

Federal Compliance Audit

Town of Shelburne, Vermont

June 30, 2025



Proven Expertise & Integrity

TOWN OF SHELBURNE, VERMONT

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JUNE 30, 2025

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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, 2025 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, 2025 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 59 through 62 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 February 19, 2026, 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
February 19, 2026

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

(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, 2025. 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 \$2,131,402 from \$20,519,839 to \$22,651,241. For the business-type activities, the Town's total net position increased by \$1,033,630 from \$15,895,703 to \$16,929,333.

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 \$255,336 to a balance of \$4,157,615 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased by \$1,384,042 to a balance of \$4,719,119.

Table 1
Town of Shelburne, Vermont
Net Position
June 30

	Governmental Activities		Business-Type Activities	
	2025	2024 (Restated)	2025	2024 (Restated)
Assets:				
Current Assets	\$ 8,333,624	\$ 9,595,315	\$ 6,399,822	\$ 4,769,853
Noncurrent Assets - Capital Assets	22,335,072	20,892,821	15,175,057	14,741,294
Total Assets	30,668,696	30,488,136	21,574,879	19,511,147
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	557,130	519,732	276,958	258,367
Total Deferred Outflows of Resources	557,130	519,732	276,958	258,367
Liabilities:				
Current Liabilities	900,002	1,343,986	1,075,643	960,007
Noncurrent Liabilities	7,250,838	7,479,050	3,830,636	2,884,542
Total Liabilities	8,150,840	8,823,036	4,906,279	3,844,549
Deferred Inflows of Resources:				
Prepaid Taxes	43,495	35,757	-	-
Deferred Revenue	331,386	1,541,111	-	-
Deferred Inflows Related to Pensions	48,864	88,125	16,225	29,262
Total Deferred Inflows of Resources	423,745	1,664,993	16,225	29,262
Net Position:				
Net Investment in Capital Assets	17,098,605	15,131,178	12,210,214	12,560,626
Restricted	1,395,021	1,486,382	-	-
Unrestricted	4,157,615	3,902,279	4,719,119	3,335,077
Total Net Position	\$ 22,651,241	\$ 20,519,839	\$ 16,929,333	\$ 15,895,703

Revenues and Expenses

Revenues for the Town's governmental activities increased by 15.02%, while total expenses increased by 26.10%. All revenue categories experienced significant increases. The largest increases in expenses were in general government, public safety and public works. For the business-type activities, revenues decreased by 7.75% mainly due to miscellaneous, while total expenses decreased by 10.87% with decreases 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	
	2025	2024	2025	2024
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 2,255,634	\$ 2,111,332	\$ 4,738,442	\$ 4,590,247
Operating grants and contributions	1,852,653	958,612	110,306	130,033
<i>General Revenues:</i>				
Taxes	9,096,133	8,649,197	-	-
Grants and contracts not restricted to specific programs	-	-	22,824	-
Miscellaneous	2,410,893	1,857,134	93,157	661,739
Total Revenues	<u>15,615,313</u>	<u>13,576,275</u>	<u>4,964,729</u>	<u>5,382,019</u>
Expenses				
General government	4,410,873	3,822,210	-	-
Public safety	4,278,895	3,574,268	-	-
Public works	1,941,672	1,020,561	-	-
Health and welfare	289,417	101,277	-	-
Culture and recreation	1,158,508	1,286,052	-	-
Intergovernmental	220,160	206,878	-	-
Employee benefits	605,645	477,225	-	-
Other	290,530	151,001	-	-
Capital outlay	243,745	-	-	-
Interest on long-term debt	166,341	150,608	-	-
Water	-	-	1,501,245	1,628,132
Sewer	-	-	2,131,201	2,379,150
Sewer capital	-	-	176,778	266,536
Total Expenses	<u>13,605,786</u>	<u>10,790,080</u>	<u>3,809,224</u>	<u>4,273,818</u>
Transfers	121,875	117,057	(121,875)	(117,057)
Change in Net Position	<u>2,131,402</u>	<u>2,903,252</u>	<u>1,033,630</u>	<u>991,144</u>
Net Position - July 1, As Previously Reported	20,386,603	17,483,351	15,886,827	14,895,683
Net Position Correction	133,236	-	8,876	-
Net Position - July 1, As Restated	<u>20,519,839</u>	<u>17,483,351</u>	<u>15,895,703</u>	<u>14,895,683</u>
Net Position - June 30	<u>\$ 22,651,241</u>	<u>\$ 20,386,603</u>	<u>\$ 16,929,333</u>	<u>\$ 15,886,827</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>2025</u>	<u>2024</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 110,157	\$ 17,557	\$ 92,600
Unassigned	3,445,227	3,000,563	444,664
Total General Fund	<u>\$ 3,555,384</u>	<u>\$ 3,018,120</u>	<u>\$ 537,264</u>
ARPA Fund			
Assigned	\$ 111,701	\$ 111,701	\$ -
Total ARPA Fund	<u>\$ 111,701</u>	<u>\$ 111,701</u>	<u>\$ -</u>
Ambulance Fund			
Committed	\$ 941,439	\$ 677,467	\$ 263,972
Ambulance Fund	<u>\$ 941,439</u>	<u>\$ 677,467</u>	<u>\$ 263,972</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 228,513	\$ 341,201	\$ (112,688)
Assigned	557,498	606,726	(49,228)
Unassigned (deficit)	(296,813)	(4,239)	(292,574)
Capital Project Funds:			
Restricted	522,978	512,274	10,704
Committed	1,260,865	1,147,560	113,305
Assigned	102,931	21,792	81,139
Unassigned (deficit)	(171,402)	(55,124)	(116,278)
Permanent Funds:			
Restricted	643,530	632,907	10,623
Total Nonmajor Funds	<u>\$ 2,848,100</u>	<u>\$ 3,203,097</u>	<u>\$ (354,997)</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 increased by \$64,723 over the prior fiscal year. The sewer fund's net position increased by \$502,705 over the prior fiscal year. The nonmajor enterprise funds' net position increased by \$466,202 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 \$1,715,373. All revenue categories were receipted in excess of budgeted amounts except for transfers from other funds.

The general fund actual expenditures exceeded budgeted amounts by \$712,598. All expenditure categories were at or exceeded their budgeted amounts except for public safety, public works, culture and recreation, debt service - principal and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the net book value of capital assets recorded by the Town increased by \$1,876,014 over the prior year. The increase is the result of current year capital additions of \$4,208,545, less depreciation expense of \$1,570,413 and net disposals of \$762,118. 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,

	2025	2024 (Restated)
Land	\$ 2,181,497	\$ 2,192,497
Construction in progress	2,943,217	2,305,711
Buildings and improvements	14,692,319	18,711,531
Machinery and equipment	4,134,922	4,624,093
Furniture and Fixtures	143,268	129,567
Vehicles	4,320,891	5,422,506
Infrastructure	34,906,585	33,720,843
Accumulated depreciation	(25,812,570)	(31,472,633)
Total	\$ 37,510,129	\$ 35,634,115

Debt

At June 30, 2025, the Town had \$8,201,310 in bonds and notes from direct borrowings payable outstanding versus \$7,942,311 last year, an increase of 3.26%. 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, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,012,280	\$ 141,427	\$ 7,153,707
Investments	5,938,682	766,080	6,704,762
Accounts receivable (net of allowance for uncollectibles)	553,894	179,135	733,029
Prepaid items	110,157	29,291	139,448
Inventory	-	2,500	2,500
Internal balances	(5,281,389)	5,281,389	-
Total current assets	<u>8,333,624</u>	<u>6,399,822</u>	<u>14,733,446</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure and other assets not being depreciated	2,926,575	2,198,139	5,124,714
Buildings, equipment, vehicles and infrastructure net of accumulated depreciation	<u>19,408,497</u>	<u>12,976,918</u>	<u>32,385,415</u>
Total noncurrent assets	<u>22,335,072</u>	<u>15,175,057</u>	<u>37,510,129</u>
TOTAL ASSETS	<u>30,668,696</u>	<u>21,574,879</u>	<u>52,243,575</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>557,130</u>	<u>276,958</u>	<u>834,088</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>557,130</u>	<u>276,958</u>	<u>834,088</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 31,225,826</u>	<u>\$ 21,851,837</u>	<u>\$ 53,077,663</u>

STATEMENT A (CONTINUED)

TOWN OF SHELburnE, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 298,993	\$ 185,934	\$ 484,927
Accrued payroll and benefits	53,591	3,600	57,191
Accrued interest	-	10,833	10,833
Unearned revenue	-	13,294	13,294
Bond anticipation note	-	741,039	741,039
Current portion of long-term obligations	547,418	120,943	668,361
Total current liabilities	<u>900,002</u>	<u>1,075,643</u>	<u>1,975,645</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	4,710,000	314,370	5,024,370
Notes from direct borrowings payable	20,922	2,536,003	2,556,925
Accrued compensated absences	795,596	122,984	918,580
Net pension liability	1,724,320	857,279	2,581,599
Total noncurrent liabilities	<u>7,250,838</u>	<u>3,830,636</u>	<u>11,081,474</u>
TOTAL LIABILITIES	<u>8,150,840</u>	<u>4,906,279</u>	<u>13,057,119</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	43,495	-	43,495
Deferred revenue	331,386	-	331,386
Deferred inflows related to pensions	48,864	16,225	65,089
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>423,745</u>	<u>16,225</u>	<u>439,970</u>
NET POSITION			
Net investment in capital assets	17,098,605	12,210,214	29,308,819
Restricted	1,395,021	-	1,395,021
Unrestricted	4,157,615	4,719,119	8,876,734
TOTAL NET POSITION	<u>22,651,241</u>	<u>16,929,333</u>	<u>39,580,574</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 31,225,826</u>	<u>\$ 21,851,837</u>	<u>\$ 53,077,663</u>

