

Audited Financial Statements
and Other Financial Information

Town of Shelburne, Vermont

June 30, 2023



Proven Expertise & Integrity

TOWN OF SHELBURNE, VERMONT

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Shelburne
Shelburne, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Shelburne, Vermont, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and the aggregate remaining fund information of the Town of Shelburne, Vermont as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Shelburne, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Shelburne, Vermont's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Shelburne, Vermont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 62 through 65 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 of Shelburne, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund combining and individual nonmajor fund financial statements and capital asset schedules 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 July 7, 2025, on our consideration of the Town of Shelburne, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Shelburne Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Shelburne, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
July 7, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of the Town of Shelburne, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town of Shelburne, Vermont's financial statements.

Financial Statement Overview

The Town of Shelburne, Vermont's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedules, pension schedules and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Shelburne are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, health and welfare, culture and recreation, intergovernmental, employee benefits and other.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Shelburne include the water, sewer and nonmajor enterprise funds.

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 of Shelburne, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Shelburne can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These

reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Shelburne presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, ARPA fund and the ambulance fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Shelburne maintains three proprietary funds, the water fund, sewer fund and nonmajor enterprise funds. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities decreased by \$570,521 from \$18,053,872 to \$17,483,351. For the business-type activities, the Town's total net position increased by \$1,176,230 from \$13,719,453 to \$14,895,683.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for the governmental activities by \$461,542 to a balance of \$2,682,904 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased by \$654,031 to a balance of \$3,247,343.

Table 1
Town of Shelburne, Vermont
Net Position
June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
Assets:				
Current Assets	\$ 8,781,416	\$ 7,315,888	\$ 4,098,316	\$ 4,003,953
Noncurrent Assets - Capital Assets	19,725,382	20,491,174	14,057,464	14,300,584
Total Assets	<u>\$ 28,506,798</u>	<u>\$27,807,062</u>	<u>\$18,155,780</u>	<u>\$18,304,537</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	564,765	364,317	280,754	181,107
Total Deferred Outflows of Resources	<u>564,765</u>	<u>364,317</u>	<u>280,754</u>	<u>181,107</u>
Liabilities:				
Current Liabilities	1,259,629	1,138,330	518,180	1,591,798
Noncurrent Liabilities	7,881,646	7,269,757	2,980,373	2,925,182
Total Liabilities	<u>9,141,275</u>	<u>8,408,087</u>	<u>3,498,553</u>	<u>4,516,980</u>
Deferred Inflows of Resources:				
Prepaid Taxes	81,013	64,925	-	-
Deferred Revenue	2,238,538	1,143,178	-	-
Deferred Inflows Related to Pensions	127,386	501,317	42,298	249,211
Total Deferred Inflows of Resources	<u>2,446,937</u>	<u>1,709,420</u>	<u>42,298</u>	<u>249,211</u>
Net Position:				
Net Investment in Capital Assets	13,398,933	13,575,274	11,648,340	11,126,141
Restricted	1,401,514	1,334,152	-	-
Unrestricted	2,682,904	3,144,446	3,247,343	2,593,312
Total Net Position	<u>\$ 17,483,351</u>	<u>\$18,053,872</u>	<u>\$14,895,683</u>	<u>\$13,719,453</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 2.56%, while total expenses increased by 67.87%. The largest decreases in revenues were in charges for services and miscellaneous. The largest increases in expenses were in general government and public safety. For the business-type activities, revenues increased by 19.38% mainly due to charges for services, while total expenses increased by 0.41%.

Table 2
Town of Shelburne, Vermont
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,742,297	\$ 1,922,258	\$ 4,617,201	\$ 3,885,184
Operating grants and contributions	268,299	432,038	116,387	-
<i>General Revenues:</i>				
Taxes	8,040,236	7,281,148	-	-
Miscellaneous	648,548	1,344,878	150,115	205,775
Total Revenues	10,699,380	10,980,322	4,883,703	4,090,959
Expenses				
General government	3,213,474	2,014,844	-	-
Public safety	3,280,047	1,470,990	-	-
Public works	1,695,662	1,046,815	-	-
Health and welfare	94,251	89,299	-	-
Culture and recreation	1,423,323	1,224,505	-	-
Intergovernmental	200,337	190,172	-	-
Employee benefits	254,642	243,798	-	-
Other	729,443	90,202	-	-
Capital outlay	-	-	-	-
Interest on long-term debt	160,722	213,077	-	-
Water	-	-	1,541,379	1,637,246
Sewer	-	-	2,244,809	2,127,242
Stormwater improvements	-	-	-	144,936
Total Expenses	11,051,901	6,583,702	3,925,473	3,909,424
Transfers	(218,000)	(298,800)	218,000	298,800
Change in Net Position	(570,521)	4,097,820	1,176,230	480,335
Net Position - July 1, Restated	18,053,872	13,956,052	13,719,453	13,239,118
Net Position - June 30	\$ 17,483,351	\$ 18,053,872	\$ 14,895,683	\$13,719,453

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Shelburne, Vermont
Fund Balances - Governmental Funds
June 30,

	2023	2022 (Restated)	Increase/ (Decrease)
General Fund:			
Nonspendable	\$ 59,211	\$ 52,059	\$ 7,152
Unassigned	2,492,083	2,667,392	(175,309)
Total General Fund	\$ 2,551,294	\$ 2,719,451	\$ (168,157)
ARPA Library Fund			
Assigned	\$ 41,455	\$ -	\$ 41,455
Total ARPA Library Fund	\$ 41,455	\$ -	\$ 41,455
Ambulance Fund			
Committed	\$ 487,661	\$ 390,721	\$ 96,940
Ambulance Fund	\$ 487,661	\$ 390,721	\$ 96,940
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 541,495	\$ 645,602	\$ (104,107)
Assigned	559,752	475,803	83,949
Capital Project Funds:			
Restricted	273,098	176,767	96,331
Committed	421,011	399,965	21,046
Assigned	21,792	21,792	-
Unassigned (deficit)	(65,159)	(84,873)	19,714
Permanent Funds:			
Restricted	586,921	511,783	75,138
Total Nonmajor Funds	\$ 2,337,495	\$ 2,146,839	\$ 190,656

The changes to total fund balances in each of the major funds and total nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The water fund's net position decreased by \$39,668 over the prior fiscal year. The sewer fund's net position increased by \$353,404 over the prior fiscal year. The nonmajor enterprise funds' net position increased by \$862,494 over the prior fiscal year.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$282,376. All revenue categories were receipted in excess of budgeted amounts except for intergovernmental revenues and transfers from other funds.

The general fund actual expenditures exceeded budgeted amounts by \$450,533. Most expenditure categories were overspent except for public safety, intergovernmental, debt service - principal and debt service - interest.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town decreased by \$1,008,912 over the prior year. The decrease is the result of current year capital additions of \$714,837 less depreciation expense of \$1,723,749. Refer to Note 6 of the Notes to Financial Statements for detailed information.

**Table 4
Town of Shelburne, Vermont
Capital Assets (Net of Depreciation)
June 30,**

	2023	2022 (Restated)
Land	\$ 2,192,497	\$ 2,192,497
Construction in progress	514,043	347,347
Buildings and improvements	18,561,645	18,523,861
Machinery and equipment	4,209,331	4,123,330
Furniture and Fixtures	113,380	113,380
Vehicles	4,910,199	4,589,410
Infrastructure	33,001,668	32,821,483
Accumulated depreciation	(29,719,917)	(27,919,550)
Total	\$33,782,846	\$34,791,758

Debt

At June 30, 2023, the Town had \$8,735,573 in bonds and notes from direct borrowings payable outstanding versus \$10,090,343 last year, a decrease of 13.43%. Refer to Note 7 of the Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town is working towards maintaining an unassigned fund balance to sustain government operations for a period of approximately four months. The Town does maintain reserves for future operations, capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at P.O. Box 88, Shelburne, Vermont 05482.

TOWN OF SHELBURNE, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,834,922	\$ 168,678	\$ 10,003,600
Investments	1,422,488	712,204	2,134,692
Accounts receivable (net of allowance for uncollectibles)	492,189	143,686	635,875
Prepaid items	59,211	43,854	103,065
Inventory	-	2,500	2,500
Internal balances	(3,027,394)	3,027,394	-
Total current assets	<u>8,781,416</u>	<u>4,098,316</u>	<u>12,879,732</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure and other assets not being depreciated	2,345,229	348,868	2,694,097
Buildings, equipment, vehicles and infrastructure net of accumulated depreciation	<u>17,380,153</u>	<u>13,708,596</u>	<u>31,088,749</u>
Total noncurrent assets	<u>19,725,382</u>	<u>14,057,464</u>	<u>33,782,846</u>
TOTAL ASSETS	<u>28,506,798</u>	<u>18,155,780</u>	<u>46,662,578</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>564,765</u>	<u>280,754</u>	<u>845,519</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>564,765</u>	<u>280,754</u>	<u>845,519</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 29,071,563</u>	<u>\$ 18,436,534</u>	<u>\$ 47,508,097</u>

STATEMENT A (CONTINUED)

TOWN OF SHELBURNE, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 541,109	\$ 162,588	\$ 703,697
Accrued payroll and benefits	153,714	32,574	186,288
Accrued interest	-	50,169	50,169
Unearned revenue	-	11,983	11,983
Current portion of long-term obligations	564,806	260,866	825,672
Total current liabilities	1,259,629	518,180	1,777,809
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	5,680,000	501,833	6,181,833
Notes from direct borrowings payable	81,643	1,646,425	1,728,068
Accrued compensated absences	702,048	127,227	829,275
Net pension liability	1,417,955	704,888	2,122,843
Total noncurrent liabilities	7,881,646	2,980,373	10,862,019
TOTAL LIABILITIES	9,141,275	3,498,553	12,639,828
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	81,013	-	81,013
Deferred revenue	2,238,538	-	2,238,538
Deferred inflows related to pensions	127,386	42,298	169,684
TOTAL DEFERRED INFLOWS OF RESOURCES	2,446,937	42,298	2,489,235
NET POSITION			
Net investment in capital assets	13,398,933	11,648,340	25,047,273
Restricted	1,401,514	-	1,401,514
Unrestricted	2,682,904	3,247,343	5,930,247
TOTAL NET POSITION	17,483,351	14,895,683	32,379,034
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 29,071,563	\$ 18,436,534	\$ 47,508,097

