

Federal Compliance Audit

Town of Shelburne, Vermont

June 30, 2024



Proven Expertise & Integrity

TOWN OF SHELBURNE, VERMONT

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JUNE 30, 2024

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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, 2024 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, 2024 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 60 through 63 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. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also 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, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 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
September 17, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(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, 2024. 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 regard 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, Vermont 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, Vermont 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, Vermont 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, Vermont 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, Vermont 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, Vermont 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 regard 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 increased by \$2,903,252 from \$17,483,351 to \$20,386,603. For the business-type activities, the Town's total net position increased by \$991,144 from \$14,895,683 to \$15,886,827.

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 - increased for the governmental activities by \$1,219,375 to a balance of \$3,902,279 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased by \$87,734 to a balance of \$3,335,077.

Table 1
Town of Shelburne, Vermont
Net Position
June 30

	Governmental Activities		Business-Type Activities	
	2024	2023	2024	2023
Assets:				
Current Assets	\$ 9,595,315	\$ 8,781,416	\$ 4,769,853	\$ 4,098,316
Noncurrent Assets - Capital Assets	20,759,585	19,725,382	14,732,418	14,057,464
Total Assets	<u>30,354,900</u>	<u>28,506,798</u>	<u>19,502,271</u>	<u>18,155,780</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	519,732	564,765	258,367	280,754
Total Deferred Outflows of Resources	<u>519,732</u>	<u>564,765</u>	<u>258,367</u>	<u>280,754</u>
Liabilities:				
Current Liabilities	1,343,986	1,259,629	960,007	518,180
Noncurrent Liabilities	7,479,050	7,881,646	2,884,542	2,980,373
Total Liabilities	<u>8,823,036</u>	<u>9,141,275</u>	<u>3,844,549</u>	<u>3,498,553</u>
Deferred Inflows of Resources:				
Prepaid Taxes	35,757	81,013	-	-
Deferred Revenue	1,541,111	2,238,538	-	-
Deferred Inflows Related to Pensions	88,125	127,386	29,262	42,298
Total Deferred Inflows of Resources	<u>1,664,993</u>	<u>2,446,937</u>	<u>29,262</u>	<u>42,298</u>
Net Position:				
Net Investment in Capital Assets	14,997,942	13,398,933	12,551,750	11,648,340
Restricted	1,486,382	1,401,514	-	-
Unrestricted	3,902,279	2,682,904	3,335,077	3,247,343
Total Net Position	<u>\$ 20,386,603</u>	<u>\$ 17,483,351</u>	<u>\$ 15,886,827</u>	<u>\$ 14,895,683</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 26.89%, while total expenses decreased by 2.37%. All revenue experienced significant increases. The largest decreases in expenses were in public works, culture and recreation, other and interest on long-term debt. For the business-type activities, revenues increased by 10.20% mainly due to miscellaneous, while total expenses increased by 8.87% with increases seen in all categories of expenses.

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

	Governmental Activities		Business-Type Activities	
	2024	2023	2024	2023
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 2,111,332	\$ 1,742,297	\$ 4,590,247	\$ 4,617,201
Operating grants and contributions	958,612	268,299	130,033	116,387
<i>General Revenues:</i>				
Taxes	8,649,197	8,040,236	-	-
Miscellaneous	1,857,134	648,548	661,739	150,115
Total Revenues	<u>13,576,275</u>	<u>10,699,380</u>	<u>5,382,019</u>	<u>4,883,703</u>
Expenses				
General government	3,822,210	3,213,474	-	-
Public safety	3,574,268	3,280,047	-	-
Public works	1,020,561	1,695,662	-	-
Health and welfare	101,277	94,251	-	-
Culture and recreation	1,286,052	1,423,323	-	-
Intergovernmental	206,878	200,337	-	-
Employee benefits	477,225	254,642	-	-
Other	151,001	729,443	-	-
Interest on long-term debt	150,608	160,722	-	-
Water	-	-	1,628,132	1,541,379
Sewer	-	-	2,379,150	2,244,809
Sewer capital	-	-	266,536	139,285
Total Expenses	<u>10,790,080</u>	<u>11,051,901</u>	<u>4,273,818</u>	<u>3,925,473</u>
Transfers	<u>117,057</u>	<u>(218,000)</u>	<u>(117,057)</u>	<u>218,000</u>
Change in Net Position	2,903,252	(570,521)	991,144	1,176,230
Net Position - July 1	<u>17,483,351</u>	<u>18,053,872</u>	<u>14,895,683</u>	<u>13,719,453</u>
Net Position - June 30	<u>\$ 20,386,603</u>	<u>\$ 17,483,351</u>	<u>\$ 15,886,827</u>	<u>\$ 14,895,683</u>

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,

	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 17,557	\$ 59,211	\$ (41,654)
Unassigned	3,000,563	2,492,083	508,480
Total General Fund	<u>\$ 3,018,120</u>	<u>\$ 2,551,294</u>	<u>\$ 466,826</u>
ARPA Fund			
Assigned	\$ 111,701	\$ 41,455	\$ 70,246
Total ARPA Fund	<u>\$ 111,701</u>	<u>\$ 41,455</u>	<u>\$ 70,246</u>
Ambulance Fund			
Committed	\$ 677,467	\$ 487,661	\$ 189,806
Ambulance Fund	<u>\$ 677,467</u>	<u>\$ 487,661</u>	<u>\$ 189,806</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 341,201	\$ 541,495	\$ (200,294)
Assigned	606,726	559,752	46,974
Unassigned	(4,239)	(1,415)	(2,824)
Capital Project Funds:			
Restricted	512,274	273,098	239,176
Committed	1,147,560	421,011	726,549
Assigned	21,792	21,792	-
Unassigned (deficit)	(55,124)	(65,159)	10,035
Permanent Funds:			
Restricted	632,907	586,921	45,986
Total Nonmajor Funds	<u>\$ 3,203,097</u>	<u>\$ 2,337,495</u>	<u>\$ 865,602</u>

The changes to total fund balances in the general fund, ARPA fund, ambulance fund 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 \$166,953 over the prior fiscal year. The sewer fund's net position increased by \$159,517 over the prior fiscal year. The nonmajor enterprise funds' net position increased by \$998,580 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 \$879,999. 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 \$229,042. All expenditure categories were at or exceeded their budgeted amounts except for public safety, public works, culture and recreation, other and debt service - interest.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the Town increased by \$1,709,157 over the prior year. The increase is the result of current year capital additions of \$3,436,644 less depreciation expense of \$1,727,487. 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,**

	2024	2023
Land	\$ 2,192,497	\$ 2,192,497
Construction in progress	2,317,896	514,043
Buildings and improvements	18,711,531	18,561,645
Machinery and equipment	4,538,606	4,209,331
Furniture and Fixtures	129,567	113,380
Vehicles	5,328,467	4,910,199
Infrastructure	33,720,843	33,001,668
Accumulated depreciation	(31,447,404)	(29,719,917)
Total	\$ 35,492,003	\$ 33,782,846

Debt

At June 30, 2024, the Town had \$7,942,311 in bonds and notes from direct borrowings payable outstanding versus \$8,735,573 last year, a decrease of 9.08%. Refer to Note 7 of the Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

The Town has noted a subsequent event as a currently known fact. Refer to Note 21 of Notes to the Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town maintains a sufficient unrestricted net position to sustain government operations for a period of approximately three months. The Town also maintains 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, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,602,556	\$ 141,296	\$ 10,743,852
Investments	2,290,879	735,775	3,026,654
Accounts receivable (net of allowance for uncollectibles)	454,210	90,305	544,515
Prepaid items	17,557	30,090	47,647
Inventory	-	2,500	2,500
Internal balances	(3,769,887)	3,769,887	-
Total current assets	<u>9,595,315</u>	<u>4,769,853</u>	<u>14,365,168</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure and other assets not being depreciated	2,920,791	1,589,602	4,510,393
Buildings, equipment, vehicles and infrastructure net of accumulated depreciation	<u>17,838,794</u>	<u>13,142,816</u>	<u>30,981,610</u>
Total noncurrent assets	<u>20,759,585</u>	<u>14,732,418</u>	<u>35,492,003</u>
TOTAL ASSETS	<u>30,354,900</u>	<u>19,502,271</u>	<u>49,857,171</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	519,732	258,367	778,099
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>519,732</u>	<u>258,367</u>	<u>778,099</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 30,874,632</u>	<u>\$ 19,760,638</u>	<u>\$ 50,635,270</u>

STATEMENT A (CONTINUED)

TOWN OF SHELBURNE, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 653,363	\$ 308,939	\$ 962,302
Accrued payroll and benefits	128,286	245	128,531
Accrued interest	-	10,833	10,833
Unearned revenue	-	16,471	16,471
Bond anticipation note	-	416,915	416,915
Current portion of long-term obligations	562,337	206,604	768,941
Total current liabilities	1,343,986	960,007	2,303,993
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	5,195,000	408,584	5,603,584
Notes from direct borrowings payable	41,468	1,572,813	1,614,281
Accrued compensated absences	706,070	139,320	845,390
Net pension liability	1,536,512	763,825	2,300,337
Total noncurrent liabilities	7,479,050	2,884,542	10,363,592
TOTAL LIABILITIES	8,823,036	3,844,549	12,667,585
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	35,757	-	35,757
Deferred revenue	1,541,111	-	1,541,111
Deferred inflows related to pensions	88,125	29,262	117,387
TOTAL DEFERRED INFLOWS OF RESOURCES	1,664,993	29,262	1,694,255
NET POSITION			
Net investment in capital assets	14,997,942	12,551,750	27,549,692
Restricted	1,486,382	-	1,486,382
Unrestricted	3,902,279	3,335,077	7,237,356
TOTAL NET POSITION	20,386,603	15,886,827	36,273,430
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 30,874,632	\$ 19,760,638	\$ 50,635,270