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

TOWN OF SHELBURNE, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 4,410,873	\$ 258,366	\$ 1,240,493	\$ -	\$ (2,912,014)	\$ -	\$ (2,912,014)
Public safety	4,278,895	1,414,067	-	-	(2,864,828)	-	(2,864,828)
Public works	1,941,672	273,686	-	-	(1,667,986)	-	(1,667,986)
Health and welfare	289,417	-	-	-	(289,417)	-	(289,417)
Culture and recreation	1,158,508	206,790	-	-	(951,718)	-	(951,718)
Intergovernmental	220,160	-	612,160	-	392,000	-	392,000
Employee benefits	605,645	-	-	-	(605,645)	-	(605,645)
Other	290,530	102,725	-	-	(187,805)	-	(187,805)
Capital outlay	243,745	-	-	-	(243,745)	-	(243,745)
Interest on long-term debt	166,341	-	-	-	(166,341)	-	(166,341)
Total governmental activities	<u>13,605,786</u>	<u>2,255,634</u>	<u>1,852,653</u>	<u>-</u>	<u>(9,497,499)</u>	<u>-</u>	<u>(9,497,499)</u>
Business-type activities:							
Water fund	1,501,245	1,460,378	110,306	-	-	69,439	69,439
Sewer fund	2,131,201	2,632,559	-	-	-	501,358	501,358
Nonmajor enterprise	176,778	645,505	-	-	-	468,727	468,727
Total business-type activities	<u>3,809,224</u>	<u>4,738,442</u>	<u>110,306</u>	<u>-</u>	<u>-</u>	<u>1,039,524</u>	<u>1,039,524</u>
Total government	<u>\$17,415,010</u>	<u>\$6,994,076</u>	<u>\$ 1,962,959</u>	<u>\$ -</u>	<u>(9,497,499)</u>	<u>1,039,524</u>	<u>(8,457,975)</u>

STATEMENT B (CONTINUED)

TOWN OF SHELBURNE, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(9,497,499)	1,039,524	(8,457,975)
General revenue:			
Taxes:			
Property taxes, levied for general purposes	9,096,133	-	9,096,133
Grants and contributions not restricted to specific programs	-	22,824	22,824
Miscellaneous	2,410,893	93,157	2,504,050
Total general revenues	11,507,026	115,981	11,623,007
Transfers	121,875	(121,875)	-
Change in net position	2,131,402	1,033,630	3,165,032
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	20,386,603	15,886,827	36,273,430
NET POSITION CORRECTION	133,236	8,876	142,112
NET POSITION - JULY 1, AS RESTATED	20,519,839	15,895,703	36,415,542
NET POSITION - JUNE 30	\$ 22,651,241	\$ 16,929,333	\$ 39,580,574

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

TOWN OF SHELBURNE, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	ARPA Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,853,895	\$ 662,306	\$ 535,862	\$ 1,960,217	\$ 7,012,280
Investments	2,528,565	-	2,843,295	566,822	5,938,682
Accounts receivable (net of allowance for uncollectibles)	205,999	-	347,895	-	553,894
Prepaid items	110,157	-	-	-	110,157
Due from other funds	5,300,352	-	-	1,991,360	7,291,712
TOTAL ASSETS	\$ 11,998,968	\$ 662,306	\$ 3,727,052	\$ 4,518,399	\$ 20,906,725
LIABILITIES					
Accounts payable	\$ 281,918	\$ 1,702	\$ -	\$ 15,373	\$ 298,993
Accrued expenses	53,591	-	-	-	53,591
Due to other funds	7,915,045	327,518	2,675,612	1,654,926	12,573,101
TOTAL LIABILITIES	8,250,554	329,220	2,675,612	1,670,299	12,925,685
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	43,495	-	-	-	43,495
Unavailable other receivables	149,535	-	-	-	149,535
Deferred revenue	-	221,385	110,001	-	331,386
TOTAL DEFERRED INFLOWS OF RESOURCES	193,030	221,385	110,001	-	524,416
FUND BALANCES					
Nonspendable	110,157	-	-	-	110,157
Restricted	-	-	-	1,395,021	1,395,021
Committed	-	-	941,439	1,260,865	2,202,304
Assigned	-	111,701	-	660,429	772,130
Unassigned (deficits)	3,445,227	-	-	(468,215)	2,977,012
TOTAL FUND BALANCES	3,555,384	111,701	941,439	2,848,100	7,456,624
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,998,968	\$ 662,306	\$ 3,727,052	\$ 4,518,399	\$ 20,906,725

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, 2025

	Total Governmental Funds
Total Fund Balances	\$ 7,456,624
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	22,335,072
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred revenues	149,535
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	557,130
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,195,000)
Notes from direct borrowings payable	(41,467)
Accrued compensated absences	(837,469)
Net pension liability	(1,724,320)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(48,864)
Net position of governmental activities	\$ 22,651,241

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, 2025

	General Fund	ARPA Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,096,133	\$ -	\$ -	\$ -	\$ 9,096,133
Intergovernmental	612,160	1,212,603	-	27,890	1,852,653
Charges for services	2,127,459	-	25,450	102,725	2,255,634
Miscellaneous revenues	982,409	68,219	281,068	1,156,075	2,487,771
TOTAL REVENUES	<u>12,818,161</u>	<u>1,280,822</u>	<u>306,518</u>	<u>1,286,690</u>	<u>15,692,191</u>
EXPENDITURES					
Current:					
General government	2,920,435	1,280,822	-	17,089	4,218,346
Public safety	4,439,996	-	42,546	5,143	4,487,685
Public works	1,731,786	-	-	-	1,731,786
Health and welfare	289,417	-	-	-	289,417
Culture and recreation	1,080,127	-	-	219,123	1,299,250
Intergovernmental	220,160	-	-	-	220,160
Employee benefits	605,645	-	-	-	605,645
Other	217,878	-	-	72,652	290,530
Debt service:					
Principal	483,909	-	-	39,885	523,794
Interest	164,481	-	-	1,860	166,341
Capital outlay	713,872	-	-	821,001	1,534,873
TOTAL EXPENDITURES	<u>12,867,706</u>	<u>1,280,822</u>	<u>42,546</u>	<u>1,176,753</u>	<u>15,367,827</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,545)</u>	<u>-</u>	<u>263,972</u>	<u>109,937</u>	<u>324,364</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,458,637	-	-	927,144	2,385,781
Transfers (out)	<u>(871,828)</u>	<u>-</u>	<u>-</u>	<u>(1,392,078)</u>	<u>(2,263,906)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>586,809</u>	<u>-</u>	<u>-</u>	<u>(464,934)</u>	<u>121,875</u>
NET CHANGE IN FUND BALANCES	537,264	-	263,972	(354,997)	446,239
FUND BALANCES - JULY 1	<u>3,018,120</u>	<u>111,701</u>	<u>677,467</u>	<u>3,203,097</u>	<u>7,010,385</u>
FUND BALANCES - JUNE 30	<u>\$ 3,555,384</u>	<u>\$ 111,701</u>	<u>\$ 941,439</u>	<u>\$ 2,848,100</u>	<u>\$ 7,456,624</u>

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, 2025

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 446,239</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	3,161,232
Capital asset disposals net of depreciation	(717,889)
Depreciation expense	<u>(1,001,092)</u>
	<u>1,442,251</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported</p>	
Deferred revenues	<u>(76,878)</u>
<p>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.</p>	
	<u>37,398</u>
<p>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.</p>	
	<u>525,176</u>
<p>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:</p>	
Accrued compensated absences	(94,237)
Net pension liability	<u>(187,808)</u>
	<u>(282,045)</u>
<p>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.</p>	
	<u>39,261</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 2,131,402</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, 2025

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,836	\$ -	\$ 129,591	\$ 141,427
Investments	548,640	-	217,440	766,080
Accounts receivable (net of allowance for uncollectibles)	43,531	111,405	24,199	179,135
Prepaid items	8,543	20,748	-	29,291
Inventory	2,500	-	-	2,500
Due from other funds	-	1,909,192	4,014,493	5,923,685
Total current assets	<u>615,050</u>	<u>2,041,345</u>	<u>4,385,723</u>	<u>7,042,118</u>
Capital assets:				
Land and construction in progress	1,011,431	1,107,702	79,006	2,198,139
Buildings and improvements	30,608	1,690,417	-	1,721,025
Equipment, machinery and vehicles	317,789	532,963	-	850,752
Infrastructure	<u>4,886,718</u>	<u>18,729,649</u>	<u>224,417</u>	<u>23,840,784</u>
Total capital assets	6,246,546	22,060,731	303,423	28,610,700
Less: accumulated depreciation	<u>(2,431,933)</u>	<u>(11,003,710)</u>	<u>-</u>	<u>(13,435,643)</u>
Net capital assets	<u>3,814,613</u>	<u>11,057,021</u>	<u>303,423</u>	<u>15,175,057</u>
TOTAL ASSETS	<u>4,429,663</u>	<u>13,098,366</u>	<u>4,689,146</u>	<u>22,217,175</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	106,079	170,879	-	276,958
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>106,079</u>	<u>170,879</u>	<u>-</u>	<u>276,958</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,535,742</u>	<u>\$ 13,269,245</u>	<u>\$ 4,689,146</u>	<u>\$ 22,494,133</u>

STATEMENT G (CONTINUED)