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
General government	\$ 3,213,474	\$ 243,258	\$ -	\$ -	\$ (2,970,216)	\$ -	\$ (2,970,216)
Public safety	3,280,047	1,006,757	-	-	(2,273,290)	-	(2,273,290)
Public works	1,695,662	181,072	120,148	-	(1,394,442)	-	(1,394,442)
Health and welfare	94,251	-	-	-	(94,251)	-	(94,251)
Culture and recreation	1,423,323	165,153	-	-	(1,258,170)	-	(1,258,170)
Intergovernmental	200,337	-	148,151	-	(52,186)	-	(52,186)
Employee benefits	254,642	-	-	-	(254,642)	-	(254,642)
Other	729,443	146,057	-	-	(583,386)	-	(583,386)
Interest on long-term debt	160,722	-	-	-	(160,722)	-	(160,722)
Total governmental activities	<u>11,051,901</u>	<u>1,742,297</u>	<u>268,299</u>	<u>-</u>	<u>(9,041,305)</u>	<u>-</u>	<u>(9,041,305)</u>
Business-type activities:							
Water fund	1,541,379	1,393,078	116,387	-	-	(31,914)	(31,914)
Sewer fund	2,244,809	2,533,659	-	-	-	288,850	288,850
Nonmajor enterprise	139,285	690,464	-	-	-	551,179	551,179
Total business-type activities	<u>3,925,473</u>	<u>4,617,201</u>	<u>116,387</u>	<u>-</u>	<u>-</u>	<u>808,115</u>	<u>808,115</u>
Total government	<u>\$ 14,977,374</u>	<u>\$ 6,359,498</u>	<u>\$ 384,686</u>	<u>\$ -</u>	<u>(9,041,305)</u>	<u>808,115</u>	<u>(8,233,190)</u>

STATEMENT B (CONTINUED)

TOWN OF SHELBURNE, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(9,041,305)</u>	<u>808,115</u>	<u>(8,233,190)</u>
General revenue:			
Taxes:			
Property taxes, levied for general purposes	8,040,236	-	8,040,236
Miscellaneous	<u>648,548</u>	<u>150,115</u>	<u>798,663</u>
Total general revenues	<u>8,688,784</u>	<u>150,115</u>	<u>8,838,899</u>
Transfers	<u>(218,000)</u>	<u>218,000</u>	<u>-</u>
Change in net position	(570,521)	1,176,230	605,709
NET POSITION - JULY 1, RESTATED	<u>18,053,872</u>	<u>13,719,453</u>	<u>31,773,325</u>
NET POSITION - JUNE 30	<u>\$ 17,483,351</u>	<u>\$ 14,895,683</u>	<u>\$ 32,379,034</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	ARPA Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,951,731	\$ 2,328,257	\$ 2,193,212	\$ 361,722	\$ 9,834,922
Investments	974,127	-	-	448,361	1,422,488
Accounts receivable (net of allowance for uncollectibles)	329,642	-	162,547	-	492,189
Prepaid items	59,211	-	-	-	59,211
Due from other funds	2,795,080	-	-	1,596,924	4,392,004
TOTAL ASSETS	\$ 9,109,791	\$ 2,328,257	\$ 2,355,759	\$ 2,407,007	\$ 16,200,814
LIABILITIES					
Accounts payable	\$ 536,898	\$ -	\$ -	\$ 4,211	\$ 541,109
Accrued expenses	153,714	-	-	-	153,714
Due to other funds	5,437,735	105,000	1,811,362	65,301	7,419,398
TOTAL LIABILITIES	6,128,347	105,000	1,811,362	69,512	8,114,221
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	81,013	-	-	-	81,013
Unavailable other receivables	349,137	-	-	-	349,137
Deferred revenue	-	2,181,802	56,736	-	2,238,538
TOTAL DEFERRED INFLOWS OF RESOURCES	430,150	2,181,802	56,736	-	2,668,688
FUND BALANCES					
Nonspendable	59,211	-	-	-	59,211
Restricted	-	-	-	1,401,514	1,401,514
Committed	-	-	487,661	421,011	908,672
Assigned	-	41,455	-	581,544	622,999
Unassigned (deficits)	2,492,083	-	-	(66,574)	2,425,509
TOTAL FUND BALANCES	2,551,294	41,455	487,661	2,337,495	5,417,905
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,109,791	\$ 2,328,257	\$ 2,355,759	\$ 2,407,007	\$ 16,200,814

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 5,417,905
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	19,725,382
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred revenues	349,137
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	564,765
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(6,185,000)
Notes from direct borrowings payable	(141,449)
Accrued compensated absences	(702,048)
Net pension liability	(1,417,955)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	<u>(127,386)</u>
Net position of governmental activities	<u>\$ 17,483,351</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	ARPA Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 8,040,236	\$ -	\$ -	\$ -	\$ 8,040,236
Intergovernmental	124,523	105,000	-	38,776	268,299
Charges for services	1,046,948	-	549,292	146,057	1,742,297
Miscellaneous revenues	396,300	41,455	-	163,551	601,306
TOTAL REVENUES	9,608,007	146,455	549,292	348,384	10,652,138
EXPENDITURES					
Current:					
General government	2,270,021	105,000	-	26,928	2,401,949
Public safety	3,245,282	-	48,202	60,947	3,354,431
Public works	1,358,396	-	-	-	1,358,396
Health and welfare	94,251	-	-	-	94,251
Culture and recreation	888,446	-	-	156,565	1,045,011
Intergovernmental	200,337	-	-	-	200,337
Employee benefits	254,642	-	-	-	254,642
Other	658,128	-	-	71,315	729,443
Debt service:					
Principal	589,451	-	-	20,001	609,452
Interest	158,768	-	-	1,954	160,722
Capital outlay	-	-	-	64,610	64,610
TOTAL EXPENDITURES	9,717,722	105,000	48,202	402,320	10,273,244
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(109,715)	41,455	501,090	(53,936)	378,894
OTHER FINANCING SOURCES (USES)					
Transfers in	517,367	-	-	369,309	886,676
Transfers (out)	(575,809)	-	(404,150)	(124,717)	(1,104,676)
TOTAL OTHER FINANCING SOURCES (USES)	(58,442)	-	(404,150)	244,592	(218,000)
NET CHANGE IN FUND BALANCES	(168,157)	41,455	96,940	190,656	160,894
FUND BALANCES - JULY 1, RESTATED	2,719,451	-	390,721	2,146,839	5,257,011
FUND BALANCES - JUNE 30	\$ 2,551,294	\$ 41,455	\$ 487,661	\$ 2,337,495	\$ 5,417,905

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 160,894</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	387,660
Depreciation expense	<u>(1,153,452)</u>
	<u>(765,792)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Deferred revenues	<u>47,242</u>
Deferred outflows of resources is a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>200,448</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>589,451</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(472,433)
Net pension liability	<u>(704,262)</u>
	<u>(1,176,695)</u>
Deferred inflows of resources are an acquisition of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>373,931</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (570,521)</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 39,347	\$ -	\$ 129,331	\$ 168,678
Investments	507,237	-	204,967	712,204
Accounts receivable (net of allowance for uncollectibles)	36,337	95,491	11,858	143,686
Prepaid items	4,664	39,190	-	43,854
Inventory	2,500	-	-	2,500
Due from other funds	-	980,375	2,860,436	3,840,811
Total current assets	<u>590,085</u>	<u>1,115,056</u>	<u>3,206,592</u>	<u>4,911,733</u>
Capital assets:				
Land and construction in progress	129,821	219,047	-	348,868
Buildings and improvements	72,597	1,712,719	-	1,785,316
Equipment, machinery and vehicles	251,111	570,946	-	822,057
Infrastructure	5,056,601	19,275,828	-	24,332,429
Total capital assets	<u>5,510,130</u>	<u>21,778,540</u>	<u>-</u>	<u>27,288,670</u>
Less: accumulated depreciation	<u>(2,455,853)</u>	<u>(10,775,353)</u>	<u>-</u>	<u>(13,231,206)</u>
Net capital assets	<u>3,054,277</u>	<u>11,003,187</u>	<u>-</u>	<u>14,057,464</u>
TOTAL ASSETS	<u>3,644,362</u>	<u>12,118,243</u>	<u>3,206,592</u>	<u>18,969,197</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	107,533	173,221	-	280,754
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>107,533</u>	<u>173,221</u>	<u>-</u>	<u>280,754</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,751,895</u>	<u>\$ 12,291,464</u>	<u>\$ 3,206,592</u>	<u>\$ 19,249,951</u>

