</b>			
Property taxes	\$ 1,010,926	\$ 1,034,301	\$ 23,375
Interest and penalties on delinquent taxes	8,001	18,267	10,266
Intergovernmental	122,369	104,143	(18,226)
Licenses and permits	1,520	1,225	(295)
Town clerk fees	12,810	22,010	9,200
Charges for services - AFD #1	8,500	10,534	2,034
Interest	1,500	13,925	12,425
Miscellaneous	-	76	76
Total revenues	<u>1,165,626</u>	<u>1,204,481</u>	<u>38,855</u>
<b>EXPENDITURES:</b>			
General Government -			
Selectboard	210,961	188,888	(22,073)
Treasurer	52,661	49,396	(3,265)
Board of civil authority	4,200	100	(4,100)
Auditors	22,850	14,220	(8,630)
Listers	37,899	28,659	(9,240)
Town clerk	63,402	65,604	2,202
Planning commission	1,500	-	(1,500)
Conservation commission	2,500	476	(2,024)
Constable	9,450	5,168	(4,282)
Pound keeper	4,535	3,226	(1,309)
Floodplain administrator	500	-	(500)
Health officer	150	-	(150)
Solid waste	14,928	14,578	(350)
Cemeteries	7,700	3,175	(4,525)
Library	39,600	33,915	(5,685)
Fire warden	200	-	(200)
County tax	18,500	17,485	(1,015)
HRA deductibles	-	31,713	31,713
Total general government	<u>491,536</u>	<u>456,603</u>	<u>(34,933)</u>
Special appropriations -			
Windham Regional Commission	4,951	4,951	-
WRC Commissioner	500	-	(500)
Green Up Vermont	150	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, 2020**

(Page 2 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over (Under) <u>(Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Special appropriations (continued) -			
VLCT	3,565	3,565	-
Rescue, Inc.	49,928	49,928	-
Front Porch Forum	50	50	-
Guilford Gazette	100	100	-
Guilford Handbook	4,000	-	(4,000)
Broad Brook Community Center	5,000	5,000	-
Guilford Volunteer Fire Department	230,063	230,063	-
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	-
AIDS Project of Southern Vermont	350	350	-
Connecticut River Transit	250	250	-
Guilford Cares	6,000	6,000	-
SEVCA, Inc.	2,040	2,040	-
Total special appropriations	<u>323,187</u>	<u>318,687</u>	<u>(4,500)</u>
Debt service - Principal	50,000	50,000	-
- Interest	3,058	711	(2,347)
Total debt service	<u>53,058</u>	<u>50,711</u>	<u>(2,347)</u>
Total expenditures	<u>867,781</u>	<u>826,001</u>	<u>(41,780)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	297,845	378,480	80,635
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out), net	<u>(297,845)</u>	<u>(358,301)</u>	<u>60,456</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	20,179	\$ <u>20,179</u>
FUND BALANCE, July 1, 2019		<u>189,943</u>	
FUND BALANCE, June 30, 2020		\$ <u>210,122</u>	

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, 2020**

	Original and Final Budget	Actual (Budgetary Basis)	Variance Over (Under)
<b>REVENUES:</b>			
Property taxes	\$ 850,597	\$ 850,597	\$ -
State aid to highways	145,000	150,206	5,206
Intergovernmental	-	250,354	250,354
Civil fines	1,200	714	(486)
Interest income	250	102	(148)
Total revenues	<u>997,047</u>	<u>1,251,973</u>	<u>254,926</u>
<b>EXPENDITURES:</b>			
Highway general	444,251	363,075	(81,176)
Highway winter	204,696	215,757	11,061
Retreatment	130,000	274,749	144,749
Bridges	8,500	509	(7,991)
MRGP fees	2,500	1,350	(1,150)
Town garage	30,500	33,444	2,944
Town equipment	95,000	268,605	173,605
Total expenditures	<u>915,447</u>	<u>1,157,489</u>	<u>242,042</u>
EXCESS OF REVENUES OR (EXPENDITURES)	81,600	94,484	12,884
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out), net	<u>(81,600)</u>	<u>(81,600)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	12,884	\$ <u>12,884</u>
FUND BALANCE, July 1, 2019		<u>454,112</u>	
FUND BALANCE, June 30, 2020		\$ <u>466,996</u>	

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

**TOWN OF GUILFORD, VERMONT**  
**STATEMENT OF NET POSITION -**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2020**