TOWN OF SHELBURNE, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 100,560	\$ 62,802	\$ 22,572	\$ 185,934
Accrued expenses	587	2,988	25	3,600
Accrued interest	10,256	577	-	10,833
Due to other funds	642,296	-	-	642,296
Unearned revenue	9,405	3,889	-	13,294
Bond anticipation note	741,039	-	-	741,039
Current portion of long-term liabilities	47,428	73,515	-	120,943
Total current liabilities	<u>1,551,571</u>	<u>143,771</u>	<u>22,597</u>	<u>1,717,939</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	220,000	94,370	-	314,370
Notes from direct borrowings payable	460,364	2,075,639	-	2,536,003
Accrued compensated absences	46,130	76,854	-	122,984
Net pension liability	328,317	528,962	-	857,279
Total noncurrent liabilities	<u>1,054,811</u>	<u>2,775,825</u>	<u>-</u>	<u>3,830,636</u>
TOTAL LIABILITIES	<u>2,606,382</u>	<u>2,919,596</u>	<u>22,597</u>	<u>5,548,575</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	6,214	10,011	-	16,225
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,214</u>	<u>10,011</u>	<u>-</u>	<u>16,225</u>
NET POSITION				
Net investment in capital assets	3,089,249	8,817,542	303,423	12,210,214
Unrestricted (deficits)	(1,166,103)	1,522,096	4,363,126	4,719,119
TOTAL NET POSITION	<u>1,923,146</u>	<u>10,339,638</u>	<u>4,666,549</u>	<u>16,929,333</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,535,742</u>	<u>\$ 13,269,245</u>	<u>\$ 4,689,146</u>	<u>\$ 22,494,133</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, 2025

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
OPERATING REVENUES				
Charges for services	\$ 1,460,378	\$ 2,632,559	\$ 645,505	\$ 4,738,442
Intergovernmental revenue	-	-	22,824	22,824
Other	6,442	53,306	758	60,506
TOTAL OPERATING REVENUES	<u>1,466,820</u>	<u>2,685,865</u>	<u>669,087</u>	<u>4,821,772</u>
OPERATING EXPENSES				
Salaries and wages	336,024	522,423	89,284	947,731
Administrative charges	-	-	22,921	22,921
Benefits	136,866	215,076	-	351,942
Insurance	18,166	66,797	-	84,963
Professional services	12,202	113,035	30,786	156,023
Utilities	-	289,297	-	289,297
Sludge removal	-	138,332	-	138,332
Water supply and engineering	572,311	-	-	572,311
Maintenance	210,818	177,028	11,269	399,115
Chemicals	-	114,594	-	114,594
Equipment	66,158	-	-	66,158
Miscellaneous	24,309	8,339	22,518	55,166
Depreciation	115,866	453,455	-	569,321
TOTAL OPERATING EXPENSES	<u>1,492,720</u>	<u>2,098,376</u>	<u>176,778</u>	<u>3,767,874</u>
OPERATING INCOME	<u>(25,900)</u>	<u>587,489</u>	<u>492,309</u>	<u>1,053,898</u>
NONOPERATING REVENUES (EXPENSES)				
Water tank revenue	110,306	-	-	110,306
Investment income	23,158	-	9,493	32,651
Transfers in	26,000	30,000	-	56,000
Transfers (out)	(60,316)	(81,959)	(35,600)	(177,875)
Interest (expense)	(8,525)	(32,825)	-	(41,350)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>90,623</u>	<u>(84,784)</u>	<u>(26,107)</u>	<u>(20,268)</u>
CHANGE IN NET POSITION	<u>64,723</u>	<u>502,705</u>	<u>466,202</u>	<u>1,033,630</u>
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	1,858,423	9,828,057	4,200,347	15,886,827
NET POSITION CORRECTION	<u>-</u>	<u>8,876</u>	<u>-</u>	<u>8,876</u>
NET POSITION - JULY 1, AS RESTATED	<u>1,858,423</u>	<u>9,836,933</u>	<u>4,200,347</u>	<u>15,895,703</u>
NET POSITION - JUNE 30	<u>\$ 1,923,146</u>	<u>\$ 10,339,638</u>	<u>\$ 4,666,549</u>	<u>\$ 16,929,333</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, 2025

	Enterprise Funds			
	Water Fund	Sewer Fund	Nonmajor Enterprise	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 1,440,520	\$ 2,567,586	\$ 638,329	\$ 4,646,435
Other receipts	6,442	53,306	23,582	83,330
Internal activity - receipts (payments) from/to other funds	(584,193)	(796,273)	(131,036)	(1,511,502)
Payments to suppliers	(655,570)	(933,154)	(81,962)	(1,670,686)
Payments to employees	(440,875)	(724,884)	(112,205)	(1,277,964)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(233,676)</u>	<u>166,581</u>	<u>336,708</u>	<u>269,613</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	23,158	-	9,493	32,651
Change in investments	(23,257)	-	(7,048)	(30,305)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(99)</u>	<u>-</u>	<u>2,445</u>	<u>2,346</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital asset (purchases)/disposals	(99,095)	(600,566)	(303,423)	(1,003,084)
Proceeds from bonds and notes payable	310,406	767,090	-	1,077,496
Principal payments on bonds and notes payable	(45,000)	(248,321)	-	(293,321)
Interest payments on bonds and notes payable	(8,525)	(32,825)	-	(41,350)
NET CASH PROVIDED BY (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>157,786</u>	<u>(114,622)</u>	<u>(303,423)</u>	<u>(260,259)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	(34,316)	(51,959)	(35,600)	(121,875)
Water tank rental revenue	110,306	-	-	110,306
NET CASH PROVIDED BY (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>75,990</u>	<u>(51,959)</u>	<u>(35,600)</u>	<u>(11,569)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1	-	130	131
CASH AND CASH EQUIVALENTS - JULY 1	<u>11,835</u>	<u>-</u>	<u>129,461</u>	<u>141,296</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 11,836</u>	<u>\$ -</u>	<u>\$ 129,591</u>	<u>\$ 141,427</u>

TOWN OF SHELBURNE, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Nonmajor Enterprise	
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ (25,900)	\$ 587,489	\$ 492,309	\$ 1,053,898
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	115,866	453,455	-	569,321
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(16,681)	(64,973)	(7,176)	(88,830)
(Increase) decrease in prepaid items	(8,270)	9,069	-	799
(Increase) decrease in due from other funds	-	(796,273)	(131,036)	(927,309)
(Increase) decrease in deferred outflows of resources	(7,120)	(11,471)	-	(18,591)
Increase (decrease) in accounts payable	(67,802)	(37,789)	(17,414)	(123,005)
Increase (decrease) in accrued expenses	342	2,988	25	3,355
Increase (decrease) in unearned revenues	(3,177)	-	-	(3,177)
Increase (decrease) in bond anticipation note	324,124	-	-	324,124
Increase (decrease) in due to other funds	(584,193)	-	-	(584,193)
Increase (decrease) in accrued compensated absences	8,370	(25,566)	-	(17,196)
Increase (decrease) in net pension liability	35,759	57,695	-	93,454
Increase (decrease) in deferred inflows of resources	(4,994)	(8,043)	-	(13,037)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (233,676)</u>	<u>\$ 166,581</u>	<u>\$ 336,708</u>	<u>\$ 269,613</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	<u>\$ 8,525</u>	<u>\$ 32,825</u>	<u>\$ -</u>	<u>\$ 41,350</u>

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

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 101 "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. 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, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 102 "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. A disclosure should be made in the notes to financial statements if a government determines that those criteria for disclosures have been met for a concentration or constraint. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

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

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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, 2025. Loans and accounts receivable netted with allowances for uncollectible accounts were \$733,029 for the year ended June 30, 2025.

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.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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”.

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.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2025, the Town's cash balance of \$7,153,707 was comprised of deposits amounting to \$7,500,125. 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, \$5,506 were insured by Securities Investors Protection Corporation (SIPC) and \$412 were insured by the national credit union share insurance fund and consequently were not exposed to custodial credit risk. The remaining deposits of \$6,742,707 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	\$ 7,494,619
Cash equivalents	5,506
	<u>\$ 7,500,125</u>

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 \$6,302,033 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, 2025, the Town's investments of \$6,704,762 were comprised of certificates of deposit, U.S. agency securities, common stock and equity securities. Of this amount, \$280,755 was collateralized and insured by Securities Investors Protection Corporation (SIPC), \$121,974 was held in common stock registered to the Town and \$991,159 was insured by federal depository insurance. Investments of \$5,219,253 were collateralized with securities held by the financial institution in the Town's name and therefore were not exposed to custodial credit risk. \$91,621 were insured by the National Credit Union Share Insurance Fund (NCUSIF).