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

TOWN OF SHELBURNE, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 3,822,210	\$ 340,948	\$ 784,868	\$ -	\$ (2,696,394)	\$ -	\$ (2,696,394)
Public safety	3,574,268	1,055,669	-	-	(2,518,599)	-	(2,518,599)
Public works	1,020,561	174,614	116,664	-	(729,283)	-	(729,283)
Health and welfare	101,277	-	-	-	(101,277)	-	(101,277)
Culture and recreation	1,286,052	182,577	56,430	-	(1,047,045)	-	(1,047,045)
Intergovernmental	206,878	-	650	-	(206,228)	-	(206,228)
Employee benefits	477,225	-	-	-	(477,225)	-	(477,225)
Other	151,001	357,524	-	-	206,523	-	206,523
Interest on long-term debt	150,608	-	-	-	(150,608)	-	(150,608)
Total governmental activities	<u>10,790,080</u>	<u>2,111,332</u>	<u>958,612</u>	<u>-</u>	<u>(7,720,136)</u>	<u>-</u>	<u>(7,720,136)</u>
Business-type activities:							
Water fund	1,628,132	1,379,225	130,033	-	-	(118,874)	(118,874)
Sewer fund	2,379,150	2,453,447	-	-	-	74,297	74,297
Nonmajor enterprise	266,536	757,575	-	-	-	491,039	491,039
Total business-type activities	<u>4,273,818</u>	<u>4,590,247</u>	<u>130,033</u>	<u>-</u>	<u>-</u>	<u>446,462</u>	<u>446,462</u>
Total government	<u>\$ 15,063,898</u>	<u>\$ 6,701,579</u>	<u>\$ 1,088,645</u>	<u>\$ -</u>	<u>(7,720,136)</u>	<u>446,462</u>	<u>(7,273,674)</u>

STATEMENT B (CONTINUED)

TOWN OF SHELBURNE, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(7,720,136)</u>	<u>446,462</u>	<u>(7,273,674)</u>
General revenue:			
Taxes:			
Property taxes, levied for general purposes	8,649,197	-	8,649,197
Miscellaneous	<u>1,857,134</u>	<u>661,739</u>	<u>2,518,873</u>
Total general revenues	<u>10,506,331</u>	<u>661,739</u>	<u>11,168,070</u>
Transfers	<u>117,057</u>	<u>(117,057)</u>	<u>-</u>
Change in net position	2,903,252	991,144	3,894,396
NET POSITION - JULY 1	<u>17,483,351</u>	<u>14,895,683</u>	<u>32,379,034</u>
NET POSITION - JUNE 30	<u><u>\$ 20,386,603</u></u>	<u><u>\$ 15,886,827</u></u>	<u><u>\$ 36,273,430</u></u>

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

TOWN OF SHELBURNE, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	ARPA Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,202,362	\$ 2,398,375	\$ 1,003,653	\$ 998,166	\$ 10,602,556
Investments	-	-	1,799,150	491,729	2,290,879
Accounts receivable (net of allowance for uncollectibles)	251,182	-	203,028	-	454,210
Prepaid items	17,557	-	-	-	17,557
Due from other funds	4,431,484	-	-	1,913,042	6,344,526
TOTAL ASSETS	\$ 10,902,585	\$ 2,398,375	\$ 3,005,831	\$ 3,402,937	\$ 19,709,728
LIABILITIES					
Accounts payable	\$ 584,591	\$ 15,389	\$ -	\$ 53,383	\$ 653,363
Accrued expenses	128,286	-	-	-	128,286
Due to other funds	6,909,418	837,297	2,221,241	146,457	10,114,413
TOTAL LIABILITIES	7,622,295	852,686	2,221,241	199,840	10,896,062
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	35,757	-	-	-	35,757
Unavailable other receivables	226,413	-	-	-	226,413
Deferred revenue	-	1,433,988	107,123	-	1,541,111
TOTAL DEFERRED INFLOWS OF RESOURCES	262,170	1,433,988	107,123	-	1,803,281
FUND BALANCES					
Nonspendable	17,557	-	-	-	17,557
Restricted	-	-	-	1,486,382	1,486,382
Committed	-	-	677,467	1,147,560	1,825,027
Assigned	-	111,701	-	628,518	740,219
Unassigned (deficits)	3,000,563	-	-	(59,363)	2,941,200
TOTAL FUND BALANCES	3,018,120	111,701	677,467	3,203,097	7,010,385
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,902,585	\$ 2,398,375	\$ 3,005,831	\$ 3,402,937	\$ 19,709,728

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, 2024

	Total Governmental Funds
Total Fund Balances	\$ 7,010,385
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	20,759,585
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred revenues	226,413
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	519,732
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,680,000)
Notes from direct borrowings payable	(81,643)
Accrued compensated absences	(743,232)
Net pension liability	(1,536,512)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(88,125)
	\$ 20,386,603
Net position of governmental activities	

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, 2024

	General Fund	ARPA Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 8,649,197	\$ -	\$ -	\$ -	\$ 8,649,197
Intergovernmental	117,314	747,686	-	93,612	958,612
Charges for services	1,232,115	-	521,693	357,524	2,111,332
Miscellaneous revenues	953,108	70,246	88,931	867,573	1,979,858
TOTAL REVENUES	10,951,734	817,932	610,624	1,318,709	13,698,999
EXPENDITURES					
Current:					
General government	2,742,505	747,686	-	13,703	3,503,894
Public safety	3,773,856	-	360	11	3,774,227
Public works	1,475,300	-	-	-	1,475,300
Health and welfare	101,277	-	-	-	101,277
Culture and recreation	873,305	-	-	592,051	1,465,356
Intergovernmental	206,878	-	-	-	206,878
Employee benefits	477,225	-	-	-	477,225
Other	52,908	-	-	98,093	151,001
Debt service:					
Principal	564,806	-	-	39,482	604,288
Interest	148,004	-	-	2,604	150,608
Capital outlay	-	-	-	313,522	313,522
TOTAL EXPENDITURES	10,416,064	747,686	360	1,059,466	12,223,576
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	535,670	70,246	610,264	259,243	1,475,423
OTHER FINANCING SOURCES (USES)					
Transfers in	490,198	-	-	679,294	1,169,492
Transfers (out)	(559,042)	-	(420,458)	(72,935)	(1,052,435)
TOTAL OTHER FINANCING SOURCES (USES)	(68,844)	-	(420,458)	606,359	117,057
NET CHANGE IN FUND BALANCES	466,826	70,246	189,806	865,602	1,592,480
FUND BALANCES - JULY 1	2,551,294	41,455	487,661	2,337,495	5,417,905
FUND BALANCES - JUNE 30	\$ 3,018,120	\$ 111,701	\$ 677,467	\$ 3,203,097	\$ 7,010,385

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, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,592,480</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	2,183,626
Depreciation expense	<u>(1,149,423)</u>
	<u>1,034,203</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Deferred revenues	<u>(122,724)</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>(45,033)</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>564,806</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	(41,184)
Net pension liability	<u>(118,557)</u>
	<u>(159,741)</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>39,261</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 2,903,252</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, 2024

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,835	\$ -	\$ 129,461	\$ 141,296
Investments	525,383	-	210,392	735,775
Accounts receivable (net of allowance for uncollectibles)	26,850	46,432	17,023	90,305
Prepaid items	273	29,817	-	30,090
Inventory	2,500	-	-	2,500
Due from other funds	-	1,112,919	3,883,457	4,996,376
Total current assets	<u>566,841</u>	<u>1,189,168</u>	<u>4,240,333</u>	<u>5,996,342</u>
Capital assets:				
Land and construction in progress	1,011,431	578,171	-	1,589,602
Buildings and improvements	72,597	1,712,719	-	1,785,316
Equipment, machinery and vehicles	263,395	570,946	-	834,341
Infrastructure	5,056,601	19,275,828	-	24,332,429
Total capital assets	<u>6,404,024</u>	<u>22,137,664</u>	<u>-</u>	<u>28,541,688</u>
Less: accumulated depreciation	<u>(2,572,139)</u>	<u>(11,237,131)</u>	<u>-</u>	<u>(13,809,270)</u>
Net capital assets	<u>3,831,885</u>	<u>10,900,533</u>	<u>-</u>	<u>14,732,418</u>
TOTAL ASSETS	<u>4,398,726</u>	<u>12,089,701</u>	<u>4,240,333</u>	<u>20,728,760</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	98,959	159,408	-	258,367
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>98,959</u>	<u>159,408</u>	<u>-</u>	<u>258,367</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,497,685</u>	<u>\$ 12,249,109</u>	<u>\$ 4,240,333</u>	<u>\$ 20,987,127</u>