TOWN OF SHELBURNE, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 91,119	\$ 66,644	\$ 4,825	\$ 162,588
Accrued expenses	230	32,344	-	32,574
Accrued interest	49,592	577	-	50,169
Due to other funds	813,417	-	-	813,417
Unearned revenue	8,094	3,889	-	11,983
Current portion of long-term liabilities	107,552	153,314	-	260,866
Total current liabilities	<u>1,070,004</u>	<u>256,768</u>	<u>4,825</u>	<u>1,331,597</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	310,000	191,833	-	501,833
Notes from direct borrowings payable	25,344	1,621,081	-	1,646,425
Accrued compensated absences	34,986	92,241	-	127,227
Net pension liability	269,984	434,904	-	704,888
Total noncurrent liabilities	<u>640,314</u>	<u>2,340,059</u>	<u>-</u>	<u>2,980,373</u>
TOTAL LIABILITIES	<u>1,710,318</u>	<u>2,596,827</u>	<u>4,825</u>	<u>4,311,970</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	16,201	26,097	-	42,298
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>16,201</u>	<u>26,097</u>	<u>-</u>	<u>42,298</u>
NET POSITION				
Net investment in capital assets	2,611,381	9,036,959	-	11,648,340
Unrestricted (deficits)	(586,005)	631,581	3,201,767	3,247,343
TOTAL NET POSITION	<u>2,025,376</u>	<u>9,668,540</u>	<u>3,201,767</u>	<u>14,895,683</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 3,751,895</u>	<u>\$ 12,291,464</u>	<u>\$ 3,206,592</u>	<u>\$ 19,249,951</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
OPERATING REVENUES				
Charges for services	\$ 1,393,078	\$ 2,533,659	\$ 690,464	\$ 4,617,201
Other	-	138,054	2,107	140,161
TOTAL OPERATING REVENUES	<u>1,393,078</u>	<u>2,671,713</u>	<u>692,571</u>	<u>4,757,362</u>
OPERATING EXPENSES				
Salaries and wages	234,492	410,284	-	644,776
Administrative charges	51,782	51,782	76,594	180,158
Benefits	97,249	231,253	-	328,502
Insurance	23,609	-	-	23,609
Professional services	-	389,700	30,409	420,109
Utilities	-	263,762	-	263,762
Sludge removal	-	103,232	-	103,232
Water supply and engineering	303,546	-	-	303,546
Maintenance	681,285	170,693	11,774	863,752
Chemicals	-	109,219	-	109,219
Miscellaneous	21,932	11,617	20,508	54,057
Depreciation	107,886	462,411	-	570,297
TOTAL OPERATING EXPENSES	<u>1,521,781</u>	<u>2,203,953</u>	<u>139,285</u>	<u>3,865,019</u>
OPERATING INCOME	<u>(128,703)</u>	<u>467,760</u>	<u>553,286</u>	<u>892,343</u>
NONOPERATING REVENUES (EXPENSES)				
Water tank revenue	116,387	-	-	116,387
Investment income	5,746	-	4,208	9,954
Transfers in	46,500	-	355,000	401,500
Transfers (out)	(60,000)	(73,500)	(50,000)	(183,500)
Interest (expense)	(19,598)	(40,856)	-	(60,454)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>89,035</u>	<u>(114,356)</u>	<u>309,208</u>	<u>283,887</u>
CHANGE IN NET POSITION	<u>(39,668)</u>	<u>353,404</u>	<u>862,494</u>	<u>1,176,230</u>
NET POSITION - JULY 1, RESTATED	<u>2,065,044</u>	<u>9,315,136</u>	<u>2,339,273</u>	<u>13,719,453</u>
NET POSITION - JUNE 30	<u>\$ 2,025,376</u>	<u>\$ 9,668,540</u>	<u>\$ 3,201,767</u>	<u>\$ 14,895,683</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 1,512,301	\$ 2,614,345	\$ 686,657	\$ 4,813,303
Other receipts	-	138,054	2,107	140,161
Internal activity - receipts (payments) from/to other funds	57,778	(238,043)	(855,536)	(1,035,801)
Payments to suppliers	(996,387)	(1,026,782)	(64,704)	(2,087,873)
Payments to employees	(371,056)	(605,982)	(76,594)	(1,053,632)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>202,636</u>	<u>881,592</u>	<u>(308,070)</u>	<u>776,158</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	5,746	-	4,208	9,954
Change in investments	(5,746)	-	(86,220)	(91,966)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(82,012)</u>	<u>(82,012)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital asset purchases	(208,531)	(118,646)	-	(327,177)
Principal payments on bonds and notes payable	(116,729)	(648,590)	-	(765,319)
Interest payments on bonds and notes payable	19,738	(40,856)	-	(21,118)
NET CASH PROVIDED BY (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(305,522)</u>	<u>(808,092)</u>	<u>-</u>	<u>(1,113,614)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	(13,500)	(73,500)	305,000	218,000
Water tank rental revenue	116,387	-	-	116,387
NET CASH PROVIDED BY (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>102,887</u>	<u>(73,500)</u>	<u>305,000</u>	<u>334,387</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1	-	(85,082)	(85,081)
CASH AND CASH EQUIVALENTS - JULY 1	<u>39,346</u>	<u>-</u>	<u>214,413</u>	<u>253,759</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 39,347</u>	<u>\$ -</u>	<u>\$ 129,331</u>	<u>\$ 168,678</u>

TOWN OF SHELBURNE, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Water Fund	Sewer Fund	Nonmajor Enterprise	Total
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ (128,703)	\$ 467,760	\$ 553,286	\$ 892,343
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	107,886	462,411	-	570,297
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	128,302	80,686	(3,807)	205,181
(Increase) decrease in prepaid items	(4,664)	8,700	-	4,036
(Increase) decrease in due from other funds	-	(238,043)	(855,536)	(1,093,579)
(Increase) decrease in deferred outflows of resources	(38,166)	(61,481)	-	(99,647)
Increase (decrease) in accounts payable	38,515	(19,603)	(2,013)	16,899
Increase (decrease) in accrued expenses	134	32,344	-	32,478
Increase (decrease) in unearned revenues	(9,079)	-	-	(9,079)
Increase (decrease) in due to other funds	57,778	-	-	57,778
Increase (decrease) in net pension liability	134,094	216,006	-	350,100
Increase (decrease) in deferred inflows of resources	(79,341)	(127,662)	-	(207,003)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 241,972</u>	<u>\$ 881,592</u>	<u>\$ (308,070)</u>	<u>\$ 815,494</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	<u>\$ 19,598</u>	<u>\$ 40,856</u>	<u>\$ -</u>	<u>\$ 60,454</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Shelburne was incorporated under the laws of the State of Vermont. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, public works, health and welfare, culture and recreation, employee benefits and other.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's water fund, sewer fund, sewer capital, stormwater improvements and mixed funds reserve are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. 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.
- b. The ARPA Fund is funding used for school improvements, student programs, staffing and enhanced financial stability. The revenue source is government grant proceeds.
- c. The Ambulance Fund is used to account for financial resources related to ambulance services. Primary revenues are charges for services.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- f. Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the registered voters of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the registered voters of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Shelburne has a formal investment policy which follows the State of Vermont Statutes.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Loans and accounts receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be \$1,790,000 as of June 30, 2023. Loans and accounts receivable netted with allowances for uncollectible accounts were \$2,415,875 for the year ended June 30, 2023.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method).

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure. The Town is currently working on completing its capital asset inventory.

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years
Library collection	8 - 50 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Pensions

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given through the Charter and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues and unavailable other receivables, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a 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 possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2023, the Town's cash balance of \$10,003,600 was comprised of deposits amounting to \$10,631,345. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these deposits, \$504,426 was insured by federal depository insurance and \$4,039 were collateralized and insured by Securities Investors Protection Corporation (SIPC) and consequently was not exposed to custodial credit risk. The remaining deposits of \$3,576,870 were collateralized with securities held by the financial institution in the Town's name and therefore were not exposed to custodial credit risk. The remaining balance was collateralized with a standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$10,627,306
Cash equivalents	4,039
	<u>\$10,631,345</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$1,801,505 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, the Town's investments of \$2,134,692 were comprised of certificates of deposit, U.S. agency securities, common stock and equity securities. Of this amount, \$333,187 were collateralized and insured by Securities Investors Protection Corporation (SIPC), \$92,664 were held in common stock registered to the Town and \$371,166 were insured by federal depository insurance. Investments of \$661,233 were collateralized with securities held by the financial institution in the Town's name and therefore were not exposed to custodial credit risk. \$88,140 were insured by the National Credit Union Share Insurance Fund (NCUSIF). The remaining balance of \$588,302 was uninsured and uncollateralized.

The Town had the following investments at June 30, 2023:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
U.S. Agency Securities	\$ 61,140	\$ -	\$ 49,183	\$ 9,982	\$ 1,975
Institutional certificates of deposit	95,362	-	78,622	16,740	-
Common stock	92,664	92,664	-	-	-
Index funds	84,021	84,021	-	-	-
	<u>\$ 333,187</u>	<u>\$ 176,685</u>	<u>\$ 127,805</u>	<u>\$ 26,722</u>	<u>\$ 1,975</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2023:

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2023 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
U.S. Agency Securities	\$ 61,140	\$ -	\$ 61,140	\$ -
Institutional certificates of deposit	95,362	-	95,362	-
Total debt securities	156,502	-	156,502	-
Equity securities:				
Common stock - domestic	\$ 92,664	\$ 92,664	\$ -	\$ -
Index funds	84,021	84,021	-	-
Total equity securities	176,685	176,685	-	-
Total investments by fair value level	333,187	\$ 176,685	\$ 156,502	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	4,039			
Total cash equivalents measured at the NAV	4,039			
Total investments and cash equivalents measured at fair value	\$ 337,226			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2023 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$1,801,505 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 2,795,080	\$ 5,437,735
ARPA Fund	-	105,000
Ambulance Fund	-	1,811,362
Enterprise Funds	3,840,811	813,417
Nonmajor Special Revenue Funds	746,510	1,424
Nonmajor Capital Projects Funds	715,901	63,877
Nonmajor Permanent Funds	134,513	-
	<u>\$ 8,232,815</u>	<u>\$ 8,232,815</u>

The result of amounts owed between funds is considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 517,367	\$ 575,809
Ambulance Fund	-	404,150
Enterprise Funds	401,500	183,500
Nonmajor Special Revenue Funds	59,653	114,717
Nonmajor Capital Projects Funds	309,656	10,000
	<u>\$ 1,288,176</u>	<u>\$ 1,288,176</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - LOANS RECEIVABLE

Loans receivable at June 30, 2023 consist of the following community development loans:

Shelburne Housing Limited Partnership, payable on demand on or after December 31, 2033. Secured by a second mortgage with a 0% interest rate.	\$ 530,000
Harrington Village Limited Partnership, payable on demand on or after November 14, 2043. Secured by a second mortgage with a 0% interest rate.	668,750
Shelburne Housing Limited Partnership, payable on demand on or after November 15, 2043. Secured by a second mortgage with a 0% interest rate.	<u>581,250</u>
Total	<u>1,780,000</u>
Less: Allowance for doubtful loans receivable	<u>(1,780,000)</u>
Reported value at June 30, 2023	<u>\$ -</u>

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance, 7/1/22 (Restated)	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,181,497	\$ -	\$ -	\$ 2,181,497
Construction in progress	124,569	39,163	-	163,732
	<u>2,306,066</u>	<u>39,163</u>	<u>-</u>	<u>2,345,229</u>
Depreciated assets:				
Buildings and improvements	16,769,153	7,176	-	16,776,329
Machinery and equipment	3,745,978	179,234	-	3,925,212
Furniture and Fixtures	113,380	-	-	113,380
Vehicles	4,271,042	101,219	-	4,372,261
Infrastructure	8,620,814	60,868	-	8,681,682
	<u>33,520,367</u>	<u>348,497</u>	<u>-</u>	<u>33,868,864</u>
Less: accumulated depreciation	<u>(15,335,259)</u>	<u>(1,153,452)</u>	<u>-</u>	<u>(16,488,711)</u>
	<u>18,185,108</u>	<u>(804,955)</u>	<u>-</u>	<u>17,380,153</u>
Net governmental capital assets	<u>\$ 20,491,174</u>	<u>\$ (765,792)</u>	<u>\$ -</u>	<u>\$ 19,725,382</u>

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/22	Additions	Disposals	Balance, 6/30/23
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Construction in progress	101,844	248,467	-	350,311
	<u>112,844</u>	<u>248,467</u>	<u>-</u>	<u>361,311</u>
Depreciated assets:				
Buildings and improvements	1,754,708	30,608	-	1,785,316
Machinery and equipment	284,119	-	-	284,119
Vehicles	489,836	48,102	-	537,938
Infrastructure	24,319,986	-	-	24,319,986
	<u>26,848,649</u>	<u>78,710</u>	<u>-</u>	<u>26,927,359</u>
Less: accumulated depreciation	<u>(12,660,909)</u>	<u>(570,297)</u>	<u>-</u>	<u>(13,231,206)</u>
Net business-type capital assets	<u>\$ 14,300,584</u>	<u>\$ (243,120)</u>	<u>\$ -</u>	<u>\$ 14,057,464</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$6,715,000	\$ -	\$ (530,000)	\$6,185,000	\$ 505,000
Notes from direct borrowings payable	200,900	-	(59,451)	141,449	59,806
Total	<u>\$6,915,900</u>	<u>\$ -</u>	<u>\$ (589,451)</u>	<u>\$6,326,449</u>	<u>\$ 564,806</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Business-type activities:</u>					
<u>Water</u>					
Bonds payable	\$ 510,000	\$ -	\$ (105,000)	\$ 405,000	\$ 95,000
Notes from direct borrowings payable	49,625	-	(11,729)	37,896	12,552
Total	<u>\$ 559,625</u>	<u>\$ -</u>	<u>\$ (116,729)</u>	<u>\$ 442,896</u>	<u>\$ 107,552</u>
<u>Sewer</u>					
Bonds payable	\$ 285,512	\$ -	\$ (46,376)	\$ 239,136	\$ 47,303
Notes from direct borrowings payable	2,329,306	-	(602,214)	1,727,092	106,011
Total	<u>\$2,614,818</u>	<u>\$ -</u>	<u>\$ (648,590)</u>	<u>\$1,966,228</u>	<u>\$ 153,314</u>

The following is a summary of the outstanding bonds and note from direct borrowings payable:

Governmental activities

Bonds payable:

Capital improvement (bike/pedestrian path, Spear Street) bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$20,000, through November of 2023. Interest is charged at a fixed rate varying between 1.900% to 4.410% per annum. \$ 20,000

Recreation facilities and sand/salt shed bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$75,000, through November of 2025. Interest is charged at a fixed rate varying between 3.000% to 4.490% per annum. 225,000

Library/town hall bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$100,000, through November of 2038. Interest is charged at a fixed rate varying between 1.700% to 4.170% per annum. 1,600,000

Capital improvement (fire truck, beach seawall, Webster Road path) bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$15,000 to \$75,000, through December of 2030. Interest is charged at a fixed rate varying between 2.454% to 3.426% per annum. 140,000

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Special assessment debt with governmental commitment, Beaver Creek infrastructure bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$30,000, through November of 2030. Interest is charged at a fixed rate varying between 1.540% to 5.050% per annum.	240,000
Capital improvement (fire truck) bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$65,000, through November of 2032. Interest is charged at a fixed rate varying between 1.780% to 3.490% per annum.	645,000
\$3,900,000 New library construction/town hall renovations payable to Vermont Municipal Bond Bank. Annual principal payments of \$195,000 plus fixed interest ranging from 1.350% to 3.123% per annum with a maturity date of November 1, 2039.	<u>3,315,000</u>
Total governmental activities bonds payable	<u><u>\$ 6,185,000</u></u>
Notes from direct borrowings payable:	
Capital improvement (truck) note payable to Union Bank, due in annual principal payments of \$20,000, through April 29, 2025. Interest is charged at a fixed rate of 1.950% per annum.	\$ 40,000
Capital improvement (wheel loader) note payable to the Vermont State Municipal Loan Fund, due in annual principal payments of \$20,000, through December of 2023. Interest is charged at a fixed rate of 2.000% per annum.	20,000
Capital equipment (truck) note payable to Union Bank. Annual principal and interest payments of \$21,308. Interest rate is at a fixed rate of 1.840% per annum with a maturity date of May 18, 2027.	<u>81,449</u>
Total governmental activities notes from direct borrowings payable	<u><u>\$ 141,449</u></u>

TOWN OF SHELBURNE, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-type activities

Bonds payable:

Water

Water bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$50,000 to \$55,000, through November of 2023. Interest is charged at a fixed rate varying between 3.570% to 4.690% per annum.	\$ 50,000
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Water bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$20,000 to \$25,000, through November of 2028. Interest is charged at a fixed rate varying between 0.440% to 4.330% per annum.	120,000
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Water bond payable to the Vermont Municipal Bond Bank, due in annual payments of \$20,000 to \$25,000, through November of 2023. Interest is charged at a fixed rate of 3.080% per annum.	235,000
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Total water bonds payable	<u>405,000</u>
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Sewer

Sewer bond payable to the State of Vermont Special Environmental Revolving Fund, due in annual principal and administration fee payments of \$42,715, through April of 2027. Administration fee is 2% per annum.	\$ 162,646
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Sewer bond payable to the State of Vermont Special Environmental Revolving Fund, due in annual principal and administration fee payments of \$9,371, through September of 2031. Administration fee is 2% per annum.	76,490
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Total sewer bonds payable	<u>239,136</u>
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Total business-type bonds payable	<u>\$ 644,136</u>
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TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

Sewer

Sewer upgrade note payable to the State of Vermont Special Environmental Revolving Fund, due in annual principal and administration fee payments of \$6,355, through 2030. Administration fee is 2% per annum. \$ 41,128

Sewer upgrade note payable to the State of Vermont Special Environmental Revolving Fund, due in annual principal payments of \$85,979, through 2027. No interest is charged. 171,858

Sewer upgrade note payable to the State of Vermont Special Environmental Revolving Fund, due in annual principal and administration fee payments of \$15,527, through 2025. Administration fee is 2% per annum. 30,147

Tank truck note payable to the National Bank of Middlebury, due January 6. Interest at a fixed rate of 2.660% per annum. 43,500

Sewer upgrade note payable to the State of Vermont Special Environmental Revolving Fund, due in annual principal payments of \$120,115, through 2039. No interest is charged. 1,440,459

Total sewer notes from direct borrowings payable 1,727,092

Water

Water capital equipment (truck) note payable to Ford Motor Company, due in monthly interest and principal payments of \$1,228.56. Interest rate is at a fixed rate of 6.80% per month with a maturity date of April of 2026. \$ 37,896

Total water note from direct borrowings payable 37,896

Total business-type notes from direct borrowings payable \$ 1,764,988

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond and note from direct borrowings principal and interest requirements for the next five fiscal years ending June 30:

Governmental activities:

	Bonds payable		Notes from direct borrowings payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ 505,000	\$ 173,974	\$ 59,806	\$ 2,681	\$ 741,461
2025	485,000	162,959	40,175	1,522	689,656
2026	485,000	153,350	20,545	763	659,658
2027	410,000	144,608	20,923	385	575,916
2028	405,000	133,891	-	-	538,891
2029-2033	1,930,000	486,583	-	-	2,416,583
2034-2038	1,475,000	208,687	-	-	1,683,687
2039-2043	490,000	13,950	-	-	503,950
	<u>\$ 6,185,000</u>	<u>\$ 1,478,002</u>	<u>\$ 141,449</u>	<u>\$ 5,351</u>	<u>\$ 7,809,802</u>

Business-type activities:

Water	Bonds payable		Notes from direct borrowings payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ 95,000	\$ 11,655	\$ 12,552	\$ 2,191	\$ 121,398
2025	45,000	8,525	13,433	1,310	68,268
2026	45,000	7,209	11,911	375	64,495
2027	45,000	5,801	-	-	50,801
2028	45,000	5,801	-	-	50,801
2029-2033	130,000	9,367	-	-	139,367
	<u>\$ 405,000</u>	<u>\$ 48,358</u>	<u>\$ 37,896</u>	<u>\$ 3,876</u>	<u>\$ 495,130</u>

Sewer	Bonds payable		Notes from direct borrowings payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ 47,303	\$ 4,783	\$ 106,011	\$ 33,200	\$ 191,297
2025	48,249	3,637	198,227	30,895	281,008
2026	49,214	2,672	114,305	28,552	194,743
2027	50,198	1,888	86,274	26,171	164,531
2028	8,488	883	87,999	24,446	121,816
2029-2033	35,684	1,803	447,662	95,498	580,647
2034-2038	-	-	480,634	49,816	530,450
2039-2043	-	-	205,980	6,200	212,180
	<u>\$ 239,136</u>	<u>\$ 15,666</u>	<u>\$ 1,727,092</u>	<u>\$ 294,778</u>	<u>\$ 2,276,672</u>