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Town had the following investments at June 30, 2025:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
U.S. Agency Securities	\$ 103,217	\$ -	\$ 24,016	\$ 75,227	\$ 3,974
Brokered certificates of deposit	106,004	-	76,981	29,023	-
Common stock	121,974	121,974	-	-	-
Index funds	71,534	71,534	-	-	-
	<u>\$ 402,729</u>	<u>\$ 193,508</u>	<u>\$ 100,997</u>	<u>\$ 104,250</u>	<u>\$ 3,974</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, 2025:

	June 30, 2025 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	\$ 103,217	\$ -	\$ 103,217	\$ -
Institutional certificates of deposit	106,004	-	106,004	-
Total debt securities	<u>209,221</u>	<u>-</u>	<u>209,221</u>	<u>-</u>
<u>Equity securities:</u>				
Common stock - domestic	\$ 121,974	\$ 121,974	\$ -	\$ -
Index funds	71,534	71,534	-	-
Total equity securities	<u>193,508</u>	<u>193,508</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>402,729</u>	<u>\$ 193,508</u>	<u>\$ 209,221</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	5,506			
Total cash equivalents measured at the NAV	<u>5,506</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 408,235</u>			

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, 2025 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 \$6,302,033 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 5,300,352	\$ 7,915,045
ARPA Fund	-	327,518
Ambulance Fund	-	2,675,612
Enterprise Funds	5,923,685	642,296
Nonmajor Special Revenue Funds	577,785	461,102
Nonmajor Capital Projects Funds	1,223,816	1,166,888
Nonmajor Permanent Funds	189,759	26,936
	<u>\$ 13,215,397</u>	<u>\$ 13,215,397</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, 2025 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 1,458,637	\$ 871,828
Ambulance Fund	-	-
Enterprise Funds	56,000	177,875
Nonmajor Special Revenue Funds	1,200	384,078
Nonmajor Capital Projects Funds	925,944	1,008,000
	<u>\$ 2,441,781</u>	<u>\$ 2,441,781</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, 2025

NOTE 5 - LOANS RECEIVABLE

Loans receivable at June 30, 2025 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, 2025	<u>\$ -</u>

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Balance, 7/1/24 (Restated)	Additions	Disposals/ Transfers	Balance, 6/30/25
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,181,497	\$ -	\$ -	\$ 2,181,497
Construction in progress	754,053	190,939	(199,914)	745,078
	<u>2,935,550</u>	<u>190,939</u>	<u>(199,914)</u>	<u>2,926,575</u>
Depreciated assets:				
Buildings and improvements	16,926,215	585,158	(4,540,079)	12,971,294
Machinery and equipment	4,327,690	620,415	(1,171,153)	3,776,952
Furniture and Fixtures	129,567	13,701	-	143,268
Vehicles	4,848,748	273,546	(1,294,185)	3,828,109
Infrastructure	9,388,414	1,677,387	-	11,065,801
	<u>35,620,634</u>	<u>3,170,207</u>	<u>(7,005,417)</u>	<u>31,785,424</u>
Less: accumulated depreciation	<u>(17,663,363)</u>	<u>(1,001,092)</u>	<u>6,287,528</u>	<u>(12,376,927)</u>
	<u>17,957,271</u>	<u>2,169,115</u>	<u>(717,889)</u>	<u>19,408,497</u>
Net governmental capital assets	<u>\$ 20,892,821</u>	<u>\$ 2,360,054</u>	<u>\$ (917,803)</u>	<u>\$ 22,335,072</u>

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/24 (Restated)	Additions	Disposals/ Transfers	Balance, 6/30/25
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 11,000	\$ -	\$ (11,000)	\$ -
Construction in progress	1,551,658	690,435	(43,954)	2,198,139
	<u>1,562,658</u>	<u>690,435</u>	<u>(54,954)</u>	<u>2,198,139</u>
Depreciated assets:				
Buildings and improvements	1,785,316	-	(64,291)	1,721,025
Machinery and equipment	296,403	99,095	(37,528)	357,970
Vehicles	573,758	-	(80,976)	492,782
Infrastructure	24,332,429	301,737	(793,382)	23,840,784
	26,987,906	400,832	(976,177)	26,412,561
Less: accumulated depreciation	(13,809,270)	(569,321)	942,948	(13,435,643)
Net business-type capital assets	<u>\$ 14,741,294</u>	<u>\$ 521,946</u>	<u>\$ (88,183)</u>	<u>\$ 15,175,057</u>
<u>Depreciation expense:</u>				
General government				\$ 44,920
Library				150,643
Parks and Recreation				76,779
Public Safety				341,731
Public Works				387,019
Total governmental fund depreciation				<u>1,001,092</u>
Water Fund				115,866
Sewer Fund				453,455
Total business-type fund depreciation				<u>569,321</u>
Total depreciation expense				<u>\$ 1,570,413</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. The bond anticipation note was extended to a maturity date of September 11, 2026, with the same terms. As of June 30, 2025, \$741,039 was borrowed and outstanding on the note.

	Balance, 7/1/24	Additions	Deletions	Balance, 6/30/25
Bond anticipation note	\$ 416,915	\$ 324,124	\$ -	\$ 741,039
	<u>\$ 416,915</u>	<u>\$ 324,124</u>	<u>\$ -</u>	<u>\$ 741,039</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2025:

	Balance, 7/1/24	Additions	Deletions	Balance, 6/30/25	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 5,680,000	\$ -	\$ (485,000)	\$ 5,195,000	\$ 485,000
Notes from direct borrowings payable	81,643	-	(40,176)	41,467	20,545
Total	<u>\$ 5,761,643</u>	<u>\$ -</u>	<u>\$ (525,176)</u>	<u>\$ 5,236,467</u>	<u>\$ 505,545</u>
<u>Business-type activities:</u>					
<u>Water</u>					
Bonds payable	\$ 310,000	\$ -	\$ (45,000)	\$ 265,000	\$ 45,000
Notes from direct borrowings payable	149,958	310,406	-	460,364	-
Total	<u>\$ 459,958</u>	<u>\$ 310,406</u>	<u>\$ (45,000)</u>	<u>\$ 725,364</u>	<u>\$ 45,000</u>
<u>Sewer</u>					
Bonds payable	\$ 191,833	\$ -	\$ (48,249)	\$ 143,584	\$ 49,214
Notes from direct borrowings payable	1,528,877	767,090	(200,072)	2,095,895	20,256
Total	<u>\$ 1,720,710</u>	<u>\$ 767,090</u>	<u>\$ (248,321)</u>	<u>\$ 2,239,479</u>	<u>\$ 69,470</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. \$ 75,000

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. 1,400,000

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.	100,000
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.	180,000
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.	515,000
\$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.	2,925,000
Total governmental activities bonds payable	<u>\$ 5,195,000</u>
Notes from direct borrowings payable:	
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.	\$ 41,467
Total governmental activities notes from direct borrowings payable	<u>\$ 41,467</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.	\$ 80,000
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.	185,000
Total water bonds payable	<u>\$ 265,000</u>

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.	\$ 82,934
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>60,650</u>
Total sewer bonds payable	<u>\$ 143,584</u>
Total business-type bonds payable	<u>\$ 408,584</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.	\$ 29,953
Tank truck note payable to the National Bank of Middlebury, due January 6. Interest at a fixed rate of 2.660% per annum.	14,500
Sewer upgrade note payable to the State of Vermont Special Environmental Revolving Fund, due in annual principal payments of \$120,115, through 2039. No interest is charged.	1,284,352
Sewer upgrade note payable to the State of Vermont Special Environmental Revolving Fund. Terms will be finalized and payments will start once the final drawdown has been completed.	<u>767,090</u>
Total sewer notes from direct borrowings payable	<u>\$ 2,095,895</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>\$ 460,364</u>
Total water note from direct borrowings payable	<u>\$ 460,364</u>
Total business-type notes from direct borrowings payable	<u>\$ 2,556,259</u>

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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	
2026	\$ 485,000	\$ 153,350	\$ 20,545	\$ 763	\$ 659,658
2027	410,000	144,608	20,922	385	575,915
2028	405,000	133,891	-	-	538,891
2029	405,000	122,200	-	-	527,200
2030	405,000	109,772	-	-	514,772
2031-2035	1,710,000	369,404	-	-	2,079,404
2036-2040	1,375,000	107,844	-	-	1,482,844
	<u>\$ 5,195,000</u>	<u>\$ 1,141,069</u>	<u>\$ 41,467</u>	<u>\$ 1,148</u>	<u>\$ 6,378,684</u>

Business-type activities:

Water	Bonds payable		Note from direct borrowings payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2026	\$ 45,000	\$ 7,209	\$ -	\$ -	\$ 52,209
2027	45,000	5,801	-	-	50,801
2028	45,000	4,451	460,364	-	509,815
2029	45,000	3,670	-	-	48,670
2030	25,000	2,522	-	-	27,522
2031-2035	60,000	3,175	-	-	63,175
	<u>\$ 265,000</u>	<u>\$ 26,828</u>	<u>\$ 460,364</u>	<u>\$ -</u>	<u>\$ 752,192</u>

Sewer	Bonds payable		Notes from direct borrowings payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2026	\$ 49,214	\$ 2,872	\$ 20,256	\$ 985	\$ 73,327
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	8,831	541	858,644	20,891	888,907
2031-2035	18,195	548	452,912	77,538	549,193
2036-2040	-	-	500,051	30,399	530,450
	<u>\$ 143,584</u>	<u>\$ 7,446</u>	<u>\$ 2,095,895</u>	<u>\$ 203,116</u>	<u>\$ 2,450,041</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, 2025 was \$41,350.

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2025 is as follows:

	Balance, 7/1/24	Additions	Deletions	Balance, 6/30/25	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 743,232	\$ 94,237	\$ -	\$ 837,469	\$ 41,873
Net pension liability	1,536,512	187,808	-	1,724,320	-
Total	<u>\$ 2,279,744</u>	<u>\$ 282,045</u>	<u>\$ -</u>	<u>\$ 2,561,789</u>	<u>\$ 41,873</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 146,653	\$ -	\$ (17,196)	\$ 129,457	\$ 6,473
Net pension liability	763,825	93,362	-	857,187	-
Total	<u>\$ 910,478</u>	<u>\$ 93,362</u>	<u>\$ (17,196)</u>	<u>\$ 986,644</u>	<u>\$ 6,473</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, 2025 was \$966,926, which represents a net increase of \$77,041 from the prior year.