TOWN OF SHELBURNE, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 168,362	\$ 100,591	\$ 39,986	\$ 308,939
Accrued expenses	245	-	-	245
Accrued interest	10,256	577	-	10,833
Due to other funds	1,226,489	-	-	1,226,489
Unearned revenue	12,582	3,889	-	16,471
Bond anticipation note	416,915	-	-	416,915
Current portion of long-term liabilities	47,035	159,569	-	206,604
Total current liabilities	<u>1,881,884</u>	<u>264,626</u>	<u>39,986</u>	<u>2,186,496</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	265,000	143,584	-	408,584
Notes from direct borrowings payable	149,958	1,422,855	-	1,572,813
Accrued compensated absences	38,654	100,666	-	139,320
Net pension liability	292,558	471,267	-	763,825
Total noncurrent liabilities	<u>746,170</u>	<u>2,138,372</u>	<u>-</u>	<u>2,884,542</u>
TOTAL LIABILITIES	<u>2,628,054</u>	<u>2,402,998</u>	<u>39,986</u>	<u>5,071,038</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	11,208	18,054	-	29,262
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,208</u>	<u>18,054</u>	<u>-</u>	<u>29,262</u>
NET POSITION				
Net investment in capital assets	3,371,927	9,179,823	-	12,551,750
Unrestricted (deficits)	(1,513,504)	648,234	4,200,347	3,335,077
TOTAL NET POSITION	<u>1,858,423</u>	<u>9,828,057</u>	<u>4,200,347</u>	<u>15,886,827</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,497,685</u>	<u>\$ 12,249,109</u>	<u>\$ 4,240,333</u>	<u>\$ 20,987,127</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, 2024

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
OPERATING REVENUES				
Charges for services	\$ 1,379,225	\$ 2,453,447	\$ 757,575	\$ 4,590,247
Other	39,494	590,220	648	630,362
TOTAL OPERATING REVENUES	1,418,719	3,043,667	758,223	5,220,609
OPERATING EXPENSES				
Salaries and wages	293,196	558,337	119,486	971,019
Administrative charges	51,782	72,818	39,803	164,403
Benefits	113,254	175,313	-	288,567
Insurance	14,363	33,515	-	47,878
Professional services	20,247	349,365	53,208	422,820
Utilities	-	272,187	-	272,187
Sludge removal	-	117,224	-	117,224
Water supply and engineering	517,338	-	-	517,338
Maintenance	465,122	137,705	31,258	634,085
Chemicals	-	118,031	-	118,031
Equipment	-	35,820	-	35,820
Miscellaneous	24,887	9,325	22,781	56,993
Depreciation	116,288	461,776	-	578,064
TOTAL OPERATING EXPENSES	1,616,477	2,341,416	266,536	4,224,429
OPERATING INCOME	(197,758)	702,251	491,687	996,180
NONOPERATING REVENUES (EXPENSES)				
Water tank revenue	130,033	-	-	130,033
Investment income	22,427	-	8,950	31,377
Transfers in	-	-	805,016	805,016
Transfers (out)	(110,000)	(505,000)	(307,073)	(922,073)
Interest (expense)	(11,655)	(37,734)	-	(49,389)
TOTAL NONOPERATING REVENUES (EXPENSES)	30,805	(542,734)	506,893	(5,036)
CHANGE IN NET POSITION	(166,953)	159,517	998,580	991,144
NET POSITION - JULY 1	2,025,376	9,668,540	3,201,767	14,895,683
NET POSITION - JUNE 30	<u>\$ 1,858,423</u>	<u>\$ 9,828,057</u>	<u>\$ 4,200,347</u>	<u>\$ 15,886,827</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, 2024

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 1,393,200	\$ 2,502,506	\$ 752,410	\$ 4,648,116
Other receipts	39,494	590,220	648	630,362
Internal activity - receipts (payments) from/to other funds	413,072	(132,544)	(1,023,021)	(742,493)
Payments to suppliers	(582,731)	(1,062,194)	(72,086)	(1,717,011)
Payments to employees	(426,374)	(750,612)	(159,289)	(1,336,275)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>836,661</u>	<u>1,147,376</u>	<u>(501,338)</u>	<u>1,482,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	22,427	-	8,950	31,377
Change in investments	(18,146)	-	(5,425)	(23,571)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>4,281</u>	<u>-</u>	<u>3,525</u>	<u>7,806</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital asset purchases	(893,894)	(359,124)	-	(1,253,018)
Proceeds from bonds and notes payable	149,957	-	-	149,957
Principal payments on bonds and notes payable	(132,895)	(245,518)	-	(378,413)
Interest payments on bonds and notes payable	(11,655)	(37,734)	-	(49,389)
NET CASH PROVIDED BY (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(888,487)</u>	<u>(642,376)</u>	<u>-</u>	<u>(1,530,863)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	(110,000)	(505,000)	497,943	(117,057)
Water tank rental revenue	130,033	-	-	130,033
NET CASH PROVIDED BY (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>20,033</u>	<u>(505,000)</u>	<u>497,943</u>	<u>12,976</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(27,512)	-	130	(27,382)
CASH AND CASH EQUIVALENTS - JULY 1	<u>39,347</u>	<u>-</u>	<u>129,331</u>	<u>168,678</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 11,835</u>	<u>\$ -</u>	<u>\$ 129,461</u>	<u>\$ 141,296</u>

TOWN OF SHELBURNE, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ (197,758)	\$ 702,251	\$ 491,687	\$ 996,180
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	116,288	461,776	-	578,064
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	9,487	49,059	(5,165)	53,381
(Increase) decrease in prepaid items	4,391	9,373	-	13,764
(Increase) decrease in due from other funds	-	(132,544)	(1,023,021)	(1,155,565)
(Increase) decrease in deferred outflows of resources	8,574	13,813	-	22,387
Increase (decrease) in accounts payable	77,241	33,949	35,161	146,351
Increase (decrease) in accrued interest	(39,336)	-	-	(39,336)
Increase (decrease) in accrued expenses	15	(32,344)	-	(32,329)
Increase (decrease) in unearned revenues	4,488	-	-	4,488
Increase (decrease) in bond anticipation note	416,915	-	-	416,915
Increase (decrease) in due to other funds	413,072	-	-	413,072
Increase (decrease) in accrued compensated absences	5,703	8,425	-	14,128
Increase (decrease) in net pension liability	22,574	41,661	-	64,235
Increase (decrease) in deferred inflows of resources	(4,993)	(8,043)	-	(13,036)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 836,661</u>	<u>\$ 1,147,376</u>	<u>\$ (501,338)</u>	<u>\$ 1,482,699</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	<u>\$ 11,655</u>	<u>\$ 37,734</u>	<u>\$ -</u>	<u>\$ 49,389</u>

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

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024

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, 2024

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, 2024

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, Vermont 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, 2024. Loans and accounts receivable netted with allowances for uncollectible accounts were \$544,515 for the year ended June 30, 2024.

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, 2024

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, 2024

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, 2024

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, 2024

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. 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, 2024

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, 2024, the Town's cash balance of \$10,743,852 was comprised of deposits amounting to \$11,132,177. 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, \$751,500 were insured by federal depository insurance, \$32,259 were insured by Securities Investors Protection Corporation (SIPC) and \$337 were insured by the national credit union share insurance fund and consequently were not exposed to custodial credit risk. The remaining deposits of \$10,348,081 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	\$ 11,099,918
Cash equivalents	32,259
	<u>\$ 11,132,177</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 \$2,691,964 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, 2024, the Town's investments of \$3,026,654 were comprised of certificates of deposit, U.S. agency securities, common stock and equity securities. Of this amount, \$237,689 were collateralized and insured by Securities Investors Protection Corporation (SIPC), \$97,001 were held in common stock registered to the Town and \$980,899 were insured by federal depository insurance. Investments of \$1,251,257 were collateralized with securities held by the financial institution in the Town's name and therefore were not exposed to custodial credit risk. \$89,227 were insured by the National Credit Union Share Insurance Fund (NCUSIF). The remaining balance of \$370,581 was uninsured and uncollateralized.

The Town had the following investments at June 30, 2024:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
U.S. Agency Securities	\$ 66,306	\$ -	\$ 29,903	\$ 23,999	\$ 12,404
Institutional certificates of deposit	75,904	-	73,904	2,000	-
Common stock	97,001	97,001	-	-	-
Index funds	95,479	95,479	-	-	-
	<u>\$ 334,690</u>	<u>\$ 192,480</u>	<u>\$ 103,807</u>	<u>\$ 25,999</u>	<u>\$ 12,404</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, 2024:

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2024 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	\$ 66,306	\$ -	\$ 66,306	\$ -
Institutional certificates of deposit	75,904	-	75,904	-
Total debt securities	142,210	-	142,210	-
Equity securities:				
Common stock - domestic	\$ 97,001	\$ 97,001	\$ -	\$ -
Index funds	95,479	95,479	-	-
Total equity securities	192,480	192,480	-	-
Total investments by fair value level	334,690	\$ 192,480	\$ 142,210	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	32,259			
Total cash equivalents measured at the NAV	32,259			
Total investments and cash equivalents measured at fair value	\$ 366,949			

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, 2024 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 \$2,691,964 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, 2024

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 4,431,484	\$ 6,909,418
ARPA Fund	-	837,297
Ambulance Fund	-	2,221,241
Enterprise Funds	4,996,376	1,226,489
Nonmajor Special Revenue Funds	643,222	58,788
Nonmajor Capital Projects Funds	1,087,311	55,124
Nonmajor Permanent Funds	182,509	32,545
	<u>\$ 11,340,902</u>	<u>\$ 11,340,902</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, 2024 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
General Fund	\$ 490,198	\$ 559,042
Ambulance Fund	-	420,458
Enterprise Funds	805,016	922,073
Nonmajor Special Revenue Funds	5,300	59,740
Nonmajor Capital Projects Funds	673,994	13,195
	<u>\$ 1,974,508</u>	<u>\$ 1,974,508</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, 2024

NOTE 5 - LOANS RECEIVABLE

Loans receivable at June 30, 2024 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, 2024	<u>\$ -</u>