	<u>Brainard S. Gale Fund</u>	<u>Mrs. C. A. King Fund</u>	<u>King &amp; Lynde Fund</u>	<u>Bullock Scholarship Fund</u>	<u>Totals</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 339	\$ 1,009	\$ 1,009	\$ 5,247	\$ 7,604
Investments	-	-	-	116,402	116,402
Due from other funds	-	-	-	3,050	3,050
Total assets	<u>339</u>	<u>1,009</u>	<u>1,009</u>	<u>124,699</u>	<u>127,056</u>
<b>LIABILITIES:</b>					
Accounts payable	<u>-</u>	<u>9</u>	<u>9</u>	<u>186</u>	<u>204</u>
<b>NET POSITION:</b>					
Restricted	<u>339</u>	<u>1,000</u>	<u>1,000</u>	<u>124,513</u>	<u>126,852</u>
Total net position	\$ <u>339</u>	\$ <u>1,000</u>	\$ <u>1,000</u>	\$ <u>124,513</u>	\$ <u>126,852</u>

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, 2020**

	<u>Brainard S.</u> <u>Gale Fund</u>	<u>Mrs. C. A.</u> <u>King Fund</u>	<u>King &amp;</u> <u>Lynde Fund</u>	<u>Bullock</u> <u>Scholarship</u> <u>Fund</u>	<u>Totals</u>
<b>ADDITIONS:</b>					
Interest and dividends	\$ -	\$ -	\$ -	\$ 3,706	\$ 3,706
Gain (loss) on market value	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,165)</u>	<u>(4,165)</u>
Total additions	-	-	-	(459)	(459)
<b>DEDUCTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,012</u>	<u>3,012</u>
<b>CHANGE IN NET POSITION</b>	-	-	-	(3,471)	(3,471)
NET POSITION, July 1, 2019	<u>339</u>	<u>1,000</u>	<u>1,000</u>	<u>127,984</u>	<u>130,323</u>
NET POSITION, June 30, 2020	\$ <u>339</u>	\$ <u>1,000</u>	\$ <u>1,000</u>	\$ <u>124,513</u>	\$ <u>126,852</u>

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

**TOWN OF GUILFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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.



**TOWN OF GUILFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the purchase of major facilities and equipment.

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.

**TOWN OF GUILFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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 1<sup>st</sup>. 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, 2020 were due in full on October 15<sup>th</sup>.
- 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. 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

**TOWN OF GUILFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. Summary of significant accounting policies (continued):**

J. 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

K. 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.

L. 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.

M. 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.

N. 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.

**TOWN OF GUILFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020, the Town's investments were fully invested in mutual funds and have a fair value of \$128,107.

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, 2020, 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. The note receivable as of June 30, 2020 is as follows:

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

**4. Capital assets:**

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance <u>July 1, 2019</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2020</u>
Capital assets, depreciated:				
Buildings and improvements	\$ 962,948	\$ -	\$ -	\$ 962,948
Vehicles and equipment	1,981,598	321,710	226,908	2,076,400
Infrastructure	<u>2,415,087</u>	<u>-</u>	<u>-</u>	<u>2,415,087</u>
Total capital assets, depreciated	<u>5,359,633</u>	<u>321,710</u>	<u>226,908</u>	<u>5,454,435</u>
Less accumulated depreciation for:				
Buildings and improvements	437,392	28,429	-	465,821
Vehicles and equipment	1,092,088	178,140	226,908	1,043,320
Infrastructure	<u>526,056</u>	<u>120,754</u>	<u>-</u>	<u>646,810</u>
Total accumulated depreciation	<u>2,055,536</u>	<u>327,323</u>	<u>226,908</u>	<u>2,155,951</u>
Capital assets, net	\$ <u>3,304,097</u>	\$ <u>(5,613)</u>	\$ <u>-</u>	\$ <u>3,298,484</u>

Depreciation expense of \$327,323 in the governmental activities was allocated to expenses of the general government (\$13,962) and highways and streets (\$313,361) programs based on capital assets assigned to those functions.