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, 2025:

	Governmental Activities	Business-Type Activities
Invested in capital assets	\$ 34,711,999	\$ 28,610,700
Accumulated depreciation	(12,376,927)	(13,435,643)
Outstanding capital related debt	(5,236,467)	(2,964,843)
	<u>\$ 17,098,605</u>	<u>\$ 12,210,214</u>

TOWN OF SHELBURNE, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 12 - NONSPENDABLE FUND BALANCE

The following fund balances have been restricted at June 30, 2025 for the following purposes:

General fund:	
Prepaid items	<u>\$ 110,157</u>

NOTE 13 - RESTRICTED FUND BALANCES AND NET POSITION

The following fund balances and net position have been restricted at June 30, 2025 for the following purposes:

Nonmajor special revenue funds (Schedule E):	
Record preservation fund	\$ 228,513
Nonmajor capital projects funds (Schedule G):	
Pinhaven stormwater fund	295,122
Library construction fund	50,474
Fire truck fund	177,382
Nonmajor permanent funds (Schedule I):	
Pierson library fund	133,447
Cemetery fund	415,045
Lillian Davis memorial fund	95,038
	<u>\$ 1,395,021</u>

NOTE 14 - COMMITTED FUND BALANCES

At June 30, 2025, the committed fund balances were made up of the following account balances:

Ambulance fund	\$ 941,439
Nonmajor capital projects funds (Schedule G)	<u>1,260,865</u>
	<u>\$ 2,202,304</u>

NOTE 15 - ASSIGNED FUND BALANCES

At June 30, 2025, the assigned fund balances were made up of the following account balances:

Assigned:	
ARPA fund	\$ 111,701
Nonmajor special revenue funds (Schedule E)	557,498
Nonmajor capital projects funds (Schedule G)	<u>102,931</u>
	<u>\$ 772,130</u>

TOWN OF SHELBURNE, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 16 - DEFICIT FUND BALANCES

At June 30, 2025, the Town had the following deficit fund balances:

Nonmajor special revenue funds (Schedule E):	
Impact fees	\$ 2,368
Recreation impact fees	171,574
F and G license	942
Beach house	121,411
Library Freeman	45
Memorial tree	473
Nonmajor capital projects funds (Schedule G):	
Irish Hill path/bridge fund	171,402
	\$ 468,215

NOTE 17 - EXPENDITURES OVER APPROPRIATIONS

The Town was non-compliant with the legally adopted budget, over expending the entire allowed appropriation of \$13,026,936 by \$712,598 at June 30, 2025. Revenues collected in excess of budget amounting to \$1,715,373 offset this over-expenditure.

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 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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2023 (the most recent data available), the retirement system consisted of 18,463 participating members.

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

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

Benefits Provided

The pension plan is divided into four membership groups:

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

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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2024 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	4.000% of gross salary	6.375% of gross salary	11.500% of gross salary	12.850% of gross salary
Employer Contributions	5.500% of gross salary	7.000% of gross salary	8.750% of gross salary	11.350% 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, 2025 totaled \$353,639. The Town contributed \$344,868 for the year ended June 30, 2025. The Town's total payroll for the year ended June 30, 2025 for all employees covered under this plan was \$4,646,603.

Pension Liabilities

VMERS Plan

At June 30, 2025, the Town reported a liability of \$2,581,507 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2024 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2023. 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, 2025

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2024, the Town’s proportion was 0.77722% for VMERS, which was an increase of 0.05902% from its proportion measured as of June 30, 2023 for VMERS.

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

For the year ended June 30, 2025, the Town recognized net pension expense of \$172,975 for the VMERS plan. At June 30, 2025, 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	\$ 279,584	\$ -
Changes of assumptions	13,912	-
Net difference between projected and actual earnings on pension plan investments	63,679	-
Changes in proportion and differences between contributions and proportionate share of contributions	132,045	48,864
Contributions subsequent to the measurement date	344,868	-
Total	\$ 834,088	\$ 48,864

\$344,868 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan	
Plan year ended June 30:		
2025	\$	108,211
2026		320,067
2027		53,845
2028		(41,767)
2029		-
Thereafter		-

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2024 measurement date was determined by rolling forward the total pension liability as of June 30, 2023 to June 30, 2024. 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%

Projected Salary Increases: Varying service-based rates ranging from 4.07% to 6.21%. Salary increases include an assumed inflation rate of 2.30%.

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 - 60% PubG-2010 General Employee Amount-Weighted below-median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021.
- Group C - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2021.
- Group D - PubS-2010 Public Safety Employee Amount-Weighted Below-Median, with generational projection using scale MP-2021.

Healthy Post-Retirement - Retirees:

- Groups A/B - PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021.
- Group C - PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Group D - PubS-2010 Public Safety Retiree Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement - Beneficiaries:

- Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement:

- Group A/B/C - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.
- Group D - PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

Inactive Members: Valuation liability for those who are vested is based on accrued benefit and members are assumed to retire 10% of the time each year from their Early Retirement Age until their Normal Retirement Age, then 100% of the time at their Normal Retirement age, with a deferred vested 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.

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 Groups 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, 2025, COLA is expected to be 1.90% for Group A and 1.90% for Groups B, C and D. The January 1, 2024, COLA was 1.10% for Group A and 1.10% for Groups B, C and D.

TOWN OF SHELBURNE, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method: Entry age normal cost method.

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, 2023, the remaining amortization period is 15 years.

Asset Valuation Method: The amount of the assets for valuation purposes equals the preliminary asset value plus 20% of the difference between market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses plus expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

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.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Agg Fixed Income	19.00%	1.70%
TIPS	2.00%	1.70%
Large/Mid Cap US Equity	4.00%	4.20%
Small Cap US Equity	3.00%	4.70%
Developed Large/Mid Cap International Equity	5.00%	5.95%
Global Equity	32.00%	5.25%
Core Real Estate	3.00%	3.45%
Non-Core Real Estate	4.00%	5.70%
Private Credit	11.00%	5.70%
Private Equity	11.00%	7.45%
Private Core Infrastructure	4.00%	4.95%
Agriculture/Farmland	2.00%	3.95%

TOWN OF SHELBURNE, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 18 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

	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	\$ 3,946,745	\$ 2,581,507	\$ 1,460,954

Pension Plan Fiduciary Net Position

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

TOWN OF SHELBURNE, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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 September 9, 2025, the Selectboard voted to extend the current bond anticipation note at the current terms for an additional year in anticipation of a bond to be issued through the Vermont Bond Bank to finance the completed water meter replacement project.

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, 2025

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,018,120	\$ 3,018,120	\$ 3,018,120	\$ -
Resources (Inflows):				
Property taxes	8,817,210	8,817,210	9,096,133	278,923
Intergovernmental	206,000	206,000	612,160	406,160
Charges for services	1,065,246	1,065,246	2,127,459	1,062,213
Miscellaneous revenues	520,648	520,648	982,409	461,761
Transfers from other funds	1,952,321	1,952,321	1,458,637	(493,684)
Amounts Available for Appropriation	15,579,545	15,579,545	17,294,918	1,715,373
Charges to Appropriations (Outflows):				
Current:				
General government	2,877,896	2,877,896	2,920,435	(42,539)
Public safety	4,973,278	4,973,278	4,439,996	533,282
Public works	1,734,986	1,734,986	1,731,786	3,200
Health and welfare	119,494	119,494	289,417	(169,923)
Culture and recreation	1,095,253	1,095,253	1,080,127	15,126
Intergovernmental	215,266	215,266	220,160	(4,894)
Employee benefits	148,982	148,982	605,645	(456,663)
Other	53,100	53,100	217,878	(164,778)
Capital Outlay	30,600	30,600	713,872	(683,272)
Debt service:				
Principal	539,417	539,417	483,909	55,508
Interest	164,481	164,481	164,481	-
Transfers to other funds	1,074,183	1,074,183	871,828	202,355
Total Charges to Appropriations	13,026,936	13,026,936	13,739,534	(712,598)
Budgetary Fund Balance, June 30	\$ 2,552,609	\$ 2,552,609	\$ 3,555,384	\$ 1,002,775
Utilization of Unassigned Fund Balance	\$ 465,511	\$ 465,511	\$ -	\$ (465,511)

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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>										
Proportion of the net pension liability	0.78%	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	\$ 2,581,507	\$ 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	\$ 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	\$ 1,687,080
Proportionate share of the net pension liability as a percentage of its covered payroll	72.79%	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	75.22%	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.

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

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>										
Contractually required contribution	\$ 344,868	\$ 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	(344,868)	(256,214)	(204,711)	(132,045)	(161,883)	(155,514)	(145,904)	(129,620)	(122,861)	(109,840)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,646,603	\$ 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	7.42%	7.22%	6.93%	6.25%	6.47%	6.25%	6.10%	5.91%	5.95%	5.89%

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, 2025

Changes of Assumptions

VMERS Pension Plan:

No changes in actuarial assumptions/methods effective for June 30, 2024, actuarial valuation that impact GASB.