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Disposals	Balance, 6/30/24
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,181,497	\$ -	\$ -	\$ 2,181,497
Construction in progress	163,732	575,562	-	739,294
	<u>2,345,229</u>	<u>575,562</u>	<u>-</u>	<u>2,920,791</u>
Depreciated assets:				
Buildings and improvements	16,776,329	149,886	-	16,926,215
Machinery and equipment	3,925,212	316,991	-	4,242,203
Furniture and Fixtures	113,380	16,187	-	129,567
Vehicles	4,372,261	418,268	-	4,790,529
Infrastructure	8,681,682	706,732	-	9,388,414
	<u>33,868,864</u>	<u>1,608,064</u>	<u>-</u>	<u>35,476,928</u>
Less: accumulated depreciation	<u>(16,488,711)</u>	<u>(1,149,423)</u>	<u>-</u>	<u>(17,638,134)</u>
	<u>17,380,153</u>	<u>458,641</u>	<u>-</u>	<u>17,838,794</u>
Net governmental capital assets	<u>\$ 19,725,382</u>	<u>\$ 1,034,203</u>	<u>\$ -</u>	<u>\$ 20,759,585</u>

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/23	Additions	Disposals	Balance, 6/30/24
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Construction in progress	337,868	1,240,734	-	1,578,602
	<u>348,868</u>	<u>1,240,734</u>	<u>-</u>	<u>1,589,602</u>
Depreciated assets:				
Buildings and improvements	1,785,316	-	-	1,785,316
Machinery and equipment	284,119	12,284	-	296,403
Vehicles	537,938	-	-	537,938
Infrastructure	24,332,429	-	-	24,332,429
	<u>26,939,802</u>	<u>12,284</u>	<u>-</u>	<u>26,952,086</u>
Less: accumulated depreciation	<u>(13,231,206)</u>	<u>(578,064)</u>	<u>-</u>	<u>(13,809,270)</u>
Net business-type capital assets	<u>\$ 14,057,464</u>	<u>\$ 674,954</u>	<u>\$ -</u>	<u>\$ 14,732,418</u>
<u>Depreciation expense:</u>				
General government				\$ 210,582
Library				155,900
Parks and Recreation				80,353
Public Safety				354,131
Public Works				348,457
Total governmental fund depreciation				<u>1,149,423</u>
Water Fund				116,288
Sewer Fund				461,776
Total business-type fund depreciation				<u>578,064</u>
Total depreciation expense				<u>\$ 1,727,487</u>

NOTE 7 - SHORT-TERM DEBT

On August 15, 2023, the Town issued a bond anticipation note to provide short-term financing for updates to the water meter system of the Town. The bond anticipation note of up to \$1,150,514 at a 5.89% fixed interest rate per annum with a maturity date of one year from issuance. As of June 30, 2024, \$416,915 was borrowed and outstanding on the note.

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24
Bond anticipation note	\$ -	\$ 416,915	\$ -	\$ 416,915
	<u>\$ -</u>	<u>\$ 416,915</u>	<u>\$ -</u>	<u>\$ 416,915</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 6,185,000	\$ -	\$ (505,000)	\$ 5,680,000	\$ 485,000
Notes from direct borrowings payable	141,449	-	(59,806)	81,643	40,175
Total	<u>\$ 6,326,449</u>	<u>\$ -</u>	<u>\$ (564,806)</u>	<u>\$ 5,761,643</u>	<u>\$ 525,175</u>
<u>Business-type activities:</u>					
<u>Water</u>					
Bonds payable	\$ 405,000	\$ -	\$ (95,000)	\$ 310,000	\$ 45,000
Notes from direct borrowings payable	37,896	149,957	(37,895)	149,958	-
Total	<u>\$ 442,896</u>	<u>\$ 149,957</u>	<u>\$ (132,895)</u>	<u>\$ 459,958</u>	<u>\$ 45,000</u>
<u>Sewer</u>					
Bonds payable	\$ 239,136	\$ -	\$ (47,303)	\$ 191,833	\$ 48,249
Notes from direct borrowings payable	1,727,092	-	(198,215)	1,528,877	106,022
Total	<u>\$ 1,966,228</u>	<u>\$ -</u>	<u>\$ (245,518)</u>	<u>\$ 1,720,710</u>	<u>\$ 154,271</u>

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

Governmental activities

Bonds payable:

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.	\$ 150,000
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.	1,500,000

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 - LONG-TERM DEBT (CONTINUED)

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.	120,000
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.	210,000
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.	580,000
\$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>3,120,000</u>
Total governmental activities bonds payable	<u><u>\$ 5,680,000</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.	\$ 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>61,643</u>
Total governmental activities notes from direct borrowings payable	<u><u>\$ 81,643</u></u>
<u>Business-type activities</u>	
Bonds payable:	
<u>Water</u>	
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.	\$ 100,000
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.	<u>210,000</u>
Total water bonds payable	<u><u>310,000</u></u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 - LONG-TERM DEBT (CONTINUED)

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.	\$ 123,184
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.	<u>68,649</u>
Total sewer bonds payable	<u>191,833</u>
Total business-type bonds payable	<u>\$ 501,833</u>
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.	\$ 35,596
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.	85,879
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.	15,223
Tank truck note payable to the National Bank of Middlebury, due January 6. Interest at a fixed rate of 2.660% per annum.	29,000
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.	<u>1,363,179</u>
Total sewer notes from direct borrowings payable	<u>1,528,877</u>

Water

Water upgrade note payable to the State of Vermont Drinking Water Revolving Fund, due in annual payments of \$199,680, beginning May of 2028. No interest or administrative fees.	<u>\$ 149,958</u>
Total water note from direct borrowings payable	<u>149,958</u>
Total business-type notes from direct borrowings payable	<u>\$ 1,678,835</u>

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 - 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	
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	405,000	122,200	-	-	527,200
2030-2034	1,820,000	426,877	-	-	2,246,877
2035-2039	1,475,000	157,098	-	-	1,632,098
2040-2044	195,000	3,045	-	-	198,045
	<u>\$ 5,680,000</u>	<u>\$ 1,304,028</u>	<u>\$ 81,643</u>	<u>\$ 2,670</u>	<u>\$ 7,068,341</u>

Business-type activities:

Water	Bonds payable		Notes from direct borrowings payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2025	\$ 45,000	\$ 8,525	\$ -	\$ -	\$ 53,525
2026	45,000	7,209	-	-	52,209
2027	45,000	5,801	-	-	50,801
2028	45,000	4,451	149,958	-	199,409
2029	45,000	3,670	-	-	48,670
2030-2034	85,000	5,697	-	-	90,697
	<u>\$ 310,000</u>	<u>\$ 35,353</u>	<u>\$ 149,958</u>	<u>\$ -</u>	<u>\$ 495,311</u>

Sewer	Bonds payable		Notes from direct borrowings payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2025	\$ 48,249	\$ 3,637	\$ 106,022	\$ 30,895	\$ 188,803
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	8,658	714	89,759	22,686	121,817
2030-2034	27,026	1,089	450,261	86,544	564,920
2035-2039	-	-	490,246	40,204	530,450
2040-2044	-	-	104,011	2,080	106,091
	<u>\$ 191,833</u>	<u>\$ 10,883</u>	<u>\$ 1,528,877</u>	<u>\$ 261,578</u>	<u>\$ 1,993,171</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, 2024 was \$49,389.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2024 is as follows:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 702,048	\$ 41,184	\$ -	\$ 743,232	\$ 37,162
Net pension liability	1,417,955	118,557	-	1,536,512	-
Total	<u>\$ 2,120,003</u>	<u>\$ 159,741</u>	<u>\$ -</u>	<u>\$ 2,279,744</u>	<u>\$ 37,162</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 127,227	\$ 19,426	\$ -	\$ 146,653	\$ 7,333
Net pension liability	704,888	58,937	-	763,825	-
Total	<u>\$ 832,115</u>	<u>\$ 78,363</u>	<u>\$ -</u>	<u>\$ 910,478</u>	<u>\$ 7,333</u>

Please see Notes 10 and 18 for detailed information on each of the other long-term obligations.

NOTE 10 - 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, 2024 was \$889,885 .

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2024:

	Governmental Activities	Business-Type Activities
Invested in capital assets	\$ 38,397,719	\$ 28,541,688
Accumulated depreciation	(17,638,134)	(13,809,270)
Outstanding capital related debt	(5,761,643)	(2,180,668)
	<u>\$ 14,997,942</u>	<u>\$ 12,551,750</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 - NONSPENDABLE FUND BALANCE

The following fund balances have been restricted at June 30, 2024 for the following purposes:

General fund:	
Prepaid items	\$ <u>17,557</u>

NOTE 13 - RESTRICTED FUND BALANCES AND NET POSITION

The following fund balances and net position have been restricted at June 30, 2024 for the following purposes:

Nonmajor special revenue funds (Schedule E):	
Recreation impact fees	\$ 99,749
Paths	33,565
Record preservation fund	207,887
Nonmajor capital projects funds (Schedule G):	
Pinhaven stormwater fund	295,122
Library construction fund	50,474
Fire truck fund	166,678
Nonmajor permanent funds (Schedule I):	
Pierson library fund	176,968
Cemetery fund	391,483
Lillian Davis memorial fund	64,456
	<u>\$ 1,486,382</u>

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2024, the committed fund balances were made up of the following account balances:

Ambulance fund	\$ 677,467
Nonmajor capital projects funds (Schedule G)	<u>1,147,560</u>
	<u>\$ 1,825,027</u>

TOWN OF SHELBURNE, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 15 - ASSIGNED FUND BALANCES

At June 30, 2024, the assigned fund balances were made up of the following account balances:

Assigned:	
ARPA fund	\$ 111,701
Nonmajor special revenue funds (Schedule E)	606,726
Nonmajor capital projects funds (Schedule G)	21,792
	\$ 740,219

NOTE 16 - DEFICIT FUND BALANCES

At June 30, 2024, the Town had the following deficit fund balances:

Nonmajor special revenue funds (Schedule E):	
F&G license	\$ 942
Baseball	2,824
Memorial tree	473
Nonmajor capital projects funds (Schedule G):	
Highway equipment fund	2,116
Irish Hill path/bridge fund	53,008
	\$ 59,363

NOTE 17 - EXPENDITURES OVER APPROPRIATIONS

The Town was non-compliant with the legally adopted budget, over expending the entire allowed appropriation of \$10,746,064 by \$229,042 at June 30, 2024.