All bonds payable and notes from direct borrowings are direct obligations of the Town, for which its full faith and credit are pledged. The Town is obligated for a special assessment debt. This debt is for the Beaver Creek infrastructure. This debt is paid by the homeowners of Beaver Creek. No interest costs were capitalized during the period. The amount of proprietary fund interest costs incurred and charged to expense for the year ended June 30, 2023 was \$60,454.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 229,615	\$ 472,433	\$ -	\$ 702,048	\$ -
Net pension liability	713,693	704,262	-	1,417,955	-
Total	<u>\$ 943,308</u>	<u>\$ 1,176,695</u>	<u>\$ -</u>	<u>\$ 2,120,003</u>	<u>\$ -</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 70,873	\$ 60,474	\$ (4,120)	\$ 127,227	\$ -
Net pension liability	354,788	350,100	-	704,888	-
Total	<u>\$ 425,661</u>	<u>\$ 410,574</u>	<u>\$ (4,120)</u>	<u>\$ 832,115</u>	<u>\$ -</u>

Please see Notes 9 and 16 for detailed information on each of the other long-term obligations.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for vacation and sick time is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. The liability as of June 30, 2023 was \$829,275 .

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

	Governmental Activities	Business-Type Activities
Invested in capital assets	\$ 36,214,093	\$ 27,288,670
Accumulated depreciation	(16,488,711)	(13,231,206)
Outstanding capital related debt	(6,326,449)	(2,409,124)
	<u>\$ 13,398,933</u>	<u>\$ 11,648,340</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - NONSPENDABLE FUND BALANCE

The following fund balances have been restricted at June 30, 2023 for the following purposes:

General fund:	
Prepaid items	<u>\$ 59,211</u>

NOTE 12 - RESTRICTED FUND BALANCES AND NET POSITION

The following fund balances and net position have been restricted at June 30, 2023 for the following purposes:

Nonmajor special revenue funds (Schedule E):	
Recreation impact fees	\$ 278,378
Paths	33,565
Record preservation fund	229,552
Nonmajor capital projects funds (Schedule G):	
Library construction fund	52,227
Highway equipment fund	154,193
Fire truck fund	66,678
Nonmajor permanent funds (Schedule I):	
Pierson library fund	115,232
Cemetery fund	375,916
Lillian Davis memorial fund	95,773
	<u>\$ 1,401,514</u>

NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2023, the committed fund balances were made up of the following account balances:

Ambulance fund	\$ 487,661
Nonmajor capital projects funds (Schedule G)	<u>421,011</u>
	<u>\$ 908,672</u>

TOWN OF SHELBURNE, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2023, the assigned fund balances were made up of the following account balances:

ARPA fund	\$	41,455
Nonmajor special revenue funds (Schedule E)		559,752
Nonmajor capital projects funds (Schedule G)		21,792
	\$	622,999

NOTE 15 - DEFICIT FUND BALANCE

At June 30, 2023, the Town had the following deficit fund balance:

Nonmajor special revenue funds (Schedule E):		
F&G license	\$	942
Memorial tree		473
Nonmajor capital projects funds (Schedule G):		
Pinehaven stormwater fund		10,451
Irish Hill path/bridge fund		54,708
	\$	66,574

NOTE 16 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a municipality as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2021 (the most recent data available), the retirement system consisted of 16,158 participating members.

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system and two employer representatives-one elected by the governing bodies of participating employers of the system and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B & C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Town participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula - Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2022 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.500% of gross salary	5.875% of gross salary	11.000% of gross salary	12.350% of gross salary
Employer Contributions	5.000% of gross salary	6.500% of gross salary	8.250% of gross salary	10.850% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2023 totaled \$210,860. The Town contributed \$204,711 for the year ended June 30, 2023. The Town's total payroll for the year ended June 30, 2023 for all employees covered under this plan was \$2,953,125.

Pension Liabilities

VMERS Plan

At June 30, 2023, the Town reported a liability of \$2,122,843 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2022, the Town's proportion was 0.69975% for VMERS, which was a decrease of 0.02620% from its proportion measured as of June 30, 2021 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Town recognized net pension expense of \$173,422 for the VMERS plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>VMERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 159,427	\$ -
Changes of assumptions	108,530	-
Net difference between projected and actual earnings on pension plan investments	344,644	-
Changes in proportion and differences between contributions and proportionate share of contributions	28,207	127,386
Contributions subsequent to the measurement date	<u>204,711</u>	<u>-</u>
Total	<u>\$ 845,519</u>	<u>\$ 127,386</u>

\$204,711 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS Plan
Plan year ended June 30:	
2023	\$ 170,210
2024	123,664
2025	12,925
2026	206,621
2027	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2022 measurement date was determined by rolling forward the total pension liability as of June 30, 2021 to June 30, 2022. The total pension liability was calculated using the following actuarial assumptions:

Investment Rate of Return: 7.00%, net of pension plan investment expense, including inflation.

Inflation: 2.30%

Salary Increases: Varying, service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement:

- Groups A/B/C - 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2019.
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Healthy Post-Retirement - Retirees:

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Healthy Post-Retirement - Beneficiaries:

- *Groups A/B/C* - 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.
- *Group D* - Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019.

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

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

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Emerging Market Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.50%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	6.50%
Infrastructure/Farmland	4.00%	4.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 3,180,967	\$ 2,122,843	\$ 1,252,476

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](http://AnnualComprehensiveFinancialReport|DepartmentofFinanceandManagement.vermont.gov).

NOTE 17 - RISK MANAGEMENT

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

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

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 19 - RESTATEMENTS

In 2023, the Town determined that certain transactions in the prior years had been omitted or reported incorrectly, therefore a restatement to both the governmental activities, fund balances and the business-type activities financial statements were required. They are as follows:

The net position of governmental activities was restated by \$96,438 to correct the nonmajor permanent funds total fund balance and the capital assets balance. The resulting restatement increased governmental activities net position from \$17,957,434 to \$18,053,872.

The general fund, nonmajor special revenue and nonmajor capital projects funds were restated to reclassify fund balances to separate funds. The general fund decreased by \$653,073 to create the ambulance fund and nonmajor special revenue funds. The ambulance fund increased by \$390,721 and the nonmajor special revenue funds increased by \$262,352.

The net position for business-type activities was restated by \$744,697 in the nonmajor enterprise funds. Net position for business type activities increased from \$12,974,756, to \$13,719,453.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - General Fund - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF SHELBURNE, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 2,719,451	\$ 2,719,451	\$ 2,719,451	\$ -
Resources (Inflows):				
Property taxes	7,800,383	7,800,383	8,040,236	239,853
Intergovernmental	161,660	161,660	124,523	(37,137)
Charges for services	921,399	921,399	1,046,948	125,549
Miscellaneous revenues	403,689	403,689	396,300	(7,389)
Transfers from other funds	555,867	555,867	517,367	(38,500)
Amounts Available for Appropriation	12,562,449	12,562,449	12,844,825	282,376
Charges to Appropriations (Outflows):				
Current:				
General government	2,244,027	2,244,027	2,270,021	(25,994)
Public safety	3,597,835	3,597,835	3,245,282	352,553
Public works	1,339,668	1,339,668	1,358,396	(18,728)
Health and welfare	91,577	91,577	94,251	(2,674)
Culture and recreation	841,822	841,822	888,446	(46,624)
Intergovernmental	201,619	201,619	200,337	1,282
Employee benefits	92,400	92,400	254,642	(162,242)
Other	71,600	71,600	658,128	(586,528)
Debt service:				
Principal	711,926	711,926	589,451	122,475
Interest	158,768	158,768	158,768	-
Transfers to other funds	491,756	491,756	575,809	(84,053)
Total Charges to Appropriations	9,842,998	9,842,998	10,293,531	(450,533)
Budgetary Fund Balance, June 30	\$ 2,719,451	\$ 2,719,451	\$ 2,551,294	\$ (168,157)

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>								
Proportion of the net pension liability	0.70%	0.73%	0.81%	0.77%	0.74%	0.75%	0.72%	0.70%
Proportionate share of the net pension liability	\$ 2,122,843	\$ 1,068,481	\$ 2,053,513	\$ 1,337,136	\$ 1,041,035	\$ 911,479	\$ 930,087	\$ 537,005
Covered payroll	\$ 2,112,728	\$ 2,501,824	\$ 2,487,392	\$ 2,391,115	\$ 2,194,508	\$ 2,064,865	\$ 1,866,277	\$ 1,687,080
Proportionate share of the net pension liability as a percentage of its covered payroll	100.48%	42.71%	82.56%	55.92%	47.44%	44.14%	49.84%	31.83%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>								
Contractually required contribution	\$ 204,711	\$ 132,045	\$ 161,883	\$ 155,514	\$ 145,904	\$ 129,620	\$ 122,861	\$ 109,840
Contributions in relation to the contractually required contribution	<u>(204,711)</u>	<u>(132,045)</u>	<u>(161,883)</u>	<u>(155,514)</u>	<u>(145,904)</u>	<u>(129,620)</u>	<u>(122,861)</u>	<u>(109,840)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,953,125	\$ 2,112,728	\$ 2,501,824	\$ 2,487,392	\$ 2,391,115	\$ 2,194,508	\$ 2,064,865	\$ 1,866,277
Contributions as a percentage of covered payroll	6.93%	6.25%	6.47%	6.25%	6.10%	5.91%	5.95%	5.89%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

VMERS Pension Plan:

The July 1, 2023 COLA assumption was increased from 2.00% to 3.00% for Groups B, C and D members.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Combining Schedule of Net Position - Nonmajor Enterprise Funds
- Combining Schedule of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds
- Combining Schedule of Cash Flows - Nonmajor Enterprise Funds