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, 2025

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes:			
Property taxes	\$ 8,681,102	\$ 8,975,889	\$ 294,787
Special assessments	42,108	-	(42,108)
Late Homestead filing	19,000	19,321	321
Penalties	40,000	74,328	34,328
Interest income	35,000	26,595	(8,405)
Intergovernmental:			
Highway state aid	165,000	-	(165,000)
Other intergovernmental revenue	41,000	612,160	571,160
Charges for services:			
Licenses and fees	119,150	132,076	12,926
Highway	12,100	273,686	261,586
Police department	516,400	795,650	279,250
Cemetery	11,400	7,750	(3,650)
Planning and zoning	91,050	126,290	35,240
Water and sewer administration	108,804	-	(108,804)
Recreation	168,342	193,499	25,157
Library	3,000	5,541	2,541
Rescue	35,000	592,967	557,967
Other income:			
Investment income	5,000	359,156	354,156
Rental income	209,000	282,028	73,028
Other income	306,648	341,225	34,577
Transfers in	1,952,321	1,458,637	(493,684)
Total revenues	\$ 12,561,425	\$ 14,276,798	\$ 1,715,373

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, 2025

	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT			
Selectboard	\$ 76,060	\$ 74,092	\$ 1,968
Legal services	100,000	117,456	(17,456)
Administration - municipal offices	222,942	197,135	25,807
Town manager	386,314	478,402	(92,088)
Elections	18,800	14,089	4,711
Finance and insurance	614,239	657,891	(43,652)
Town clerk/treasurer	346,106	326,218	19,888
Planning and zoning	427,595	399,820	27,775
Assessor's office	171,019	151,492	19,527
Buildings and grounds	514,821	503,840	10,981
	<u>2,877,896</u>	<u>2,920,435</u>	<u>(42,539)</u>
PUBLIC SAFETY			
Police department	2,473,028	2,087,638	385,390
Fire department	522,169	486,451	35,718
Public safety and dispatch	1,112,246	964,650	147,596
Rescue	865,835	901,257	(35,422)
	<u>4,973,278</u>	<u>4,439,996</u>	<u>533,282</u>
PUBLIC WORKS			
Highways	1,697,969	1,529,965	168,004
Stormwater expenses	-	170,068	(170,068)
Harbormaster	37,017	31,753	5,264
	<u>1,734,986</u>	<u>1,731,786</u>	<u>3,200</u>
HEALTH AND WELFARE			
Health and social services	39,777	38,000	1,777
Cemeteries	79,717	251,417	(171,700)
	<u>119,494</u>	<u>289,417</u>	<u>(169,923)</u>
CULTURE AND RECREATION			
Recreation programs	414,394	412,277	2,117
Library	680,859	667,850	13,009
	<u>1,095,253</u>	<u>1,080,127</u>	<u>15,126</u>
INTERGOVERNMENTAL			
County tax	79,743	84,637	(4,894)
Greater Burlington Industrial Development Corp.	1,200	1,200	-
Chittenden County Regional Planning	19,666	19,666	-
Chittenden County Transit Authority	114,657	114,657	-
	<u>215,266</u>	<u>220,160</u>	<u>(4,894)</u>

SCHEDULE B (CONTINUED)

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
EMPLOYEE BENEFITS	148,982	605,645	(456,663)
OTHER			
Selectboard discretionary	-	85	(85)
Community events	1,500	4,749	(3,249)
Tree conservation	7,800	23,961	(16,161)
Champlain Valley School District	-	-	-
Emerald ash borer management	28,800	25,306	3,494
Energy efficiency	-	87,236	(87,236)
Committee support	15,000	10,239	4,761
Miscellaneous expense	-	66,302	(66,302)
	<u>53,100</u>	<u>217,878</u>	<u>(164,778)</u>
DEBT SERVICE			
Principal	539,417	483,909	55,508
Interest	164,481	164,481	-
	<u>703,898</u>	<u>648,390</u>	<u>55,508</u>
CAPITAL OUTLAY	<u>30,600</u>	<u>713,872</u>	<u>(683,272)</u>
TRANSFERS TO OTHER FUNDS	<u>1,074,183</u>	<u>871,828</u>	<u>202,355</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 13,026,936</u>	<u>\$ 13,739,534</u>	<u>\$ (29,326)</u>

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

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 211,013	\$ 1,671,225	\$ 77,979	\$ 1,960,217
Investments	164,094	-	402,728	566,822
Due from other funds	577,785	1,223,816	189,759	1,991,360
TOTAL ASSETS	<u>\$ 952,892</u>	<u>\$ 2,895,041</u>	<u>\$ 670,466</u>	<u>\$ 4,518,399</u>
LIABILITIES				
Accounts payable	\$ 2,592	\$ 12,781	\$ -	\$ 15,373
Due to other funds	461,102	1,166,888	26,936	1,654,926
TOTAL LIABILITIES	<u>463,694</u>	<u>1,179,669</u>	<u>26,936</u>	<u>1,670,299</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	228,513	522,978	643,530	1,395,021
Committed	-	1,260,865	-	1,260,865
Assigned	557,498	102,931	-	660,429
Unassigned (deficit)	(296,813)	(171,402)	-	(468,215)
TOTAL FUND BALANCES	<u>489,198</u>	<u>1,715,372</u>	<u>643,530</u>	<u>2,848,100</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 952,892</u>	<u>\$ 2,895,041</u>	<u>\$ 670,466</u>	<u>\$ 4,518,399</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, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 27,890	\$ -	\$ -	\$ 27,890
Investment income	7,258	29,568	43,929	80,755
Charges for services	102,725	-	-	102,725
Other	26,727	1,009,247	39,346	1,075,320
TOTAL REVENUES	<u>164,600</u>	<u>1,038,815</u>	<u>83,275</u>	<u>1,286,690</u>
EXPENDITURES				
Current:				
General government	17,089	-	-	17,089
Public safety	-	5,143	-	5,143
Recreation and parks	219,123	-	-	219,123
Other	-	-	72,652	72,652
Debt service:				
Principal	-	39,885	-	39,885
Interest	-	1,860	-	1,860
Capital outlay	-	821,001	-	821,001
TOTAL EXPENDITURES	<u>236,212</u>	<u>867,889</u>	<u>72,652</u>	<u>1,176,753</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(71,612)</u>	<u>170,926</u>	<u>10,623</u>	<u>109,937</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,200	925,944	-	927,144
Transfers (out)	(384,078)	(1,008,000)	-	(1,392,078)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(382,878)</u>	<u>(82,056)</u>	<u>-</u>	<u>(464,934)</u>
NET CHANGE IN FUND BALANCES	(454,490)	88,870	10,623	(354,997)
FUND BALANCES - JULY 1	<u>943,688</u>	<u>1,626,502</u>	<u>632,907</u>	<u>3,203,097</u>
FUND BALANCES - JUNE 30	<u>\$ 489,198</u>	<u>\$ 1,715,372</u>	<u>\$ 643,530</u>	<u>\$ 2,848,100</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, 2025

	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	\$ 203,223	\$ 7,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	164,094	-
Due from other funds	-	16,263	-	2,750	10	4,789	8,000	500	7,915	10,000	-	-
TOTAL ASSETS	\$ 203,223	\$ 24,053	\$ -	\$ 2,750	\$ 10	\$ 4,789	\$ 8,000	\$ 500	\$ 7,915	\$ 10,000	\$ 164,094	\$ -
LIABILITIES												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	195	-	2,368	-	-	-	-	-	-	-	335,668	-
TOTAL LIABILITIES	195	-	2,368	-	-	-	-	-	-	-	335,668	-
FUND BALANCES (DEFICITS)												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	203,028	24,053	-	2,750	10	4,789	8,000	500	7,915	10,000	-	-
Unassigned	-	-	(2,368)	-	-	-	-	-	-	-	(171,574)	-
TOTAL FUND BALANCES (DEFICITS)	203,028	24,053	(2,368)	2,750	10	4,789	8,000	500	7,915	10,000	(171,574)	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)												
	\$ 203,223	\$ 24,053	\$ -	\$ 2,750	\$ 10	\$ 4,789	\$ 8,000	\$ 500	\$ 7,915	\$ 10,000	\$ 164,094	\$ -

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	Ball Fields	Scholarships	Lacrosse	Lacrosse Scholarship	F and G License	Beach House	Miscellaneous	Baseball	Bissonnette	Other Recreation
ASSETS										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	3,627	1,706	1,921	-	-	54,110	15,040	51	7,548
TOTAL ASSETS	\$ -	\$ 3,627	\$ 1,706	\$ 1,921	\$ -	\$ -	\$ 54,110	\$ 15,040	\$ 51	\$ 7,548
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ -
Due to other funds	-	-	-	-	942	121,411	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	942	121,411	-	180	-	-
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	3,627	1,706	1,921	-	-	54,110	14,860	51	7,548
Unassigned	-	-	-	-	(942)	(121,411)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	3,627	1,706	1,921	(942)	(121,411)	54,110	14,860	51	7,548
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)										
	\$ -	\$ 3,627	\$ 1,706	\$ 1,921	\$ -	\$ -	\$ 54,110	\$ 15,040	\$ 51	\$ 7,548

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,013
Investments	-	-	-	-	-	-	-	-	-	-	-	-	164,094
Due from other funds	1,845	2,412	6	-	1,919	7,276	17,120	7,929	-	171,023	228,513	5,512	577,785
TOTAL ASSETS	\$ 1,845	\$ 2,412	\$ 6	\$ -	\$ 1,919	\$ 7,276	\$ 17,120	\$ 7,929	\$ -	\$ 171,023	\$ 228,513	\$ 5,512	\$ 952,892
LIABILITIES													
Accounts payable	\$ -	\$ 2,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,592
Due to other funds	-	-	-	45	-	-	-	-	473	-	-	-	461,102
TOTAL LIABILITIES	-	2,412	-	45	-	-	-	-	473	-	-	-	463,694
FUND BALANCES (DEFICITS)													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	228,513	-	228,513
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	1,845	-	6	-	1,919	7,276	17,120	7,929	-	171,023	-	5,512	557,498
Unassigned	-	-	-	(45)	-	-	-	-	(473)	-	-	-	(296,813)
TOTAL FUND BALANCES (DEFICITS)	1,845	-	6	(45)	1,919	7,276	17,120	7,929	(473)	171,023	228,513	5,512	489,198
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)													
	\$ 1,845	\$ 2,412	\$ 6	\$ -	\$ 1,919	\$ 7,276	\$ 17,120	\$ 7,929	\$ -	\$ 171,023	\$ 228,513	\$ 5,512	\$ 952,892