NOTE 18 - 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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 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, 2022 (the most recent data available), the retirement system consisted of 17,253 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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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, 2023 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.750% of gross salary	6.125% of gross salary	11.250% of gross salary	12.600% of gross salary
Employer Contributions	5.250% of gross salary	6.750% of gross salary	8.500% of gross salary	11.100% 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, 2024 totaled \$265,890. The Town contributed \$256,214 for the year ended June 30, 2024. The Town's total payroll for the year ended June 30, 2024 for all employees covered under this plan was \$3,546,664.

Pension Liabilities

VMERS Plan

At June 30, 2023, the Town reported a liability of \$2,300,337 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2022. 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, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2023, the Town's proportion was 0.71820% for VMERS, which was an increase of 0.01845% from its proportion measured as of June 30, 2022 for VMERS.

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

For the year ended June 30, 2024, the Town recognized net pension expense of \$461,870 for the VMERS plan. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,265	\$ -
Changes of assumptions	74,979	-
Net difference between projected and actual earnings on pension plan investments	261,710	-
Changes in proportion and differences between contributions and proportionate share of contributions	40,932	88,125
Contributions subsequent to the measurement date	256,214	-
Total	\$ 778,100	\$ 88,125

\$256,214 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, 2025. 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, 2024

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS Plan
Plan year ended June 30:	
2024	\$ 155,963
2025	42,597
2026	240,617
2027	(5,416)
2028	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2023 measurement date was determined by rolling forward the total pension liability as of June 30, 2022 to June 30, 2023. 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-2021.
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2021.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - 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-2021.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2021.

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-2021.
- *Group D* - Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2021.

Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2021.

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, 2024

NOTE 18 - 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, 2024, COLA is expected to be 1.10% for Groups A, B, C and D. 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.

Amortization Method: Amortization payments calculated to fully fund unfunded actuarial accrued liability with annual increases of 3% over a closed period. The amortization of unfunded actuarial accrued liability (UAAL) within the actuarially determined contribution rate calculation is based on the level percentage of pay required to amortize the UAAL over the 30-year closed period that began on July 1, 2008. As of July 1, 2022, the remaining amortization period is 16 years.

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, 2024

NOTE 18 - 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equities	44.00%	5.35%
Private Equity	10.00%	7.50%
Emerging Markets Debt	2.00%	5.00%
Private and Alternative Credit	10.00%	5.50%
Non-Core Real Estate	4.00%	5.50%
Core Fixed Income	19.00%	1.50%
Core Real Estate	4.00%	3.25%
US TIPS	2.00%	1.50%
Infrastructure/Farmland	5.00%	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, 2024

NOTE 18 - 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	\$ 3,462,363	\$ 2,300,337	\$ 1,345,197

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 \(vermont.gov\)](https://www.vermont.gov/annual-comprehensive-financial-report).

NOTE 19 - 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, 2024

NOTE 20 - 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 21 - SUBSEQUENT EVENT

On October 10, 2024, the Town issued a General Obligation Note with the Vermont Bond Bank for an amount not to exceed \$1,670,200 for the final design of the consolidation of the Town's wastewater facilities. This note has a preliminary fixed interest rate of 0.00% and a preliminary administrative fee of 0.00%, subject to change based on the final disbursed value, beginning on April 1, 2029. The expected maturity date of this note is July 1, 2043.

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, 2024

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,551,294	\$ 2,551,294	\$ 2,551,294	\$ -
Resources (Inflows):				
Property taxes	8,418,556	8,418,556	8,649,197	230,641
Intergovernmental	193,660	193,660	117,314	(76,346)
Charges for services	943,999	943,999	1,232,115	288,116
Miscellaneous revenues	490,520	490,520	953,108	462,588
Transfers from other funds	515,198	515,198	490,198	(25,000)
Amounts Available for Appropriation	<u>13,113,227</u>	<u>13,113,227</u>	<u>13,993,226</u>	<u>879,999</u>
Charges to Appropriations (Outflows):				
Current:				
General government	2,576,913	2,576,913	2,742,505	(165,592)
Public safety	3,933,055	3,933,055	3,773,856	159,199
Public works	1,659,977	1,659,977	1,475,300	184,677
Health and welfare	98,396	98,396	101,277	(2,881)
Culture and recreation	939,320	939,320	873,305	66,015
Intergovernmental	206,693	206,693	206,878	(185)
Employee benefits	103,095	103,095	477,225	(374,130)
Other	98,100	98,100	52,908	45,192
Debt service:				
Principal	564,806	564,806	564,806	-
Interest	195,883	195,883	148,004	47,879
Transfers to other funds	369,826	369,826	559,042	(189,216)
Total Charges to Appropriations	<u>10,746,064</u>	<u>10,746,064</u>	<u>10,975,106</u>	<u>(229,042)</u>
Budgetary Fund Balance, June 30	\$ <u>2,367,163</u>	\$ <u>2,367,163</u>	\$ <u>3,018,120</u>	\$ <u>650,957</u>
Utilization of Unassigned Fund Balance	\$ <u>184,131</u>	\$ <u>184,131</u>	\$ <u>-</u>	\$ <u>(184,131)</u>

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*

<u>VMERS:</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.72%	0.70%	0.73%	0.81%	0.77%	0.74%	0.75%	0.72%	0.70%
Proportionate share of the net pension liability	\$ 2,300,337	\$ 2,122,843	\$ 1,068,481	\$ 2,053,513	\$ 1,337,136	\$ 1,041,035	\$ 911,479	\$ 930,087	\$ 537,005
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	\$ 1,687,080
Proportionate share of the net pension liability as a percentage of its covered payroll	77.90%	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	74.01%	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*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>									
Contractually required contribution	\$ 256,214	\$ 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>(256,214)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 3,546,664	\$ 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	7.22%	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
FOR THE YEAR ENDED JUNE 30, 2024

Changes of Assumptions

VMERS Pension Plan:

- Assumed rates of salary increase were adjusted, generally increased, based on plan experience.
- Assumed active retirement rates for all groups were adjusted based on plan experience.
- Assumed termination rates were adjusted based on plan experience. Rates are now split between Groups A and B and C and D.
- Assumed disability rates were adjusted based on plan experience. Rates are now split between Groups A and B and C and D.

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, 2024

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes:			
Property taxes	\$ 8,287,448	\$ 8,535,536	\$ 248,088
Special assessments	42,108	-	(42,108)
Late Homestead filing	14,000	14,316	316
Penalties	40,000	68,473	28,473
Interest income	35,000	30,872	(4,128)
Intergovernmental:			
Highway state aid	152,000	116,664	(35,336)
Other intergovernmental revenue	41,660	650	(41,010)
Charges for services:			
Licenses and fees	136,460	173,936	37,476
Highway	12,100	55,864	43,764
Police department	401,485	528,887	127,402
Cemetery	5,400	10,250	4,850
Planning and zoning	117,500	167,012	49,512
Water and sewer administration	105,636	118,750	13,114
Recreation	165,418	167,893	2,475
Library	-	4,434	4,434
Rescue	-	5,089	5,089
Other income:			
Investment income	2,000	143,409	141,409
Rental income	200,836	207,554	6,718
Other income	287,684	602,145	314,461
Transfers in	515,198	490,198	(25,000)
	<u>\$ 10,561,933</u>	<u>\$ 11,441,932</u>	<u>\$ 879,999</u>
Total revenues	<u>\$ 10,561,933</u>	<u>\$ 11,441,932</u>	<u>\$ 879,999</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, 2024

	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT			
Selectboard	\$ 76,063	\$ 84,982	\$ (8,919)
Legal services	90,000	116,423	(26,423)
Administration - municipal offices	310,138	256,946	53,192
Town manager	323,612	341,655	(18,043)
Elections	8,500	10,202	(1,702)
Finance and insurance	632,759	721,089	(88,330)
Town clerk/treasurer	292,871	276,103	16,768
Planning and zoning	273,505	282,986	(9,481)
Assessor's office	182,550	139,919	42,631
Buildings and grounds	386,915	512,200	(125,285)
	<u>2,576,913</u>	<u>2,742,505</u>	<u>(165,592)</u>
PUBLIC SAFETY			
Police department	2,103,383	1,797,035	306,348
Fire department	376,093	484,596	(108,503)
Public safety and dispatch	953,121	919,570	33,551
Rescue	500,458	572,655	(72,197)
	<u>3,933,055</u>	<u>3,773,856</u>	<u>159,199</u>
PUBLIC WORKS			
Highways	1,623,603	1,436,559	187,044
Stormwater expenses	-	1,597	(1,597)
Harbormaster	36,374	37,144	(770)
	<u>1,659,977</u>	<u>1,475,300</u>	<u>184,677</u>
HEALTH AND WELFARE			
Health and social services	39,777	37,975	1,802
Cemeteries	58,619	63,302	(4,683)
	<u>98,396</u>	<u>101,277</u>	<u>(2,881)</u>
CULTURE AND RECREATION			
Recreation programs	358,113	353,704	4,409
Library	581,207	519,601	61,606
	<u>939,320</u>	<u>873,305</u>	<u>66,015</u>
INTERGOVERNMENTAL			
County tax	75,946	79,768	(3,822)
Greater Burlington Industrial Development Corp.	1,200	1,200	-
Chittenden County Regional Planning	18,307	18,307	-
Chittenden County Transit Authority	111,240	107,603	3,637
	<u>206,693</u>	<u>206,878</u>	<u>(185)</u>