**TOWN OF GUILFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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, 2020 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 1,988,115
Highway Fund	477,049	-
VCDP Grant Fund	-	3,276
Fund Balance Reserve Fund	422,127	-
Capital Projects Fund	393,533	-
Other Governmental Funds	695,632	-
Fiduciary Funds	<u>3,050</u>	<u>-</u>
	<u>\$ 1,991,391</u>	<u>\$ 1,991,391</u>

**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, 2020 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 21,600	\$ 379,901
Highway Fund	-	81,600
Fund Balance Reserve Fund	112,256	14,768
Capital Projects Fund	225,000	-
Other Governmental Funds	<u>117,413</u>	<u>-</u>
	<u>\$ 476,269</u>	<u>\$ 476,269</u>

Transfers from the General Fund, Highway Fund and Fund Balance Reserve Fund of \$379,901, \$60,000, and \$14,768, respectively, to the Fund Balance Reserve Fund, Capital Projects Fund and Other Governmental Funds were made in accordance with the budget, and as approved by the Board. Transfers from Highway Fund of \$21,600 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 2020, 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 2020, the Town paid \$50,000 towards the principal, and \$711 in interest. This direct borrowing was fully repaid at June 30, 2020.

**TOWN OF GUILFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**7. Related parties (continued):**

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 \$10,534 for financial services during FY 2020 for services provided under this agreement.

**8. Long-term obligations:**

Long-term obligations activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Compensated absences	\$ 11,769	\$ -	\$ 128	\$ 11,641	\$ -
Net pension liability	174,080	35,620	-	209,700	-
Long-term debt	<u>128,000</u>	<u>-</u>	<u>69,500</u>	<u>58,500</u>	<u>19,500</u>
	<u>\$ 313,849</u>	<u>\$ 35,620</u>	<u>\$ 69,628</u>	<u>\$ 279,841</u>	<u>\$ 19,500</u>

**9. Debt:**

Long-term - Outstanding long-term debt as of June 30, 2020 is as follows:

Notes from direct borrowings:

Vermont Municipal Bond Bank - 2012 Series 1, various interest rates. Annual principal payments of \$19,500. Matures November 2022. \$ 58,500

Long-term debt activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Reductions	Balance June 30, 2020	Due Within One Year
Notes from direct borrowings:				
VMBB 2008 Series 1	\$ 50,000	\$ 50,000	\$ -	\$ -
VMBB 2012 Series 1	<u>78,000</u>	<u>19,500</u>	<u>58,500</u>	<u>19,500</u>
	<u>\$ 128,000</u>	<u>\$ 69,500</u>	<u>\$ 58,500</u>	<u>\$ 19,500</u>

Debt service requirements to maturity are as follows:

Year ending June 30,	<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 19,500	\$ 1,407
2022	19,500	866
2023	<u>19,500</u>	<u>293</u>
	<u>\$ 58,500</u>	<u>\$ 2,566</u>

In the event that the Town is in default on their payment obligations issued from the Vermont Municipal Bond Bank (VMBB), the State Treasurer has the ability to intercept State funding until the default is cured.

**TOWN OF GUILFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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	<u>5,370</u>
	\$ <u>17,670</u>

**11. Deficit fund balances:**

As of June 30, 2020, the Emergency Response Fund, a non-major fund, has a deficit fund balance of \$4,753. Management intends to recover this deficit through a future transfer from the General Fund or Fund Balance Reserve Fund.

As of June 30, 2020, the VCDP Grant Fund has a deficit fund balance of \$3,276. Management intends to recover this deficit through future grant revenues.

**12. 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 2.75% (Group A), 5.125% (Group B), 10.25% (Group C) or 11.6% (Group D) of their annual covered salary, and the Town is required to contribute 4.25% (Group A), 5.75% (Group B), 7.5% (Group C) or 10.1% (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, 2020, 2019, and 2018, were \$27,546, \$23,223, and \$21,675, respectively. The amounts contributed were equal to the required contributions for each year.

**TOWN OF GUILFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**12. Pension plan (continued):**

Vermont Municipal Employees' Retirement System (continued) -

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 0.12087% proportionate share of the VMERS defined benefit plan.

Town's share of VMERS net pension liability	\$ 209,700
Deferred outflows of resources - Deferred pension expense	\$ 78,240
Deferred inflows of resources - Deferred pension credits	\$ 15,459

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.

**13. Subsequent events:**

The Town has evaluated subsequent events through March 22, 2021, the date on which the financial statements were available to be issued.