TOWN OF SHELBURNE, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes:			
Property taxes	\$ 7,669,249	\$ 7,952,733	\$ 283,484
Special assessments	42,134	-	(42,134)
Late Homestead filing	14,000	19,385	5,385
Penalties	40,000	38,669	(1,331)
Interest income	35,000	29,449	(5,551)
Intergovernmental:			
Highway state aid	145,000	120,148	(24,852)
Other intergovernmental revenue	16,660	4,375	(12,285)
Charges for services:			
Licenses and fees	126,260	134,112	7,852
Highway	12,100	77,508	65,408
Police department	441,490	457,465	15,975
Cemetery	4,400	12,850	8,450
Planning and zoning	93,500	109,146	15,646
Water and sewer administration	103,564	103,564	-
Recreation	130,085	152,303	22,218
Rescue	10,000	-	(10,000)
Other income:			
Investment income	2,000	66,577	64,577
Rental income	197,836	165,775	(32,061)
Other income	203,853	163,948	(39,905)
Transfers in	555,867	517,367	(38,500)
Total revenues	<u>\$ 9,842,998</u>	<u>\$ 10,125,374</u>	<u>\$ 282,376</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT			
Selectboard	\$ 68,739	\$ 45,416	\$ 23,323
Legal services	80,000	113,774	(33,774)
Administration - municipal offices	120,952	138,031	(17,079)
Town manager	264,964	258,600	6,364
Elections	15,700	7,409	8,291
Finance and insurance	564,760	698,221	(133,461)
Town clerk/treasurer	231,378	227,449	3,929
Planning and zoning	309,076	270,487	38,589
Assessor's office	170,479	109,670	60,809
Buildings and grounds	417,979	400,964	17,015
	<u>2,244,027</u>	<u>2,270,021</u>	<u>(25,994)</u>
PUBLIC SAFETY			
Police department	2,013,548	1,559,080	454,468
Fire department	323,080	396,445	(73,365)
Public safety and dispatch	822,056	915,699	(93,643)
Rescue	439,151	374,058	65,093
	<u>3,597,835</u>	<u>3,245,282</u>	<u>352,553</u>
PUBLIC WORKS			
Highways	1,303,724	1,323,561	(19,837)
Stormwater expenses	-	38	(38)
Harbormaster	35,944	34,797	1,147
	<u>1,339,668</u>	<u>1,358,396</u>	<u>(18,728)</u>
HEALTH AND WELFARE			
Health and social services	39,777	38,200	1,577
Cemeteries	51,800	56,051	(4,251)
	<u>91,577</u>	<u>94,251</u>	<u>(2,674)</u>
CULTURE AND RECREATION			
Recreation programs	332,258	327,641	4,617
Library	509,564	560,805	(51,241)
	<u>841,822</u>	<u>888,446</u>	<u>(46,624)</u>
INTERGOVERNMENTAL			
County tax	74,519	73,360	1,159
Greater Burlington Industrial Development Corp.	1,200	1,200	-
Chittenden County Regional Planning	17,900	17,874	26
Chittenden County Transit Authority	108,000	107,903	97
	<u>201,619</u>	<u>200,337</u>	<u>1,282</u>

SCHEDULE B (CONTINUED)
TOWN OF SHELBURNE, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
EMPLOYEE BENEFITS	92,400	254,642	(162,242)
OTHER			
Selectboard discretionary	1,500	950	550
Community events	1,500	960	540
Tree conservation	6,300	445	5,855
Emerald ash borer management	-	34,630	(34,630)
Committee support	3,500	-	3,500
Miscellaneous expense	58,800	621,143	(562,343)
	<u>71,600</u>	<u>658,128</u>	<u>(586,528)</u>
DEBT SERVICE			
Principal	711,926	589,451	122,475
Interest	158,768	158,768	-
	<u>870,694</u>	<u>748,219</u>	<u>122,475</u>
TRANSFERS TO OTHER FUNDS	491,756	575,809	(84,053)
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 9,842,998</u>	<u>\$10,293,531</u>	<u>\$ (450,533)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 357,675	\$ -	\$ 4,047	\$ 361,722
Investments	-	-	448,361	448,361
Due from other funds	746,510	715,901	134,513	1,596,924
TOTAL ASSETS	<u>\$1,104,185</u>	<u>\$ 715,901</u>	<u>\$ 586,921</u>	<u>\$ 2,407,007</u>
LIABILITIES				
Accounts payable	\$ 2,929	\$ 1,282	\$ -	\$ 4,211
Due to other funds	1,424	63,877	-	65,301
TOTAL LIABILITIES	<u>4,353</u>	<u>65,159</u>	<u>-</u>	<u>69,512</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	541,495	273,098	586,921	1,401,514
Committed	-	421,011	-	421,011
Assigned	559,752	21,792	-	581,544
Unassigned (deficit)	(1,415)	(65,159)	-	(66,574)
TOTAL FUND BALANCES	<u>1,099,832</u>	<u>650,742</u>	<u>586,921</u>	<u>2,337,495</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,104,185</u>	<u>\$ 715,901</u>	<u>\$ 586,921</u>	<u>\$ 2,407,007</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 38,776	\$ -	\$ -	\$ 38,776
Investment income	-	-	60,923	60,923
Charges for services	146,057	-	-	146,057
Other	14,663	52,435	35,530	102,628
TOTAL REVENUES	<u>199,496</u>	<u>52,435</u>	<u>96,453</u>	<u>348,384</u>
EXPENDITURES				
Current:				
General government	26,928	-	-	26,928
Public safety	-	60,947	-	60,947
Public works	-	-	-	-
Recreation and parks	139,077	17,488	-	156,565
Other	-	50,000	21,315	71,315
Debt service:				
Principal	-	20,001	-	20,001
Interest	-	1,954	-	1,954
Capital outlay	-	64,610	-	64,610
TOTAL EXPENDITURES	<u>166,005</u>	<u>215,000</u>	<u>21,315</u>	<u>402,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>33,491</u>	<u>(162,565)</u>	<u>75,138</u>	<u>(53,936)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	59,653	309,656	-	369,309
Transfers (out)	(114,717)	(10,000)	-	(124,717)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(55,064)</u>	<u>299,656</u>	<u>-</u>	<u>244,592</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(21,573)	137,091	75,138	190,656
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>1,121,405</u>	<u>513,651</u>	<u>511,783</u>	<u>2,146,839</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$1,099,832</u>	<u>\$ 650,742</u>	<u>\$ 586,921</u>	<u>\$ 2,337,495</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Escrow	HRA	Impact Fees	Fire Department Donations	Fire Equipment Reserve	Law Enforcement	Road Cut Dep	Landscape Escrow	Recreation Impact Fees	Paths
ASSETS										
Cash	\$ 202,834	\$ 3,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,110	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	15,322	1,731	2,750	10	4,789	5,500	500	127,268	33,565
TOTAL ASSETS	\$ 202,834	\$ 19,053	\$ 1,731	\$ 2,750	\$ 10	\$ 4,789	\$ 5,500	\$ 500	\$ 278,378	\$ 33,565
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	9	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	9	-	-	-	-	-	-	-	-	-
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	278,378	33,565
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	202,825	19,053	1,731	2,750	10	4,789	5,500	500	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	202,825	19,053	1,731	2,750	10	4,789	5,500	500	278,378	33,565
TOTAL LIABILITIES AND FUND BALANCES	\$ 202,834	\$ 19,053	\$ 1,731	\$ 2,750	\$ 10	\$ 4,789	\$ 5,500	\$ 500	\$ 278,378	\$ 33,565

SCHEDULE E (CONTINUED)

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Ball Fields	Scholarships	Lacrosse	Lacrosse Scholarship	F&G License	Beach House	Miscellaneous	Baseball	Bissonnette	Other Recreation
ASSETS										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Due from other funds	4,196	1,230	2,011	1,881	-	22,358	54,110	2,568	51	7,548
TOTAL ASSETS	\$ 4,196	\$ 1,230	\$ 2,011	\$ 1,881	\$ -	\$ 22,358	\$ 54,110	\$ 2,568	\$ 51	\$ 7,548
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,482	\$ -	\$ -
Due to other funds	-	-	-	-	942	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	942	-	-	2,482	-	-
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	4,196	1,230	2,011	1,881	-	22,358	54,110	86	51	7,548
Unassigned	-	-	-	-	(942)	-	-	-	-	-
TOTAL FUND BALANCES	4,196	1,230	2,011	1,881	(942)	22,358	54,110	86	51	7,548
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,196	\$ 1,230	\$ 2,011	\$ 1,881	\$ -	\$ 22,358	\$ 54,110	\$ 2,568	\$ 51	\$ 7,548

SCHEDULE E (CONTINUED)

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Dog Park	Historical	Ireland Stadium	Library Freeman	250th Anniversary	Shelburne Community Fund	Veteran Memorial	Cemetery Tractor	Memorial Tree	ACT 60 Reappraisal Fund	Record Preservation Fund	Equity/ Diversity	Total
ASSETS													
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,675
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	2,659	2,412	2,903	224	1,919	4,276	21,058	10,129	-	183,884	229,552	106	746,510
TOTAL ASSETS	\$ 2,659	\$ 2,412	\$ 2,903	\$ 224	\$ 1,919	\$ 4,276	\$ 21,058	\$ 10,129	\$ -	\$ 183,884	\$ 229,552	\$ 106	\$ 1,104,185
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,929
Due to other funds	-	-	-	-	-	-	-	-	473	-	-	-	1,424
TOTAL LIABILITIES	-	-	-	-	-	-	447	-	473	-	-	-	4,353
FUND BALANCES													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	229,552	-	541,495
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	2,659	2,412	2,903	224	1,919	4,276	20,611	10,129	-	183,884	-	106	559,752
Unassigned	-	-	-	-	-	-	-	-	(473)	-	-	-	(1,415)
TOTAL FUND BALANCES	2,659	2,412	2,903	224	1,919	4,276	20,611	10,129	(473)	183,884	229,552	106	1,099,832
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,659	\$ 2,412	\$ 2,903	\$ 224	\$ 1,919	\$ 4,276	\$ 21,058	\$ 10,129	\$ -	\$ 183,884	\$ 229,552	\$ 106	\$ 1,104,185