SCHEDULE B (CONTINUED)

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Positive (Negative)
EMPLOYEE BENEFITS	103,095	477,225	(374,130)
OTHER			
Community events	1,500	5,021	(3,521)
Tree conservation	6,300	2,668	3,632
Emerald ash borer management	28,800	21,785	7,015
Committee support	3,500	578	2,922
Miscellaneous expense	58,000	22,856	35,144
	<u>98,100</u>	<u>52,908</u>	<u>45,192</u>
DEBT SERVICE			
Principal	564,806	564,806	-
Interest	195,883	148,004	47,879
	<u>760,689</u>	<u>712,810</u>	<u>47,879</u>
TRANSFERS TO OTHER FUNDS	369,826	559,042	(189,216)
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 10,746,064</u>	<u>\$ 10,975,106</u>	<u>\$ (229,042)</u>

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

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 206,799	\$ 643,114	\$ 148,253	\$ 998,166
Investments	157,039	-	334,690	491,729
Due from other funds	643,222	1,087,311	182,509	1,913,042
TOTAL ASSETS	<u>\$ 1,007,060</u>	<u>\$ 1,730,425</u>	<u>\$ 665,452</u>	<u>\$ 3,402,937</u>
LIABILITIES				
Accounts payable	\$ 4,584	\$ 48,799	-	\$ 53,383
Due to other funds	58,788	55,124	32,545	146,457
TOTAL LIABILITIES	<u>63,372</u>	<u>103,923</u>	<u>32,545</u>	<u>199,840</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	341,201	512,274	632,907	1,486,382
Committed	-	1,147,560	-	1,147,560
Assigned	606,726	21,792	-	628,518
Unassigned (deficit)	(4,239)	(55,124)	-	(59,363)
TOTAL FUND BALANCES	<u>943,688</u>	<u>1,626,502</u>	<u>632,907</u>	<u>3,203,097</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,007,060</u>	<u>\$ 1,730,425</u>	<u>\$ 665,452</u>	<u>\$ 3,402,937</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, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 88,084	\$ 5,528	\$ -	\$ 93,612
Investment income	5,930	6,809	11,404	24,143
Charges for services	357,524	-	-	357,524
Other	46,931	663,824	132,675	843,430
TOTAL REVENUES	<u>498,469</u>	<u>676,161</u>	<u>144,079</u>	<u>1,318,709</u>
EXPENDITURES				
Current:				
General government	13,703	-	-	13,703
Public safety	-	11	-	11
Recreation and parks	586,470	5,581	-	592,051
Other	-	-	98,093	98,093
Debt service:				
Principal	-	39,482	-	39,482
Interest	-	2,604	-	2,604
Capital outlay	-	313,522	-	313,522
TOTAL EXPENDITURES	<u>600,173</u>	<u>361,200</u>	<u>98,093</u>	<u>1,059,466</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(101,704)</u>	<u>314,961</u>	<u>45,986</u>	<u>259,243</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,300	673,994	-	679,294
Transfers (out)	(59,740)	(13,195)	-	(72,935)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(54,440)</u>	<u>660,799</u>	<u>-</u>	<u>606,359</u>
NET CHANGE IN FUND BALANCES	(156,144)	975,760	45,986	865,602
FUND BALANCES - JULY 1	<u>1,099,832</u>	<u>650,742</u>	<u>586,921</u>	<u>2,337,495</u>
FUND BALANCES - JUNE 30	<u>\$ 943,688</u>	<u>\$ 1,626,502</u>	<u>\$ 632,907</u>	<u>\$ 3,203,097</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, 2024

	Escrow	HRA	Impact Fees	Fire Department Donations	Fire Equipment Reserve	Law Enforcement	Road Cut Dep	Landscape Escrow	Ireland Stonegate	Economic Development	Recreation Impact Fees	Paths
ASSETS												
Cash	\$ 203,020	\$ 3,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	157,039	-
Due from other funds	-	20,274	1,731	2,750	10	4,789	8,000	500	5,620	10,000	-	33,565
TOTAL ASSETS	\$ 203,020	\$ 24,053	\$ 1,731	\$ 2,750	\$ 10	\$ 4,789	\$ 8,000	\$ 500	\$ 5,620	\$ 10,000	\$ 157,039	\$ 33,565
LIABILITIES												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112	\$ -
Due to other funds	195	-	-	-	-	-	-	-	-	-	57,178	-
TOTAL LIABILITIES	195	-	-	-	-	-	-	-	-	-	57,290	-
FUND BALANCES (DEFICITS)												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	99,749	33,565
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	202,825	24,053	1,731	2,750	10	4,789	8,000	500	5,620	10,000	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	202,825	24,053	1,731	2,750	10	4,789	8,000	500	5,620	10,000	99,749	33,565
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)												
	\$ 203,020	\$ 24,053	\$ 1,731	\$ 2,750	\$ 10	\$ 4,789	\$ 8,000	\$ 500	\$ 5,620	\$ 10,000	\$ 157,039	\$ 33,565

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	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	3,827	831	1,906	-	23,142	54,110	1,648	51	7,548
TOTAL ASSETS	\$ 4,196	\$ 3,827	\$ 831	\$ 1,906	\$ -	\$ 23,142	\$ 54,110	\$ 1,648	\$ 51	\$ 7,548
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,472	\$ -	\$ -
Due to other funds	-	-	-	-	942	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	942	-	-	4,472	-	-
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	4,196	3,827	831	1,906	-	23,142	54,110	-	51	7,548
Unassigned	-	-	-	-	(942)	-	-	(2,824)	-	-
TOTAL FUND BALANCES (DEFICITS)	4,196	3,827	831	1,906	(942)	23,142	54,110	(2,824)	51	7,548
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)										
	\$ 4,196	\$ 3,827	\$ 831	\$ 1,906	\$ -	\$ 23,142	\$ 54,110	\$ 1,648	\$ 51	\$ 7,548

SCHEDULE E (CONTINUED)

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,799
Investments	-	-	-	-	-	-	-	-	-	-	-	-	157,039
Due from other funds	2,480	2,412	2,903	224	1,919	6,276	22,835	7,929	-	199,411	207,887	4,448	643,222
TOTAL ASSETS	\$ 2,480	\$ 2,412	\$ 2,903	\$ 224	\$ 1,919	\$ 6,276	\$ 22,835	\$ 7,929	\$ -	\$ 199,411	\$ 207,887	\$ 4,448	\$ 1,007,060
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,584
Due to other funds	-	-	-	-	-	-	-	-	473	-	-	-	58,788
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	473	-	-	-	63,372
FUND BALANCES (DEFICITS)													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	207,887	-	341,201
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	2,480	2,412	2,903	224	1,919	6,276	22,835	7,929	-	199,411	-	4,448	606,726
Unassigned	-	-	-	-	-	-	-	-	(473)	-	-	-	(4,239)
TOTAL FUND BALANCES (DEFICITS)	2,480	2,412	2,903	224	1,919	6,276	22,835	7,929	(473)	199,411	207,887	4,448	943,688
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 2,480	\$ 2,412	\$ 2,903	\$ 224	\$ 1,919	\$ 6,276	\$ 22,835	\$ 7,929	\$ -	\$ 199,411	\$ 207,887	\$ 4,448	\$ 1,007,060

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, 2024

	Escrow	HRA	Impact Fees	Fire Department Donations	Fire Equipment Reserve	Law Enforcement	Road Cut Dep	Landscape Escrow	Ireland Stonegate	Economic Development	Recreation Impact Fees	Paths
REVENUES												
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,902	\$ -
Investment income	-	-	-	-	-	-	-	-	-	-	5,930	-
Charges for services	-	-	-	-	-	-	-	-	-	-	54,110	-
Other	-	5,000	-	-	-	-	1,000	-	5,620	10,000	-	-
TOTAL REVENUES	-	5,000	-	-	-	-	1,000	-	5,620	10,000	110,942	-
EXPENDITURES												
Current:												
General Government	-	-	-	-	-	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	-	-	-	-	-	279,571	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-	-	-	-	279,571	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	5,000	-	-	-	-	1,000	-	5,620	10,000	(168,629)	-
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	1,500	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	(10,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	1,500	-	-	-	(10,000)	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	5,000	-	-	-	-	2,500	-	5,620	10,000	(178,629)	-
FUND BALANCES (DEFICITS) - JULY 1	202,825	19,053	1,731	2,750	10	4,789	5,500	500	-	-	278,378	33,565
FUND BALANCES (DEFICITS) - JUNE 30	\$ 202,825	\$ 24,053	\$ 1,731	\$ 2,750	\$ 10	\$ 4,789	\$ 8,000	\$ 500	\$ 5,620	\$ 10,000	\$ 99,749	\$ 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, 2024