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, 2025

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	203	-	-	-	-	-	-	-	-	-	7,055	-
Charges for services	-	-	-	-	-	-	-	-	-	-	11,431	-
Other	-	-	-	-	-	-	-	-	2,295	-	-	-
TOTAL REVENUES	203	-	-	-	-	-	-	-	2,295	-	18,486	-
EXPENDITURES												
Current:												
General Government	-	-	1,731	-	-	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	1,731	-	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	203	-	(1,731)	-	-	-	-	-	2,295	-	18,486	-
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	(2,368)	-	-	-	-	-	-	-	(289,809)	(33,565)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(2,368)	-	-	-	-	-	-	-	(289,809)	(33,565)
NET CHANGE IN FUND BALANCES (DEFICITS)	203	-	(4,099)	-	-	-	-	-	2,295	-	(271,323)	(33,565)
FUND BALANCES (DEFICITS) - JULY 1	202,825	24,053	1,731	2,750	10	4,789	8,000	500	5,620	10,000	99,749	33,565
FUND BALANCES (DEFICITS) - JUNE 30	\$ 203,028	\$ 24,053	\$ (2,368)	\$ 2,750	\$ 10	\$ 4,789	\$ 8,000	\$ 500	\$ 7,915	\$ 10,000	\$ (171,574)	\$ -

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	Ball Fields	Scholarships	Lacrosse	Lacrosse Scholarship	F and G License	Beach House	Recreation Miscellaneous	Baseball	Bissonnette	Other Recreation
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	2,765	-	-	171	-	87,678	-	-
Other	-	-	-	15	-	-	-	-	-	-
TOTAL REVENUES	-	-	2,765	15	-	171	-	87,678	-	-
EXPENDITURES										
Current:										
General Government	-	30	-	-	-	-	-	-	-	-
Recreation and parks	-	-	1,890	-	-	145,924	-	69,994	-	-
TOTAL EXPENDITURES	-	30	1,890	-	-	145,924	-	69,994	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(30)	875	15	-	(145,753)	-	17,684	-	-
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	1,200	-	-	-	-
Transfers (out)	(4,196)	(170)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,196)	(170)	-	-	-	1,200	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,196)	(200)	875	15	-	(144,553)	-	17,684	-	-
FUND BALANCES (DEFICITS) - JULY 1	4,196	3,827	831	1,906	(942)	23,142	54,110	(2,824)	51	7,548
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 3,627	\$ 1,706	\$ 1,921	\$ (942)	\$ (121,411)	\$ 54,110	\$ 14,860	\$ 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, 2025

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,690	\$ -	\$ 1,200	\$ 27,890
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	7,258
Charges for services	680	-	-	-	-	-	-	-	-	-	-	-	102,725
Other	-	-	-	-	-	1,000	2,791	-	-	-	20,626	-	26,727
TOTAL REVENUES	680	-	-	-	-	1,000	2,791	-	-	26,690	20,626	1,200	164,600
EXPENDITURES													
Current:													
General Government	-	2,412	2,897	269	-	-	8,506	-	-	1,108	-	136	17,089
Recreation and parks	1,315	-	-	-	-	-	-	-	-	-	-	-	219,123
TOTAL EXPENDITURES	1,315	2,412	2,897	269	-	-	8,506	-	-	1,108	-	136	236,212
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(635)	(2,412)	(2,897)	(269)	-	1,000	(5,715)	-	-	25,582	20,626	1,064	(71,612)
OTHER FINANCING SOURCES (USES)													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	1,200
Transfers (out)	-	-	-	-	-	-	-	-	-	(53,970)	-	-	(384,078)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	(53,970)	-	-	(382,878)
NET CHANGE IN FUND BALANCES (DEFICITS)	(635)	(2,412)	(2,897)	(269)	-	1,000	(5,715)	-	-	(28,388)	20,626	1,064	(454,490)
FUND BALANCES (DEFICITS) - JULY 1	2,480	2,412	2,903	224	1,919	6,276	22,835	7,929	(473)	199,411	207,887	4,448	943,688
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,845	\$ -	\$ 6	\$ (45)	\$ 1,919	\$ 7,276	\$ 17,120	\$ 7,929	\$ (473)	\$ 171,023	\$ 228,513	\$ 5,512	\$ 489,198

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, 2025

	<u>Police Donation</u>	<u>DOJ Seizure</u>	<u>Local Seizure</u>	<u>Repar Justice</u>	<u>Axon Taser</u>	<u>Motorcycle</u>	<u>Police Cruiser</u>	<u>Municipal Facilities Reserve</u>
ASSETS								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,671,225
Due from other funds	38,731	10,766	7,945	7,953	-	14,145	84,341	-
TOTAL ASSETS	<u>\$ 38,731</u>	<u>\$ 10,766</u>	<u>\$ 7,945</u>	<u>\$ 7,953</u>	<u>\$ -</u>	<u>\$ 14,145</u>	<u>\$ 84,341</u>	<u>\$ 1,671,225</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267	\$ -
Due to other funds	-	-	-	-	-	-	-	1,008,000
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267</u>	<u>1,008,000</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	38,731	10,766	7,945	7,953	-	14,145	84,074	663,225
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>38,731</u>	<u>10,766</u>	<u>7,945</u>	<u>7,953</u>	<u>-</u>	<u>14,145</u>	<u>84,074</u>	<u>663,225</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 38,731</u>	<u>\$ 10,766</u>	<u>\$ 7,945</u>	<u>\$ 7,953</u>	<u>\$ -</u>	<u>\$ 14,145</u>	<u>\$ 84,341</u>	<u>\$ 1,671,225</u>

TOWN OF SHELBURNE, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2025

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,671,225
Due from other funds	68,797	295,122	50,474	81,139	21,792	365,229	-	177,382	1,223,816
TOTAL ASSETS	\$ 68,797	\$ 295,122	\$ 50,474	\$ 81,139	\$ 21,792	\$ 365,229	\$ -	\$ 177,382	\$ 2,895,041
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,514	\$ -	\$ 12,781
Due to other funds	-	-	-	-	-	-	158,888	-	1,166,888
TOTAL LIABILITIES	-	-	-	-	-	-	171,402	-	1,179,669
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	295,122	50,474	-	-	-	-	177,382	522,978
Committed	68,797	-	-	-	-	365,229	-	-	1,260,865
Assigned	-	-	-	81,139	21,792	-	-	-	102,931
Unassigned	-	-	-	-	-	-	(171,402)	-	(171,402)
TOTAL FUND BALANCES (DEFICITS)	68,797	295,122	50,474	81,139	21,792	365,229	(171,402)	177,382	1,715,372
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 68,797	\$ 295,122	\$ 50,474	\$ 81,139	\$ 21,792	\$ 365,229	\$ -	\$ 177,382	\$ 2,895,041

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, 2025

	Police Donation	DOJ Seizure	Local Seizure	Repar Justice	Axon Taser	Motorcycle	Police Cruiser	Municipal Facilities Reserve
REVENUES								
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,568
Other	-	-	-	-	-	-	-	998,543
TOTAL REVENUES	-	-	-	-	-	-	-	1,028,111
EXPENDITURES								
Current:								
Public safety	-	-	-	-	2,611	2,532	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	123,654	-
TOTAL EXPENDITURES	-	-	-	-	2,611	2,532	123,654	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(2,611)	(2,532)	(123,654)	1,028,111
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	100,000	-
Transfers (out)	-	-	-	-	-	-	-	(1,008,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	100,000	(1,008,000)
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	(2,611)	(2,532)	(23,654)	20,111
FUND BALANCES (DEFICITS) - JULY 1	38,731	10,766	7,945	7,953	2,611	16,677	107,728	643,114
FUND BALANCES (DEFICITS) - JUNE 30	\$ 38,731	\$ 10,766	\$ 7,945	\$ 7,953	\$ -	\$ 14,145	\$ 84,074	\$ 663,225

TOWN OF SHELBURNE, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	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									
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,568
Other	-	-	-	-	-	-	-	10,704	1,009,247
TOTAL REVENUES	-	-	-	-	-	-	-	10,704	1,038,815
EXPENDITURES									
Current:									
Public safety	-	-	-	-	-	-	-	-	5,143
Debt service:									
Principal	-	-	-	39,885	-	-	-	-	39,885
Interest	-	-	-	1,860	-	-	-	-	1,860
Capital outlay	-	-	-	-	-	-	697,347	-	821,001
TOTAL EXPENDITURES	-	-	-	41,745	-	-	697,347	-	867,889
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(41,745)	-	-	(697,347)	10,704	170,926
OTHER FINANCING SOURCES (USES)									
Transfers in	21,991	-	-	125,000	-	100,000	578,953	-	925,944
Transfers (out)	-	-	-	-	-	-	-	-	(1,008,000)
TOTAL OTHER FINANCING SOURCES (USES)	21,991	-	-	125,000	-	100,000	578,953	-	(82,056)
NET CHANGE IN FUND BALANCES (DEFICITS)	21,991	-	-	83,255	-	100,000	(118,394)	10,704	88,870
FUND BALANCES (DEFICITS) - JULY 1	46,806	295,122	50,474	(2,116)	21,792	265,229	(53,008)	166,678	1,626,502
FUND BALANCES (DEFICITS) - JUNE 30	\$ 68,797	\$ 295,122	\$ 50,474	\$ 81,139	\$ 21,792	\$ 365,229	\$ (171,402)	\$ 177,382	\$ 1,715,372

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, 2025

	Pierson Library Fund	Cemetery Fund	Lillian Davis Memorial Fund	Total
ASSETS				
Cash and cash equivalents	\$ 72,473	\$ 5,506	\$ -	\$ 77,979
Investments	-	280,754	121,974	402,728
Due from other funds	60,974	128,785	-	189,759
TOTAL ASSETS	<u>\$ 133,447</u>	<u>\$ 415,045</u>	<u>\$ 121,974</u>	<u>\$ 670,466</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 26,936	\$ 26,936
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>26,936</u>	<u>26,936</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	133,447	415,045	95,038	643,530
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>133,447</u>	<u>415,045</u>	<u>95,038</u>	<u>643,530</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 133,447</u>	<u>\$ 415,045</u>	<u>\$ 121,974</u>	<u>\$ 670,466</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, 2025