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Escrow	HRA	Impact Fees	Fire Department Donations	Fire Equipment Reserve	Law Enforcement	Road Cut Dep	Landscape Escrow	Recreation Impact Fees	Paths
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	64,470	-
Other	181	92	-	-	-	-	-	-	-	-
TOTAL REVENUES	181	92	-	-	-	-	-	-	64,470	-
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	181	92	-	-	-	-	-	-	64,470	-
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	(20,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	(20,000)	-
NET CHANGE IN FUND BALANCES	181	92	-	-	-	-	-	-	44,470	-
FUND BALANCES - JULY 1, RESTATED	202,644	18,961	1,731	2,750	10	4,789	5,500	500	233,908	33,565
FUND BALANCES - JUNE 30	\$ 202,825	\$ 19,053	\$ 1,731	\$ 2,750	\$ 10	\$ 4,789	\$ 5,500	\$ 500	\$ 278,378	\$ 33,565

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Ball Fields	Scholarships	Lacrosse	Lacrosse Scholarship	F&G License	Beach House	Recreation Miscellaneous	Baseball	Bissonnette	Other Recreation
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	81,587	-	-
Other	-	1,500	1,000	70	-	5,102	-	-	-	-
TOTAL REVENUES	-	1,500	1,000	70	-	5,102	-	81,587	-	-
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Recreation and parks	-	-	3,438	-	-	30,890	-	100,656	-	-
TOTAL EXPENDITURES	-	-	3,438	-	-	30,890	-	100,656	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,500	(2,438)	70	-	(25,788)	-	(19,069)	-	-
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	1,500	(2,438)	70	-	(25,788)	-	(19,069)	-	-
FUND BALANCES - JULY 1, RESTATED	4,196	(270)	4,449	1,811	(942)	48,146	54,110	19,155	51	7,548
FUND BALANCES - JUNE 30	\$ 4,196	\$ 1,230	\$ 2,011	\$ 1,881	\$ (942)	\$ 22,358	\$ 54,110	\$ 86	\$ 51	\$ 7,548

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Dog Park	Historical	Ireland Stadium	Library Freeman	250th Anniversary	Shelburne Community Fund	Veteran Memorial	Cemetery Tractor	Memorial Tree	ACT 60 Reappraisal Fund	Record Preservation Fund	Equity/Diversity	Total
REVENUES													
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,776	\$ -	\$ 10,000	\$ 38,776
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	146,057
Other	2,280	-	-	-	-	-	4,438	-	-	-	-	-	14,663
TOTAL REVENUES	2,280	-	-	-	-	-	4,438	-	-	28,776	-	10,000	199,496
EXPENDITURES													
Current:													
General Government	-	-	-	-	473	2,625	2,939	10,298	-	593	-	10,000	26,928
Recreation and parks	4,093	-	-	-	-	-	-	-	-	-	-	-	139,077
TOTAL EXPENDITURES	4,093	-	-	-	473	2,625	2,939	10,298	-	593	-	10,000	166,005
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,813)	-	-	-	(473)	(2,625)	1,499	(10,298)	-	28,183	-	-	33,491
OTHER FINANCING SOURCES (USES)													
Transfers in	668	-	-	-	-	2,000	-	1,600	-	-	55,385	-	59,653
Transfers (out)	-	-	-	-	-	-	-	-	-	(83,217)	(11,500)	-	(114,717)
TOTAL OTHER FINANCING SOURCES (USES)	668	-	-	-	-	2,000	-	1,600	-	(83,217)	43,885	-	(55,064)
NET CHANGE IN FUND BALANCES	(1,145)	-	-	-	(473)	(625)	1,499	(8,698)	-	(55,034)	43,885	-	(21,573)
FUND BALANCES - JULY 1, RESTATED	3,804	2,412	2,903	224	2,392	4,901	19,112	18,827	(473)	238,918	185,667	106	1,121,405
FUND BALANCES - JUNE 30	\$ 2,659	\$ 2,412	\$ 2,903	\$ 224	\$ 1,919	\$ 4,276	\$ 20,611	\$ 10,129	\$ (473)	\$ 183,884	\$ 229,552	\$ 106	\$ 1,099,832

See accompanying independent auditor's report and notes to financial statements.

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2023

	Police Donation	DOJ Seizure	Local Seizure	Repar Justice	Axon Taser	Motorcycle	Police Cruiser
ASSETS							
Due from other funds	\$ 38,731	\$ 10,766	\$ 7,945	\$ 7,953	\$ 2,611	\$ 16,688	\$ 79,008
TOTAL ASSETS	<u>\$ 38,731</u>	<u>\$ 10,766</u>	<u>\$ 7,945</u>	<u>\$ 7,953</u>	<u>\$ 2,611</u>	<u>\$ 16,688</u>	<u>\$ 79,008</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	38,731	10,766	7,945	7,953	2,611	16,688	79,008
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>38,731</u>	<u>10,766</u>	<u>7,945</u>	<u>7,953</u>	<u>2,611</u>	<u>16,688</u>	<u>79,008</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 38,731</u>	<u>\$ 10,766</u>	<u>\$ 7,945</u>	<u>\$ 7,953</u>	<u>\$ 2,611</u>	<u>\$ 16,688</u>	<u>\$ 79,008</u>

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2023

	Bay Park Fund	Pinehaven Stormwater Fund	Library Construction Fund	Highway Equipment Fund	Highway Salt/Sand Shed Fund	Open Land Trust Fund	Irish Hill Path/Bridge Fund	Fire Truck Fund	Total
ASSETS									
Due from other funds	\$ 42,080	\$ -	\$ 52,227	\$ 154,193	\$ 21,792	\$ 215,229	\$ -	\$ 66,678	\$ 715,901
TOTAL ASSETS	<u>\$ 42,080</u>	<u>\$ -</u>	<u>\$ 52,227</u>	<u>\$ 154,193</u>	<u>\$ 21,792</u>	<u>\$ 215,229</u>	<u>\$ -</u>	<u>\$ 66,678</u>	<u>\$ 715,901</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,282	\$ -	\$ 1,282
Due to other funds	-	10,451	-	-	-	-	53,426	-	63,877
TOTAL LIABILITIES	<u>-</u>	<u>10,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,708</u>	<u>-</u>	<u>65,159</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	52,227	154,193	-	-	-	66,678	273,098
Committed	42,080	-	-	-	-	215,229	-	-	421,011
Assigned	-	-	-	-	21,792	-	-	-	21,792
Unassigned	-	(10,451)	-	-	-	-	(54,708)	-	(65,159)
TOTAL FUND BALANCES (DEFICITS)	<u>42,080</u>	<u>(10,451)</u>	<u>52,227</u>	<u>154,193</u>	<u>21,792</u>	<u>215,229</u>	<u>(54,708)</u>	<u>66,678</u>	<u>650,742</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)									
	<u>\$ 42,080</u>	<u>\$ -</u>	<u>\$ 52,227</u>	<u>\$ 154,193</u>	<u>\$ 21,792</u>	<u>\$ 215,229</u>	<u>\$ -</u>	<u>\$ 66,678</u>	<u>\$ 715,901</u>

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Police Donation	DOJ Seizure	Local Seizure	Repar Justice	Axon Taser	Motorcycle	Police Cruiser
REVENUES							
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,500
TOTAL REVENUES	-	-	-	-	-	-	16,500
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	44,610
TOTAL EXPENDITURES	-	-	-	-	-	-	44,610
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-	(28,110)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	45,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	45,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	-	16,890
FUND BALANCES (DEFICITS) - JULY 1	38,731	10,766	7,945	7,953	2,611	16,688	62,118
FUND BALANCES (DEFICITS) - JUNE 30	\$ 38,731	\$ 10,766	\$ 7,945	\$ 7,953	\$ 2,611	\$ 16,688	\$ 79,008

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Bay Park Fund	Pinehaven Stormwater Fund	Library Construction Fund	Highway Equipment Fund	Highway Salt/Sand Shed Fund	Open Land Trust Fund	Irish Hill Path/Bridge Fund	Fire Truck Fund	Total
REVENUES									
Other	\$ -	\$ 22,755	\$ -	\$ -	\$ -	\$ -	\$ 13,005	\$ 175	\$ 52,435
TOTAL REVENUES	-	22,755	-	-	-	-	13,005	175	52,435
EXPENDITURES									
Current:									
Public safety	-	-	-	-	-	-	-	60,947	60,947
Culture and recreation	-	-	1,442	-	-	-	16,046	-	17,488
Other	-	-	-	-	-	50,000	-	-	50,000
Debt service:									
Principal	-	-	-	20,001	-	-	-	-	20,001
Interest	-	-	-	1,954	-	-	-	-	1,954
Capital outlay	-	-	-	20,000	-	-	-	-	64,610
TOTAL EXPENDITURES	-	-	1,442	41,955	-	50,000	16,046	60,947	215,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	22,755	(1,442)	(41,955)	-	(50,000)	(3,041)	(60,772)	(162,565)
OTHER FINANCING SOURCES (USES)									
Transfers in	14,156	-	-	150,500	-	50,000	-	50,000	309,656
Transfers (out)	(10,000)	-	-	-	-	-	-	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	4,156	-	-	150,500	-	50,000	-	50,000	299,656
NET CHANGE IN FUND BALANCES (DEFICITS)	4,156	22,755	(1,442)	108,545	-	-	(3,041)	(10,772)	137,091
FUND BALANCES (DEFICITS) - JULY 1	37,924	(33,206)	53,669	45,648	21,792	215,229	(51,667)	77,450	513,651
FUND BALANCES (DEFICITS) - JUNE 30	\$ 42,080	\$ (10,451)	\$ 52,227	\$ 154,193	\$ 21,792	\$ 215,229	\$ (54,708)	\$ 66,678	\$ 650,742

See accompanying independent auditor’s report and notes to financial statements.