	Ball Fields	Scholarships	Lacrosse	Lacrosse Scholarship	F&G License	Beach House	Recreation Miscellaneous	Baseball	Bissonnette	Other Recreation
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	1,250	-	-	226,461	-	74,979	-	-
Other	-	2,597	-	25	-	-	-	-	-	-
TOTAL REVENUES	-	2,597	1,250	25	-	226,461	-	74,979	-	-
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Recreation and parks	-	-	2,430	-	-	225,677	-	77,889	-	-
TOTAL EXPENDITURES	-	-	2,430	-	-	225,677	-	77,889	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	2,597	(1,180)	25	-	784	-	(2,910)	-	-
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	2,597	(1,180)	25	-	784	-	(2,910)	-	-
FUND BALANCES (DEFICITS) - JULY 1	4,196	1,230	2,011	1,881	(942)	22,358	54,110	86	51	7,548
FUND BALANCES (DEFICITS) - JUNE 30	\$ 4,196	\$ 3,827	\$ 831	\$ 1,906	\$ (942)	\$ 23,142	\$ 54,110	\$ (2,824)	\$ 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, 2024

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,180	\$ -	\$ 11,002	\$ 88,084
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	5,930
Charges for services	724	-	-	-	-	-	-	-	-	-	-	-	357,524
Other	-	-	-	-	-	-	4,614	-	-	-	18,075	-	46,931
TOTAL REVENUES	<u>724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,614</u>	<u>-</u>	<u>-</u>	<u>26,180</u>	<u>18,075</u>	<u>11,002</u>	<u>498,469</u>
EXPENDITURES													
Current:													
General Government	-	-	-	-	-	-	2,390	4,000	-	653	-	6,660	13,703
Recreation and parks	903	-	-	-	-	-	-	-	-	-	-	-	586,470
TOTAL EXPENDITURES	<u>903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,390</u>	<u>4,000</u>	<u>-</u>	<u>653</u>	<u>-</u>	<u>6,660</u>	<u>600,173</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(179)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,224</u>	<u>(4,000)</u>	<u>-</u>	<u>25,527</u>	<u>18,075</u>	<u>4,342</u>	<u>(101,704)</u>
OTHER FINANCING SOURCES (USES)													
Transfers in	-	-	-	-	-	2,000	-	1,800	-	-	-	-	5,300
Transfers (out)	-	-	-	-	-	-	-	-	-	(10,000)	(39,740)	-	(59,740)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>(10,000)</u>	<u>(39,740)</u>	<u>-</u>	<u>(54,440)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(179)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,224</u>	<u>(2,200)</u>	<u>-</u>	<u>15,527</u>	<u>(21,665)</u>	<u>4,342</u>	<u>(156,144)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>2,659</u>	<u>2,412</u>	<u>2,903</u>	<u>224</u>	<u>1,919</u>	<u>4,276</u>	<u>20,611</u>	<u>10,129</u>	<u>(473)</u>	<u>183,884</u>	<u>229,552</u>	<u>106</u>	<u>1,099,832</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,480</u>	<u>\$ 2,412</u>	<u>\$ 2,903</u>	<u>\$ 224</u>	<u>\$ 1,919</u>	<u>\$ 6,276</u>	<u>\$ 22,835</u>	<u>\$ 7,929</u>	<u>\$ (473)</u>	<u>\$ 199,411</u>	<u>\$ 207,887</u>	<u>\$ 4,448</u>	<u>\$ 943,688</u>

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, 2024

	Police Donation	DOJ Seizure	Local Seizure	Repar Justice	Axon Taser	Motorcycle	Police Cruiser	Municipal Facilities Reserve
ASSETS								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 643,114
Due from other funds	38,731	10,766	7,945	7,953	2,611	16,677	156,527	-
TOTAL ASSETS	<u>\$ 38,731</u>	<u>\$ 10,766</u>	<u>\$ 7,945</u>	<u>\$ 7,953</u>	<u>\$ 2,611</u>	<u>\$ 16,677</u>	<u>\$ 156,527</u>	<u>\$ 643,114</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,799	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,799</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	38,731	10,766	7,945	7,953	2,611	16,677	107,728	643,114
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>16,677</u>	<u>107,728</u>	<u>643,114</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>\$ 16,677</u>	<u>\$ 156,527</u>	<u>\$ 643,114</u>

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2024

	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									
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 643,114
Due from other funds	46,806	295,122	50,474	-	21,792	265,229	-	166,678	1,087,311
TOTAL ASSETS	<u>\$ 46,806</u>	<u>\$ 295,122</u>	<u>\$ 50,474</u>	<u>\$ -</u>	<u>\$ 21,792</u>	<u>\$ 265,229</u>	<u>\$ -</u>	<u>\$ 166,678</u>	<u>\$ 1,730,425</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,799
Due to other funds	-	-	-	2,116	-	-	53,008	-	55,124
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,116</u>	<u>-</u>	<u>-</u>	<u>53,008</u>	<u>-</u>	<u>103,923</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	295,122	50,474	-	-	-	-	166,678	512,274
Committed	46,806	-	-	-	-	265,229	-	-	1,147,560
Assigned	-	-	-	-	21,792	-	-	-	21,792
Unassigned	-	-	-	(2,116)	-	-	(53,008)	-	(55,124)
TOTAL FUND BALANCES (DEFICITS)	<u>46,806</u>	<u>295,122</u>	<u>50,474</u>	<u>(2,116)</u>	<u>21,792</u>	<u>265,229</u>	<u>(53,008)</u>	<u>166,678</u>	<u>1,626,502</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 46,806</u>	<u>\$ 295,122</u>	<u>\$ 50,474</u>	<u>\$ -</u>	<u>\$ 21,792</u>	<u>\$ 265,229</u>	<u>\$ -</u>	<u>\$ 166,678</u>	<u>\$ 1,730,425</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, 2024

	Police Donation	DOJ Seizure	Local Seizure	Repar Justice	Axon Taser	Motorcycle	Police Cruiser	Municipal Facilities Reserve
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	6,809
Other	-	-	-	-	-	-	27,519	636,305
TOTAL REVENUES	-	-	-	-	-	-	27,519	643,114
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	11	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	48,799	-
TOTAL EXPENDITURES	-	-	-	-	-	11	48,799	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	(11)	(21,280)	643,114
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	50,000	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	50,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-	(11)	28,720	643,114
FUND BALANCES (DEFICITS) - JULY 1	38,731	10,766	7,945	7,953	2,611	16,688	79,008	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 38,731	\$ 10,766	\$ 7,945	\$ 7,953	\$ 2,611	\$ 16,677	\$ 107,728	\$ 643,114

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	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									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,528	\$ -	\$ 5,528
Interest	-	-	-	-	-	-	-	-	6,809
Other	-	-	-	-	-	-	-	-	663,824
TOTAL REVENUES	-	-	-	-	-	-	5,528	-	676,161
EXPENDITURES									
Current:									
Public safety	-	-	-	-	-	-	-	-	11
Culture and recreation	-	-	1,753	-	-	-	3,828	-	5,581
Debt service:									
Principal	-	-	-	39,482	-	-	-	-	39,482
Interest	-	-	-	2,604	-	-	-	-	2,604
Capital outlay	-	-	-	264,723	-	-	-	-	313,522
TOTAL EXPENDITURES	-	-	1,753	306,809	-	-	3,828	-	361,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,753)	(306,809)	-	-	1,700	-	314,961
OTHER FINANCING SOURCES (USES)									
Transfers in	14,726	305,573	3,195	150,500	-	50,000	-	100,000	673,994
Transfers (out)	(10,000)	-	(3,195)	-	-	-	-	-	(13,195)
TOTAL OTHER FINANCING SOURCES (USES)	4,726	305,573	-	150,500	-	50,000	-	100,000	660,799
NET CHANGE IN FUND BALANCES (DEFICITS)	4,726	305,573	(1,753)	(156,309)	-	50,000	1,700	100,000	975,760
FUND BALANCES (DEFICITS) - JULY 1	42,080	(10,451)	52,227	154,193	21,792	215,229	(54,708)	66,678	650,742
FUND BALANCES (DEFICITS) - JUNE 30	\$ 46,806	\$ 295,122	\$ 50,474	\$ (2,116)	\$ 21,792	\$ 265,229	\$ (53,008)	\$ 166,678	\$ 1,626,502

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, 2024

	Pierson Library Fund	Cemetery Fund	Lillian Davis Memorial Fund	Total
ASSETS				
Cash and cash equivalents	\$ 115,994	\$ 32,259	\$ -	\$ 148,253
Investments	-	237,689	97,001	334,690
Due from other funds	60,974	121,535	-	182,509
TOTAL ASSETS	<u>\$ 176,968</u>	<u>\$ 391,483</u>	<u>\$ 97,001</u>	<u>\$ 665,452</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 32,545	\$ 32,545
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>32,545</u>	<u>32,545</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	176,968	391,483	64,456	632,907
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>176,968</u>	<u>391,483</u>	<u>64,456</u>	<u>632,907</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 176,968</u>	<u>\$ 391,483</u>	<u>\$ 97,001</u>	<u>\$ 665,452</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, 2024

	Pierson Library Fund	Cemetery Fund	Lillian Davis Memorial Fund	Total
REVENUES				
Interest / Gains and losses	\$ -	\$ 7,067	\$ 4,337	\$ 11,404
Other	96,002	32,422	4,251	132,675
TOTAL REVENUES	<u>96,002</u>	<u>39,489</u>	<u>8,588</u>	<u>144,079</u>
EXPENDITURES				
Other	34,266	23,922	39,905	98,093
TOTAL EXPENDITURES	<u>34,266</u>	<u>23,922</u>	<u>39,905</u>	<u>98,093</u>
NET CHANGE IN FUND BALANCES	61,736	15,567	(31,317)	45,986
FUND BALANCES - JULY 1	<u>115,232</u>	<u>375,916</u>	<u>95,773</u>	<u>586,921</u>
FUND BALANCES - JUNE 30	<u>\$ 176,968</u>	<u>\$ 391,483</u>	<u>\$ 64,456</u>	<u>\$ 632,907</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, 2024

