

TOWN OF SHAFTSBURY, VERMONT

AUDIT REPORT

JUNE 30, 2023

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 AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of Shaftsbury, Vermont
P.O. Box 409
61 Buck Hill Road
Shaftsbury, Vermont 05262-0409

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Town of Shaftsbury, Vermont as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Shaftsbury, Vermont's basic financial statements as listed in the Table of Contents.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, the financial statements referred to above do not present fairly the financial position of the Town of Shaftsbury, Vermont, as of June 30, 2023, or the changes in financial position, or, 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 Adverse Opinion on the Financial Statements as a Whole

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements of the Town of Shaftsbury, Vermont's governmental activities have not been determined.

In addition, we did not audit the transfer station revenues because of inadequacies in the Town's controls over transfer station revenues. We were unable to obtain sufficient appropriate audit evidence about the completeness of the transfer station revenues in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund (stated at \$54,392) by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in “Government Auditing Standards”, issued by the Comptroller General of the United States. 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 Shaftsbury, 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 adverse audit opinion.

Change in Accounting Principles

As described in Note I.F. to the financial statements, effective June 30, 2023, the Town implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”.

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 Shaftsbury, 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 opinion. 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 generally accepted auditing standards 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and “Government Auditing Standards”, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 control 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 Shaftsbury, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Shaftsbury, 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

Management has omitted Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Shaftsbury, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated November 28, 2023 on our consideration of the Town of Shaftsbury, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 Shaftsbury, 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 Shaftsbury, Vermont's internal control over financial reporting and compliance.

Sullivan, Powers & Co.

November 28, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF SHAFTSBURY, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Class 3 Road Improvement Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,770,234	\$ 0	\$ 0	\$ 85,718	\$ 1,855,952
Investments	108,039	0	0	475,876	583,915
Receivables	114,975	190,237	0	3,753	308,965
Due from Other Funds	0	0	935,062	609,116	1,544,178
Prepaid Items	30,171	0	0	0	30,171
Total Assets	<u>\$ 2,023,419</u>	<u>\$ 190,237</u>	<u>\$ 935,062</u>	<u>\$ 1,174,463</u>	<u>\$ 4,323,181</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 101,955	\$ 212,874	\$ 1,789	\$ 17,168	\$ 333,786
Accrued Payroll and Benefits Payable	26,776	0	0	0	26,776
Due to Other Funds	1,575,080	19,615	0	8,864	1,603,559
Unearned Revenue	0	0	931,213	0	931,213
Due to Delinquent Tax Collector	8,357	0	0	0	8,357
Total Liabilities	<u>1,712,168</u>	<u>232,489</u>	<u>933,002</u>	<u>26,032</u>	<u>2,903,691</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Prepaid Property Taxes	2,500	0	0	0	2,500
Unavailable Property Taxes and Interest	80,000	0	0	0	80,000
Unavailable Grants	0	190,237	0	3,753	193,990
Total Deferred Inflows of Resources	<u>82,500</u>	<u>190,237</u>	<u>0</u>	<u>3,753</u>	<u>276,490</u>
<u>FUND BALANCES/(DEFICIT)</u>					
Nonspendable	30,171	0	0	95,988	126,159
Restricted	0	0	0	291,896	291,896
Committed	0	0	0	418,978	418,978
Assigned	198,580	0	2,060	348,016	548,656
Unassigned/(Deficit)	0	(232,489)	0	(10,200)	(242,689)
Total Fund Balances/(Deficit)	<u>228,751</u>	<u>(232,489)</u>	<u>2,060</u>	<u>1,144,678</u>	<u>1,143,000</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,023,419</u>	<u>\$ 190,237</u>	<u>\$ 935,062</u>	<u>\$ 1,174,463</u>	<u>\$ 4,323,181</u>

The accompanying notes are an integral part of this financial statement.