Permanent Funds

Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry.

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Pierson Library Fund	Cemetery Fund	Lillian Davis Memorial Fund	Total
ASSETS				
Cash and cash equivalents	\$ 8	\$ 4,039	\$ -	\$ 4,047
Investments	115,173	240,524	92,664	448,361
Due from other funds	51	131,353	3,109	134,513
TOTAL ASSETS	<u>\$ 115,232</u>	<u>\$ 375,916</u>	<u>\$ 95,773</u>	<u>\$ 586,921</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	115,232	375,916	95,773	586,921
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>115,232</u>	<u>375,916</u>	<u>95,773</u>	<u>586,921</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 115,232</u>	<u>\$ 375,916</u>	<u>\$ 95,773</u>	<u>\$ 586,921</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Pierson Library Fund	Cemetery Fund	Lillian Davis Memorial Fund	Total
REVENUES				
Interest / Gains and losses	\$ -	\$ 21,018	\$ 39,905	\$ 60,923
Other	35,530	-	-	35,530
TOTAL REVENUES	<u>35,530</u>	<u>21,018</u>	<u>39,905</u>	<u>96,453</u>
EXPENDITURES				
Other	21,315	-	-	21,315
TOTAL EXPENDITURES	<u>21,315</u>	<u>-</u>	<u>-</u>	<u>21,315</u>
NET CHANGE IN FUND BALANCES	14,215	21,018	39,905	75,138
FUND BALANCES - JULY 1, RESTATED	<u>101,017</u>	<u>354,898</u>	<u>55,868</u>	<u>511,783</u>
FUND BALANCES - JUNE 30	<u><u>\$ 115,232</u></u>	<u><u>\$ 375,916</u></u>	<u><u>\$ 95,773</u></u>	<u><u>\$ 586,921</u></u>

See accompanying independent auditor's report and notes to financial statements.

Enterprise Funds

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2023

	Enterprise Funds					Total
	Sewer Capital Reserve	Water Capital Reserve	Sewer Capacity	Stormwater Improvements	Stormwater Capital Reserve	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 129,331	\$ -	\$ -	\$ -	\$ 129,331
Investments	-	-	204,967	-	-	204,967
Accounts receivable (net of allowance for uncollectibles)	-	-	1,131	10,727	-	11,858
Due from other funds	413,173	381,827	1,242,031	673,405	150,000	2,860,436
Total current assets	<u>413,173</u>	<u>511,158</u>	<u>1,448,129</u>	<u>684,132</u>	<u>150,000</u>	<u>3,206,592</u>
TOTAL ASSETS	<u>\$ 413,173</u>	<u>\$ 511,158</u>	<u>\$ 1,448,129</u>	<u>\$ 684,132</u>	<u>\$ 150,000</u>	<u>\$ 3,206,592</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 4,825	\$ -	\$ 4,825
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,825</u>	<u>-</u>	<u>4,825</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,825</u>	<u>-</u>	<u>4,825</u>
NET POSITION						
Unrestricted (deficits)	413,173	511,158	1,448,129	679,307	150,000	3,201,767
TOTAL NET POSITION	<u>413,173</u>	<u>511,158</u>	<u>1,448,129</u>	<u>679,307</u>	<u>150,000</u>	<u>3,201,767</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 413,173</u>	<u>\$ 511,158</u>	<u>\$ 1,448,129</u>	<u>\$ 684,132</u>	<u>\$ 150,000</u>	<u>\$ 3,206,592</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds					Total
	Sewer Capital Reserve	Water Capital Reserve	Sewer Capacity	Stormwater Improvements	Stormwater Capital Reserve	
OPERATING REVENUES						
Charges for services	\$ -	\$ -	\$ 330,886	\$ 359,578	\$ -	\$ 690,464
Other	2,000	107	-	-	-	2,107
TOTAL OPERATING REVENUES	<u>2,000</u>	<u>107</u>	<u>330,886</u>	<u>359,578</u>	<u>-</u>	<u>692,571</u>
OPERATING EXPENSES						
Administrative charges	-	-	-	76,594	-	76,594
Professional services	-	-	-	30,409	-	30,409
Maintenance	-	-	-	11,774	-	11,774
Miscellaneous	6,000	-	-	14,508	-	20,508
TOTAL OPERATING EXPENSES	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>133,285</u>	<u>-</u>	<u>139,285</u>
OPERATING INCOME	<u>(4,000)</u>	<u>107</u>	<u>330,886</u>	<u>226,293</u>	<u>-</u>	<u>553,286</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	-	1,546	2,662	-	4,208
Transfers in	55,000	60,000	-	190,000	50,000	355,000
Transfers (out)	-	-	-	(50,000)	-	(50,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>55,000</u>	<u>60,000</u>	<u>1,546</u>	<u>142,662</u>	<u>50,000</u>	<u>309,208</u>
CHANGE IN NET POSITION	51,000	60,107	332,432	368,955	50,000	862,494
NET POSITION - JULY 1, RESTATED	<u>362,173</u>	<u>451,051</u>	<u>1,115,697</u>	<u>310,352</u>	<u>100,000</u>	<u>2,339,273</u>
NET POSITION - JUNE 30	<u>\$ 413,173</u>	<u>\$ 511,158</u>	<u>\$ 1,448,129</u>	<u>\$ 679,307</u>	<u>\$ 150,000</u>	<u>\$ 3,201,767</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds					Total
	Sewer Capital Reserve	Water Capital Reserve	Sewer Capacity	Stormwater Improvements	Stormwater Capital Reserve	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ -	\$ -	\$ 330,340	\$ 356,317	\$ -	\$ 686,657
Other receipts	2,000	107	-	-	-	2,107
Internal activity - receipts (payments) from/to other funds	(51,000)	(60,000)	(330,855)	(363,681)	(50,000)	(855,536)
Payments to suppliers	(6,000)	-	-	(58,704)	-	(64,704)
Payments to employees	-	-	-	(76,594)	-	(76,594)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(55,000)</u>	<u>(59,893)</u>	<u>(515)</u>	<u>(142,662)</u>	<u>(50,000)</u>	<u>(308,070)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	-	-	1,546	2,662	-	4,208
Change in investments	-	-	(86,220)	-	-	(86,220)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(84,674)</u>	<u>2,662</u>	<u>-</u>	<u>(82,012)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in (out)	55,000	60,000	-	140,000	50,000	305,000
NET CASH PROVIDED BY (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>55,000</u>	<u>60,000</u>	<u>-</u>	<u>140,000</u>	<u>50,000</u>	<u>305,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	107	(85,189)	-	-	(85,082)
CASH AND CASH EQUIVALENTS - JULY 1	-	129,224	85,189	-	-	214,413
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ 129,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,331</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income	\$ (4,000)	\$ 107	\$ 330,886	\$ 226,293	\$ -	\$ 553,286
Adjustments to reconcile operating income to net cash provided by operating activities:						
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	-	-	(546)	(3,261)	-	(3,807)
(Increase) decrease in due from other funds	(51,000)	(60,000)	(330,855)	(363,681)	(50,000)	(855,536)
Increase (decrease) in accounts payable	-	-	-	(2,013)	-	(2,013)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (55,000)</u>	<u>\$ (59,893)</u>	<u>\$ (515)</u>	<u>\$ (142,662)</u>	<u>\$ (50,000)</u>	<u>\$ (308,070)</u>

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION FOR THE YEAR ENDED
JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 2,181,497	\$ 6,862,037	\$ 397,952	\$ -	\$ 9,441,486
Library	-	6,935,734	433,630	-	7,369,364
Parks and Recreation	27,806	2,058,230	274,486	-	2,360,522
Public Safety	-	271,848	5,557,346	-	5,829,194
Public Works	231,670	648,480	1,747,439	8,585,938	11,213,527
Sewer	231,490	1,712,719	570,946	19,263,385	21,778,540
Water	129,821	72,597	251,111	5,056,601	5,510,130
Total General Capital Assets	2,802,284	18,561,645	9,232,910	32,905,924	63,502,763
Less: Accumulated Depreciation	-	(10,083,085)	(6,007,924)	(13,628,908)	(29,719,917)
Net General Capital Assets	<u>\$ 2,802,284</u>	<u>\$ 8,478,560</u>	<u>\$ 3,224,986</u>	<u>\$ 19,277,016</u>	<u>\$ 33,782,846</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2023

	General Capital Assets 7/1/22 <u>(Restated)</u>	Additions	Deletions	General Capital Assets 6/30/23
General government	\$ 9,409,934	\$ -	\$ -	\$ 9,409,934
Library	7,369,364	-	-	7,369,364
Parks and Recreation	2,332,716	-	-	2,332,716
Public Safety	5,406,515	-	-	5,406,515
Public Works	11,123,812	-	-	11,123,812
Sewer	21,659,894	-	-	21,659,894
Water	5,301,599	-	-	5,301,599
 Total General Capital Assets	 62,603,834	 -	 -	 62,603,834
Less: Accumulated Depreciation	<u>(27,919,550)</u>	<u>(1,048,075)</u>	<u>-</u>	<u>(28,967,625)</u>
 Net General Capital Assets	 <u>\$34,684,284</u>	 <u>\$ (1,048,075)</u>	 <u>\$ -</u>	 <u>\$ 33,636,209</u>

See accompanying independent auditor's report and notes to financial statements.



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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

Selectboard
Town of Shelburne
Shelburne, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Shelburne, Vermont, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Town of Shelburne, Vermont's basic financial statements and have issued our report thereon dated July 7, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Shelburne, Vermont'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Shelburne, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 of Shelburne, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*. We noted certain other matters that we reported to management of the Town of Shelburne, Vermont in a separate letter dated July 7, 2025.

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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
July 7, 2025