**TOWN OF GUILFORD, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

Schedule 1  
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	<u>Emergency Response Fund</u>	<u>Act 64 Fund</u>	<u>Preservation Fund</u>	<u>Lister Education Fund</u>	<u>Reappraisal Fund</u>	<u>Algiers Water Line Fund</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,000
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	<u>-</u>	<u>136,899</u>	<u>23,704</u>	<u>575</u>	<u>125,846</u>	<u>3,677</u>
Total assets	<u>\$ -</u>	<u>\$ 136,899</u>	<u>\$ 23,704</u>	<u>\$ 575</u>	<u>\$ 125,846</u>	<u>\$ 198,677</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 43	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>4,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY:</b>						
Fund balances -						
Nonspendable	-	-	-	-	-	-
Restricted	-	136,899	23,704	575	125,846	198,677
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	<u>(4,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>(4,753)</u>	<u>136,899</u>	<u>23,704</u>	<u>575</u>	<u>125,846</u>	<u>198,677</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 136,899</u>	<u>\$ 23,704</u>	<u>\$ 575</u>	<u>\$ 125,846</u>	<u>\$ 198,677</u>

**TOWN OF GUILFORD, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

Schedule 1  
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		<u>Water Fund</u>	<u>Sweet Pond Fund</u>	<u>Recreation Fund</u>	<u>Planning Commission Reserve Fund</u>	<u>Conservation Commission Reserve Fund</u>	<u>Bridges Fund</u>	<u>Green River Covered Bridge Reserve Fund</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-
Accounts receivable		1,682	-	-	-	-	-	-
Due from other funds		<u>9,902</u>	<u>6,761</u>	<u>3,432</u>	<u>4,056</u>	<u>6,825</u>	<u>319,103</u>	<u>50,000</u>
Total assets	\$	<u>11,584</u>	<u>6,761</u>	<u>3,432</u>	<u>4,056</u>	<u>6,825</u>	<u>319,103</u>	<u>50,000</u>
<b>LIABILITIES AND FUND EQUITY</b>								
<b>LIABILITIES:</b>								
Accounts payable	\$	59	-	-	-	-	-	-
Due to other funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY:</b>								
Fund balances -								
Nonspendable		-	-	-	-	-	-	-
Restricted		11,525	6,761	3,432	-	-	-	-
Committed		-	-	-	-	-	319,103	50,000
Assigned		-	-	-	4,056	6,825	-	-
Unassigned		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)		<u>11,525</u>	<u>6,761</u>	<u>3,432</u>	<u>4,056</u>	<u>6,825</u>	<u>319,103</u>	<u>50,000</u>
Total liabilities and fund equity	\$	<u>11,584</u>	<u>6,761</u>	<u>3,432</u>	<u>4,056</u>	<u>6,825</u>	<u>319,103</u>	<u>50,000</u>

**TOWN OF GUILFORD, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

Schedule 1  
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	Cemetery Dedicated Fund	Cemetery Trust Fund	Birdie Cook Fund	Aurelia D. Taft Fund	Charles P. Wood Fund	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 5,508	\$ 2,391	\$ 10,900	\$ 5,420	\$ 219,219
Investments	-	11,705	-	-	-	11,705
Accounts receivable	-	-	-	-	-	1,682
Due from other funds	<u>9,162</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,342</u>
Total assets	\$ <u>9,162</u>	\$ <u>17,613</u>	\$ <u>2,391</u>	\$ <u>10,900</u>	\$ <u>5,420</u>	\$ <u>932,948</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 100	\$ 50	\$ 252
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,710</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>50</u>	<u>4,962</u>
<b>FUND EQUITY:</b>						
Fund balances -						
Nonspendable	-	-	1,500	10,800	5,370	17,670
Restricted	-	17,613	891	-	-	525,923
Committed	-	-	-	-	-	369,103
Assigned	9,162	-	-	-	-	20,043
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,753)</u>
Total fund balances (deficit)	<u>9,162</u>	<u>17,613</u>	<u>2,391</u>	<u>10,800</u>	<u>5,370</u>	<u>927,986</u>
Total liabilities and fund equity	\$ <u>9,162</u>	\$ <u>17,613</u>	\$ <u>2,391</u>	\$ <u>10,900</u>	\$ <u>5,420</u>	\$ <u>932,948</u>