	Pierson Library Fund	Cemetery Fund	Lillian Davis Memorial Fund	Total
REVENUES				
Interest / Gains and losses	\$ 8	\$ 18,949	\$ 24,972	\$ 43,929
Other	26,486	7,250	5,610	39,346
TOTAL REVENUES	<u>26,494</u>	<u>26,199</u>	<u>30,582</u>	<u>83,275</u>
EXPENDITURES				
Other	70,015	2,637	-	72,652
TOTAL EXPENDITURES	<u>70,015</u>	<u>2,637</u>	<u>-</u>	<u>72,652</u>
NET CHANGE IN FUND BALANCES	(43,521)	23,562	30,582	10,623
FUND BALANCES - JULY 1	<u>176,968</u>	<u>391,483</u>	<u>64,456</u>	<u>632,907</u>
FUND BALANCES - JUNE 30	<u>\$ 133,447</u>	<u>\$ 415,045</u>	<u>\$ 95,038</u>	<u>\$ 643,530</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, 2025

	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	\$ -	\$ -	\$ 129,591	\$ -	\$ -	\$ -	\$ 129,591
Investments	-	-	-	217,440	-	-	217,440
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	24,199	-	24,199
Due from other funds	468,173	450,000	491,827	1,596,450	858,793	149,250	4,014,493
Total current assets	<u>468,173</u>	<u>450,000</u>	<u>621,418</u>	<u>1,813,890</u>	<u>882,992</u>	<u>149,250</u>	<u>4,385,723</u>
Capital assets:							
Land and construction in progress	-	-	-	-	79,006	-	79,006
Infrastructure	-	-	-	-	224,417	-	224,417
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,423</u>	<u>-</u>	<u>303,423</u>
TOTAL ASSETS	<u>\$ 468,173</u>	<u>\$ 450,000</u>	<u>\$ 621,418</u>	<u>\$ 1,813,890</u>	<u>\$ 1,186,415</u>	<u>\$ 149,250</u>	<u>\$ 4,689,146</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 22,572	\$ -	\$ 22,572
Accrued expenses	-	-	-	-	25	-	25
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,597</u>	<u>-</u>	<u>22,597</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,597</u>	<u>-</u>	<u>22,597</u>
NET POSITION							
Unrestricted	468,173	450,000	621,418	1,813,890	1,163,818	149,250	4,666,549
TOTAL NET POSITION	<u>468,173</u>	<u>450,000</u>	<u>621,418</u>	<u>1,813,890</u>	<u>1,163,818</u>	<u>149,250</u>	<u>4,666,549</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 468,173</u>	<u>\$ 450,000</u>	<u>\$ 621,418</u>	<u>\$ 1,813,890</u>	<u>\$ 1,186,415</u>	<u>\$ 149,250</u>	<u>\$ 4,689,146</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, 2025

	Enterprise Funds						Total
	Sewer Capital Reserve	Sewer Rate Stabilization	Water Capital Reserve	Sewer Capacity	Stormwater Improvements	Stormwater Capital Reserve	
OPERATING REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ 116,029	\$ 529,476	\$ -	\$ 645,505
Intergovernmental revenue	-	-	-	-	22,824	-	22,824
Other	-	-	-	-	8	750	758
TOTAL OPERATING REVENUES	-	-	-	116,029	552,308	750	669,087
OPERATING EXPENSES							
Salaries and wages	-	-	-	-	89,284	-	89,284
Administrative charges	-	-	-	-	22,921	-	22,921
Professional services	-	-	-	-	30,786	-	30,786
Maintenance	-	-	-	-	11,269	-	11,269
Miscellaneous	-	-	-	2,314	20,204	-	22,518
TOTAL OPERATING EXPENSES	-	-	-	2,314	174,464	-	176,778
OPERATING INCOME	-	-	-	113,715	377,844	750	492,309
NONOPERATING REVENUES (EXPENSES)							
Investment income	-	-	130	9,363	-	-	9,493
Transfers (out)	-	-	-	-	(35,600)	-	(35,600)
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-	130	9,363	(35,600)	-	(26,107)
CHANGE IN NET POSITION	-	-	130	123,078	342,244	750	466,202
NET POSITION - JULY 1	468,173	450,000	621,288	1,690,812	821,574	148,500	4,200,347
NET POSITION - JUNE 30	\$ 468,173	\$ 450,000	\$ 621,418	\$ 1,813,890	\$ 1,163,818	\$ 149,250	\$ 4,666,549

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, 2025

	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	\$ -	\$ -	\$ -	\$ 116,029	\$ 522,300	\$ -	\$ 638,329
Other receipts	-	-	-	-	22,832	750	23,582
Internal activity - receipts (payments) from/to other funds	-	-	-	(116,030)	(14,256)	(750)	(131,036)
Payments to suppliers	-	-	-	(2,314)	(79,648)	-	(81,962)
Payments to employees	-	-	-	-	(112,205)	-	(112,205)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	-	-	(2,315)	339,023	-	336,708
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	-	-	130	9,363	-	-	9,493
Change in investments	-	-	-	(7,048)	-	-	(7,048)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	130	2,315	-	-	2,445
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Capital asset purchases	-	-	-	-	(303,423)	-	(303,423)
NET CASH PROVIDED BY (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	-	(303,423)	-	(303,423)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers in (out)	-	-	-	-	(35,600)	-	(35,600)
NET CASH PROVIDED BY (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	-	-	(35,600)	-	(35,600)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	130	-	-	-	130
CASH AND CASH EQUIVALENTS - JULY 1	-	-	129,461	-	-	-	129,461
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ 129,591	\$ -	\$ -	\$ -	\$ 129,591
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Operating income	\$ -	\$ -	\$ -	\$ 113,715	\$ 377,844	\$ 750	\$ 492,309
Adjustments to reconcile operating income to net cash provided by operating activities:							
Changes in operating assets and liabilities:							
(Increase) decrease in accounts receivable	-	-	-	-	(7,176)	-	(7,176)
(Increase) decrease in due from other funds	-	-	-	(116,030)	(14,256)	(750)	(131,036)
Increase (decrease) in accounts payable	-	-	-	-	(17,414)	-	(17,414)
Increase (decrease) in accrued expenses	-	-	-	-	25	-	25
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ -	\$ -	\$ (2,315)	\$ 339,023	\$ -	\$ 336,708

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, 2025

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 2,226,613	\$ 2,580,761	\$ 570,927	\$ -	\$ 5,378,301
Library	-	6,959,418	455,777	-	7,415,195
Parks and Recreation	699,962	2,285,964	163,527	-	3,149,453
Public Safety	-	496,671	5,140,628	-	5,637,299
Public Works	-	648,480	1,417,470	11,065,801	13,131,751
Sewer	1,107,702	1,690,417	532,963	18,729,649	22,060,731
Stormwater	79,006	-	-	224,417	303,423
Water	1,011,431	30,608	317,789	4,886,718	6,246,546
Total General Capital Assets	5,124,714	14,692,319	8,599,081	34,906,585	63,322,699
Less: Accumulated Depreciation	-	(6,688,423)	(4,731,894)	(14,392,253)	(25,812,570)
Net General Capital Assets	\$ 5,124,714	\$ 8,003,896	\$ 3,867,187	\$ 20,514,332	\$ 37,510,129

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, 2025

	General Capital Assets 7/1/2024 (Restated)	Additions	Deletions	General Capital Assets 6/30/25
General government	\$ 9,499,265	\$ 428,212	\$ (4,549,176)	\$ 5,378,301
Library	7,385,551	29,644	-	7,415,195
Parks and Recreation	2,886,855	392,057	(129,459)	3,149,453
Public Safety	6,372,424	737,846	(1,472,971)	5,637,299
Public Works	12,412,089	1,573,473	(853,811)	13,131,751
Sewer	22,146,540	644,795	(730,604)	22,060,731
Stormwater	-	303,423	-	303,423
Water	6,404,024	99,095	(256,573)	6,246,546
Total General Capital Assets	67,106,748	4,208,545	(7,992,594)	63,322,699
Less: Accumulated Depreciation	(31,472,633)	(1,570,413)	7,230,476	(25,812,570)
Net General Capital Assets	<u>\$ 35,634,115</u>	<u>\$ 2,638,132</u>	<u>\$ (762,118)</u>	<u>\$ 37,510,129</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

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture Passed through the Vermont Department of Forests, Parks and Recreation Cooperative Forestry Assistance	10.664	06130-UCF-GUF-24-05	\$ -	\$ 23,000
Total U.S. Department of Agriculture			<u>-</u>	<u>23,000</u>
U.S. Department of Housing and Urban Development Passed through the State of Vermont Agency of Housing and Community Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	07110-IG-2022-SHELBURNE-08	640,043	640,043
Total U.S. Department of Housing and Urban Development			<u>640,043</u>	<u>640,043</u>
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	-	697,347
Total U.S. Department of Transportation			<u>-</u>	<u>697,347</u>
U.S. Department of Treasury Direct Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-ARPA	-	1,330,821
Total U.S. Department of Treasury			<u>-</u>	<u>1,330,821</u>
Environmental Protection Agency Passed through Vermont Department of Environmental Conservation Clean Water State Revolving Loan Fund	66.458	CWSRF-RF1-264-2.0	-	605,756
Total Environmental Protection Agency			<u>-</u>	<u>605,756</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 640,043</u>	<u>\$ 3,296,967</u>

TOWN OF SHELBURNE, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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, 2025. 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

<u>AL Number</u>	<u>Champlain Housing Trust</u>
14.228	<u>\$ 640,043</u>



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, 2025 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 February 19, 2026.

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 February 19, 2026.

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
February 19, 2026



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, 2025. 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, 2025.

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.

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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
February 19, 2026

TOWN OF SHELBURNE, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG State's Grant and Non-Entitlement
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