	Enterprise Funds						Total
	Sewer Capital Reserve	Sewer Rate Stabilization	Water Capital Reserve	Sewer Capacity	Stormwater Improvements	Stormwater Capital Reserve	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ -	\$ -	\$ 129,461	\$ -	\$ -	\$ -	\$ 129,461
Investments	-	-	-	210,392	-	-	210,392
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	17,023	-	17,023
Due from other funds	468,173	450,000	491,827	1,480,420	844,537	148,500	3,883,457
Total current assets	<u>468,173</u>	<u>450,000</u>	<u>621,288</u>	<u>1,690,812</u>	<u>861,560</u>	<u>148,500</u>	<u>4,240,333</u>
TOTAL ASSETS	<u>\$ 468,173</u>	<u>\$ 450,000</u>	<u>\$ 621,288</u>	<u>\$ 1,690,812</u>	<u>\$ 861,560</u>	<u>\$ 148,500</u>	<u>\$ 4,240,333</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 39,986	\$ -	\$ 39,986
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,986</u>	<u>-</u>	<u>39,986</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,986</u>	<u>-</u>	<u>39,986</u>
NET POSITION							
Unrestricted	<u>468,173</u>	<u>450,000</u>	<u>621,288</u>	<u>1,690,812</u>	<u>821,574</u>	<u>148,500</u>	<u>4,200,347</u>
TOTAL NET POSITION	<u>468,173</u>	<u>450,000</u>	<u>621,288</u>	<u>1,690,812</u>	<u>821,574</u>	<u>148,500</u>	<u>4,200,347</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 468,173</u>	<u>\$ 450,000</u>	<u>\$ 621,288</u>	<u>\$ 1,690,812</u>	<u>\$ 861,560</u>	<u>\$ 148,500</u>	<u>\$ 4,240,333</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, 2024

	Enterprise Funds						Total
	Sewer Capital Reserve	Sewer Rate Stabilization	Water Capital Reserve	Sewer Capacity	Stormwater Improvements	Stormwater Capital Reserve	
OPERATING REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ 237,258	\$ 520,317	\$ -	\$ 757,575
Other	-	-	130	-	518	-	648
TOTAL OPERATING REVENUES	-	-	130	237,258	520,835	-	758,223
OPERATING EXPENSES							
Salaries and wages	-	-	-	-	119,486	-	119,486
Administrative charges	-	-	-	-	39,803	-	39,803
Professional services	-	-	-	-	53,208	-	53,208
Maintenance	-	-	-	-	31,258	-	31,258
Miscellaneous	-	-	-	182	22,599	-	22,781
TOTAL OPERATING EXPENSES	-	-	-	182	266,354	-	266,536
OPERATING INCOME	-	-	130	237,076	254,481	-	491,687
NONOPERATING REVENUES (EXPENSES)							
Investment income	-	-	-	5,607	3,343	-	8,950
Transfers in	55,000	450,000	110,000	-	190,016	-	805,016
Transfers (out)	-	-	-	-	(305,573)	(1,500)	(307,073)
TOTAL NONOPERATING REVENUES (EXPENSES)	55,000	450,000	110,000	5,607	(112,214)	(1,500)	506,893
CHANGE IN NET POSITION	55,000	450,000	110,130	242,683	142,267	(1,500)	998,580
NET POSITION - JULY 1	413,173	-	511,158	1,448,129	679,307	150,000	3,201,767
NET POSITION - JUNE 30	\$ 468,173	\$ 450,000	\$ 621,288	\$ 1,690,812	\$ 821,574	\$ 148,500	\$ 4,200,347

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, 2024

	Enterprise Funds						Total
	Sewer Capital Reserve	Sewer Rate Stabilization	Water Capital Reserve	Sewer Capacity	Stormwater Improvements	Stormwater Capital Reserve	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers	\$ -	\$ -	\$ -	\$ 238,389	\$ 514,021	\$ -	\$ 752,410
Other receipts	-	-	130	-	518	-	648
Internal activity - receipts (payments) from/to other funds	(55,000)	(450,000)	(110,000)	(238,389)	(171,132)	1,500	(1,023,021)
Payments to suppliers	-	-	-	(182)	(71,904)	-	(72,086)
Payments to employees	-	-	-	-	(159,289)	-	(159,289)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(55,000)</u>	<u>(450,000)</u>	<u>(109,870)</u>	<u>(182)</u>	<u>112,214</u>	<u>1,500</u>	<u>(501,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	-	-	-	5,607	3,343	-	8,950
Change in investments	-	-	-	(5,425)	-	-	(5,425)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>182</u>	<u>3,343</u>	<u>-</u>	<u>3,525</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers in (out)	55,000	450,000	110,000	-	(115,557)	(1,500)	497,943
NET CASH PROVIDED BY (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>55,000</u>	<u>450,000</u>	<u>110,000</u>	<u>-</u>	<u>(115,557)</u>	<u>(1,500)</u>	<u>497,943</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	130	-	-	-	130
CASH AND CASH EQUIVALENTS - JULY 1	-	-	129,331	-	-	-	129,331
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,461</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Operating income	\$ -	\$ -	\$ 130	\$ 237,076	\$ 254,481	\$ -	\$ 491,687
Adjustments to reconcile operating income to net cash provided by operating activities:							
Changes in operating assets and liabilities:							
(Increase) decrease in accounts receivable	-	-	-	1,131	(6,296)	-	(5,165)
(Increase) decrease in due from other funds	(55,000)	(450,000)	(110,000)	(238,389)	(171,132)	1,500	(1,023,021)
Increase (decrease) in accounts payable	-	-	-	-	35,161	-	35,161
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (55,000)</u>	<u>\$ (450,000)</u>	<u>\$ (109,870)</u>	<u>\$ (182)</u>	<u>\$ 112,214</u>	<u>\$ 1,500</u>	<u>\$ (501,338)</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.

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION FOR THE YEAR ENDED
JUNE 30, 2024

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 2,181,497	\$ 6,907,658	\$ 410,110	\$ -	\$ 9,499,265
Library	-	6,935,734	449,817	-	7,385,551
Parks and Recreation	539,380	2,058,230	274,486	-	2,872,096
Public Safety	-	376,113	5,938,092	-	6,314,205
Public Works	199,914	648,480	2,089,794	9,388,414	12,326,602
Sewer	578,171	1,712,719	570,946	19,275,828	22,137,664
Water	1,011,431	72,597	263,395	5,056,601	6,404,024
Total General Capital Assets	4,510,393	18,711,531	9,996,640	33,720,843	66,939,407
Less: Accumulated Depreciation	-	(10,555,654)	(6,511,355)	(14,380,395)	(31,447,404)
Net General Capital Assets	\$ 4,510,393	\$ 8,155,877	\$ 3,485,285	\$ 19,340,448	\$ 35,492,003

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, 2024

	General Capital Assets 7/1/23	Additions	Deletions	General Capital Assets 6/30/24
General government	\$ 9,441,486	\$ 57,779	\$ -	\$ 9,499,265
Library	7,369,364	16,187	-	7,385,551
Parks and Recreation	2,360,522	511,574	-	2,872,096
Public Safety	5,829,194	485,011	-	6,314,205
Public Works	11,213,527	1,113,075	-	12,326,602
Sewer	21,778,540	359,124	-	22,137,664
Water	5,510,130	893,894	-	6,404,024
Total General Capital Assets	63,502,763	3,436,644	-	66,939,407
Less: Accumulated Depreciation	<u>(29,719,917)</u>	<u>(1,727,487)</u>	-	<u>(31,447,404)</u>
Net General Capital Assets	<u>\$ 33,782,846</u>	<u>\$ 1,709,157</u>	<u>\$ -</u>	<u>\$ 35,492,003</u>

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

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- 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
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

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

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Federal Highway Administration Passed through the State of Vermont Agency of Transportation Highway Planning and Construction	20.205	08100-CA0574	\$ -	\$ 8,139
Total U.S. Department of Transportation			<u>-</u>	<u>8,139</u>
U.S. Department of Treasury Direct Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-ARPA	-	697,686
Total U.S. Department of Treasury			<u>-</u>	<u>697,686</u>
Environmental Protection Agency Passed through Vermont Environmental Protection Agency Drinking Water State Revolving Loan Fund	66.468	DWSRF-RF3-502-1.0	-	149,958
Total Environmental Protection Agency			<u>-</u>	<u>149,958</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 855,783</u>

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

TOWN OF SHELBURNE, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Shelburne, Vermont under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Shelburne, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Shelburne, Vermont.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Shelburne, Vermont has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Expenditures to Subrecipients

The Town of Shelburne, Vermont did not subgrant any federal awards during the fiscal year ended June 30, 2024.



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, 2024 and the related notes to the financial statements, which collectively comprise the Town of Shelburne, Vermont's basic financial statements and have issued our report thereon dated September 17, 2025.

Report on 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) as a basis for designing 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 organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Shelburne, Vermont in a separate letter dated August 21, 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
September 17, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Selectboard
Town of Shelburne
Shelburne, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Shelburne, Vermont's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Town of Shelburne, Vermont's major federal programs for the year ended June 30, 2024. The Town of Shelburne, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Shelburne, Vermont complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Shelburne, Vermont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Shelburne, Vermont's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Shelburne, Vermont's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Shelburne, Vermont's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Shelburne, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Shelburne, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Shelburne, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
September 17, 2025

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

Section I - Summary of Auditor's Results

- *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

- *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds - ARPA

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None