**TOWN OF GUILFORD, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Schedule 2  
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	<u>Emergency Response Fund</u>	<u>Act 64 Fund</u>	<u>Preservation Fund</u>	<u>Lister Education Fund</u>	<u>Reappraisal Fund</u>	<u>Algiers Water Line Fund</u>
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ 21,003	\$ -	\$ -	\$ 10,507	\$ -
Charges for services	-	-	6,511	-	-	-
Donations	-	-	-	-	-	-
Investment income	-	-	211	-	1,198	-
Total revenues	<u>-</u>	<u>21,003</u>	<u>6,722</u>	<u>-</u>	<u>11,705</u>	<u>-</u>
<b>EXPENDITURES:</b>						
General government	6,045	-	4,495	-	-	-
Highways and streets	-	2,072	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service - Principal	-	-	-	-	-	19,500
- Interest	-	-	-	-	-	1,902
Total expenditures	<u>6,045</u>	<u>2,072</u>	<u>4,495</u>	<u>-</u>	<u>-</u>	<u>21,402</u>
EXCESS OF REVENUES OR (EXPENDITURES)	(6,045)	18,931	2,227	-	11,705	(21,402)
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (out)	-	-	3,000	-	-	24,500
NET CHANGE IN FUND BALANCES	(6,045)	18,931	5,227	-	11,705	3,098
FUND BALANCES, July 1, 2019	<u>1,292</u>	<u>117,968</u>	<u>18,477</u>	<u>575</u>	<u>114,141</u>	<u>195,579</u>
FUND BALANCES (DEFICIT), June 30, 2020	\$ <u>(4,753)</u>	\$ <u>136,899</u>	\$ <u>23,704</u>	\$ <u>575</u>	\$ <u>125,846</u>	\$ <u>198,677</u>

**TOWN OF GUILFORD, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Schedule 2  
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	<u>Water Fund</u>	<u>Sweet Pond Fund</u>	<u>Recreation Fund</u>	<u>Planning Commission Reserve Fund</u>	<u>Conservation Commission Reserve Fund</u>	<u>Bridges Fund</u>	<u>Green River Covered Bridge Reserve Fund</u>
<b>REVENUES:</b>							
Intergovernmental	\$ -	\$ -	\$ 6,903	\$ -	\$ -	\$ -	\$ -
Charges for services	7,024	-	752	-	-	-	-
Donations	-	-	191	-	-	-	-
Investment income	-	-	-	-	-	-	-
Total revenues	<u>7,024</u>	<u>-</u>	<u>7,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>							
General government	6,310	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	11,359	-	-	-	-
Debt service - Principal	-	-	-	-	-	-	-
- Interest	-	-	-	-	-	-	-
Total expenditures	<u>6,310</u>	<u>-</u>	<u>11,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OR (EXPENDITURES)	714	-	(3,513)	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>2,645</u>	<u>2,770</u>	<u>5,106</u>	<u>60,000</u>	<u>12,500</u>
NET CHANGE IN FUND BALANCES	714	-	(868)	2,770	5,106	60,000	12,500
FUND BALANCES, July 1, 2019	<u>10,811</u>	<u>6,761</u>	<u>4,300</u>	<u>1,286</u>	<u>1,719</u>	<u>259,103</u>	<u>37,500</u>
FUND BALANCES (DEFICIT), June 30, 2020	\$ <u>11,525</u>	\$ <u>6,761</u>	\$ <u>3,432</u>	\$ <u>4,056</u>	\$ <u>6,825</u>	\$ <u>319,103</u>	\$ <u>50,000</u>

**TOWN OF GUILFORD, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Schedule 2  
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	<u>Cemetery Dedicated Fund</u>	<u>Cemetery Trust Fund</u>	<u>Birdie Cook Fund</u>	<u>Aurelia D. Taft Fund</u>	<u>Charles P. Wood Fund</u>	<u>Totals</u>
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,413
Charges for services	-	400	-	-	-	14,687
Donations	-	200	-	-	-	391
Investment income	-	876	2	-	-	2,287
Total revenues	<u>-</u>	<u>1,476</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>55,778</u>
<b>EXPENDITURES:</b>						
General government	-	200	-	-	-	17,050
Highways and streets	-	-	-	-	-	2,072
Culture and recreation	-	-	-	-	-	11,359
Debt service - Principal	-	-	-	-	-	19,500
- Interest	-	-	-	-	-	1,902
Total expenditures	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,883</u>
EXCESS OF REVENUES OR (EXPENDITURES)	-	1,276	2	-	-	3,895
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (out)	<u>6,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,413</u>
NET CHANGE IN FUND BALANCES	6,892	1,276	2	-	-	121,308
FUND BALANCES, July 1, 2019	<u>2,270</u>	<u>16,337</u>	<u>2,389</u>	<u>10,800</u>	<u>5,370</u>	<u>806,678</u>
FUND BALANCES (DEFICIT), June 30, 2020	\$ <u>9,162</u>	\$ <u>17,613</u>	\$ <u>2,391</u>	\$ <u>10,800</u>	\$ <u>5,370</u>	\$ <u>927,986</u>

**TOWN OF GUILFORD, VERMONT**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF  
NET PENSION LIABILITY  
VMERS  
JUNE 30, 2020**

Schedule 3

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
The Town's proportion of the net pension liability	0.1209%	0.1237%	0.1484%	0.1396%	0.1382%	0.1398%
Town's proportionate share of the net pension liability	\$ 209,700	\$ 174,080	\$ 179,801	\$ 179,663	\$ 106,508	\$ 11,496
Town's covered payroll	\$ 479,053	\$ 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	43.774%	42.166%	45.624%	40.772%	27.610%	3.200%
VMERS net position as a percentage of the net total pension liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**SCHEDULE OF TOWN'S CONTRIBUTIONS  
VMERS  
JUNE 30, 2020**

Schedule 4

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 27,546	\$ 23,223	\$ 21,675	\$ 24,236	\$ 21,217	\$ 19,311
Contributions in relation to the contractually required contribution	<u>27,546</u>	<u>23,223</u>	<u>21,675</u>	<u>24,236</u>	<u>21,217</u>	<u>19,311</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 479,053	\$ 412,849	\$ 394,091	\$ 440,650	\$ 385,760	\$ 359,278
Contributions as a percentage of covered payroll	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%

**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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 22, 2021.

**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) 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'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-001 that we consider to be a significant deficiency.

**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*.

### **Town's Response to Finding**

Management's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **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  
March 22, 2021

*Melgett Jennett* 9  
*Shah-Nisa, P.C.*

**TOWN OF GUILFORD, VERMONT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**JUNE 30, 2020**

**2020-001 Bank reconciliations**

Condition - During our testing of the Town's cash and investments balances, we noted that several cash and investment reconciliations for had not been performed. Once reconciliations were prepared and provided, our testing identified additional necessary corrections. These corrections were accomplished through a combination of our proposed audit adjustments and adjustments prepared by the Treasurer and Assistant Treasurer.

The Town has a pooled cash account in the General Fund which contains cash owned by other funds. We noted that interest earned on the pooled cash had not been allocated appropriately to other funds. It was determined that the Town's new Assistant Treasurer was unaware of this necessary allocation and required assistance in understanding how to accurately perform and record this allocation. The allocation for FY20 was recorded through a proposed audit adjustment.

Criteria - Cash and investment account reconciliations should be completed and reviewed monthly throughout the year to provide good control over these assets. Reconciliations would then be completed before the accounts are provided for audit. The preparation and review of these reconciliations should be assigned to staff that possess the skills, knowledge, and experience to ensure that activity is accurately recorded in the general ledger and that interest earned by the pooled account is allocated.

Cause - The implementation of Covid-19 restrictions contributed to the delay in cash and investment account reconciliations. However, a primary cause was the limited experience level of staff assigned with the preparation and review of these tasks.

Effect - Cash and investment activity did not have adequate internal control in place during the year. Audit procedures were delayed for several months after year end. Additional procedures were required to identify corrections to balances and allocate interest on the pooled cash account.

Recommendations - We recommend that the Town implement appropriate procedures to ensure the documentation of timely and complete monthly reconciliation of each cash and investment account.

We recommend the preparation and review of cash and investment account reconciliations be assigned to individuals that possess the skills, knowledge, and experience to ensure accurate reconciliations are performed and any necessary corrections are promptly recorded in the Town's accounts.

We recommend that each reconciliation be completed within 30 days of the statement closing date, and that each reconciliation be initialed and dated by the preparer and reviewer.

Management's response - The Treasurer has given the Assistant Treasurer a written warning, and a plan has been developed, to make sure monthly reconciliations are done correctly. These monthly reconciliations will include signing off by the Assistant Treasurer and Treasurer when completed.

The Assistant Treasurer is to ask for help when they do not understand, or has questions, in performing their assigned tasks. The Treasurer and Assistant Treasurer will meet quarterly to evaluate this plan.