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

	General Fund	Class 3 Road Improvement Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 1,938,691	\$ 0	\$ 0	\$ 0	\$ 1,938,691
Penalties and Interest on Delinquent Taxes	26,487	0	0	0	26,487
Intergovernmental	247,125	116,900	93,348	29,511	486,884
Charges for Services	72,346	0	0	8,100	80,446
Permits, Licenses and Fees	60,267	0	0	11,872	72,139
Fines and Forfeits	5,909	0	0	0	5,909
Investment Income/(Loss)	15,179	(16)	1,847	17,946	34,956
Donations	7,888	0	0	0	7,888
Other	1,017	0	0	0	1,017
Total Revenues	<u>2,374,909</u>	<u>116,884</u>	<u>95,195</u>	<u>67,429</u>	<u>2,654,417</u>
Expenditures:					
General Government	615,285	0	0	0	615,285
Public Safety	118,330	0	0	0	118,330
Public Works	1,007,172	0	0	0	1,007,172
Culture and Recreation	52,483	0	0	289	52,772
Community Development	0	0	93,348	0	93,348
Cemetery	48,217	0	0	10,630	58,847
Solid Waste	214,868	0	0	0	214,868
Capital Outlay:					
Public Safety	22,176	0	0	0	22,176
Public Works	0	385,795	0	276,136	661,931
Culture and Recreation	0	0	0	18,665	18,665
Cemetery	0	0	0	10,422	10,422
Debt Service:					
Principal	82,659	0	0	0	82,659
Interest	32,401	0	0	0	32,401
Total Expenditures	<u>2,193,591</u>	<u>385,795</u>	<u>93,348</u>	<u>316,142</u>	<u>2,988,876</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>181,318</u>	<u>(268,911)</u>	<u>1,847</u>	<u>(248,713)</u>	<u>(334,459)</u>
Other Financing Sources/(Uses):					
Insurance Proceeds	1,163	0	0	0	1,163
Transfers In	11,897	100,000	0	272,400	384,297
Transfers Out	(372,400)	0	0	(11,897)	(384,297)
Total Other Financing Sources/(Uses)	<u>(359,340)</u>	<u>100,000</u>	<u>0</u>	<u>260,503</u>	<u>1,163</u>
Net Change in Fund Balances	<u>(178,022)</u>	<u>(168,911)</u>	<u>1,847</u>	<u>11,790</u>	<u>(333,296)</u>
Fund Balances/(Deficit) - July 1, 2022	<u>406,773</u>	<u>(63,578)</u>	<u>213</u>	<u>1,132,888</u>	<u>1,476,296</u>
Fund Balances/(Deficit) - June 30, 2023	<u>\$ 228,751</u>	<u>\$ (232,489)</u>	<u>\$ 2,060</u>	<u>\$ 1,144,678</u>	<u>\$ 1,143,000</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	<u>Water Fund</u>
<u>ASSETS</u>	
Current Assets:	
Investments	\$ 25,579
Receivables	75,742
Due from Other Funds	<u>58,642</u>
Total Current Assets	<u>159,963</u>
Noncurrent Assets:	
Construction in Progress	69,561
Pumping Station	30,000
Meters & Meter Upgrades	40,000
Distribution System	443,000
Less: Accumulated Depreciation	<u>(105,500)</u>
Total Noncurrent Assets	<u>477,061</u>
Total Assets	<u>\$ 637,024</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 82,832
General Obligation Bonds Payable - Current Portion	<u>11,100</u>
Total Current Liabilities	<u>93,932</u>
Noncurrent Liabilities:	
General Obligation Bonds Payable - Noncurrent Portion	<u>132,773</u>
Total Noncurrent Liabilities	<u>132,773</u>
Total Liabilities	<u>226,705</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	333,188
Unrestricted	<u>77,131</u>
Total Net Position	<u>410,319</u>
Total Liabilities and Net Position	<u>\$ 637,024</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Water Fund</u>
Operating Revenues:	
Charges for Services	\$ 156,959
Interest and Penalties	<u>4,463</u>
Total Operating Revenues	<u>161,422</u>
Operating Expenses:	
Salary and Wages	23,997
Outside Services	39,030
North Bennington Water Charges	133,238
Water Testing	885
Legal, Dues & Postage	497
Operating Supplies	603
Utilities	1,598
Depreciation	<u>7,900</u>
Total Operating Expenses	<u>207,748</u>
Operating Income/(Loss)	<u>(46,326)</u>
Non-Operating Revenues/(Expenses):	
Investment Income	175
Interest Expense	<u>(3,285)</u>
Total Non-Operating Revenues/(Expenses)	<u>(3,110)</u>
Change in Net Position	(49,436)
Net Position - July 1, 2022	<u>459,755</u>
Net Position - June 30, 2023	<u>\$ 410,319</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Water Fund
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 141,213
Payments for Goods and Services	(125,779)
Payments for Wages and Benefits	<u>(23,997)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(8,563)</u>
Cash Flows from Noncapital Financing Activities:	
(Increase)/Decrease in Due from Other Funds	<u>29,726</u>
Net Cash Provided by Noncapital Financing Activities	<u>29,726</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(7,233)
Principal Paid on General Obligation Bonds Payable	(10,776)
Interest Paid on General Obligation Bonds Payable	<u>(3,285)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(21,294)</u>
Cash Flows From Investing Activities:	
Receipt of Interest and Dividends	175
Net (Increase)/Decrease in Investments	<u>(44)</u>
Net Cash Provided by Investing Activities	<u>131</u>
Net Increase in Cash	0
Cash - July 1, 2022	<u>0</u>
Cash - June 30, 2023	<u><u>\$ 0</u></u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (46,326)
Depreciation	7,900
(Increase)/Decrease in Receivables	(20,209)
Increase/(Decrease) in Accounts Payable	<u>50,072</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (8,563)</u></u>

There was \$210 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2023.

The accompanying notes are an integral part of this financial statement.

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 66,331	\$ 0
Investments	173,503	0
Due from Other Funds	739	0
Total Assets	\$ 240,573	\$ 0
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:	\$ 0	\$ 0
Net Position:		
Restricted:		
Held in Trust for Other Purposes	240,573	0
Total Net Position	240,573	0
Total Liabilities and Net Position	\$ 240,573	\$ 0

The accompanying notes are an integral part of this financial statement.

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
Additions:		
Investment Income	\$ 11,666	\$ 0
Education Taxes Collected for Other Governments	0	4,200,732
Total Additions	11,666	4,200,732
Deductions:		
Mary Monroe Hawkins Memorial Library Expenses	1,346	0
Recreation Project Expenses	5,888	0
School Expenses	1,724	0
Investment Fees	1,470	0
Education Taxes Distributed to Other Governments	0	4,200,732
Total Deductions	10,428	4,200,732
Change in Net Position	1,238	0
Net Position - July 1, 2022	239,335	0
Net Position - June 30, 2023	\$ 240,573	\$ 0

The accompanying notes are an integral part of this financial statement.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The Town of Shaftsbury, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, culture and recreation, cemetery, solid waste, water, health and social services, public improvements, planning and zoning, and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted as follows, the accounting policies adopted by the Town of Shaftsbury, Vermont conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental and business-type activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in the government-wide financial statements for the Town's governmental activities are not reasonably determinable.

A. The Financial Reporting Entity

This report includes all of the activity of the Town of Shaftsbury, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The basic financial statements of the Town include fund financial statements. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Class 3 Road Improvement Fund – This fund accounts for the resources to be used for class 3 road improvement expenditures.

ARPA Fund – This fund accounts for the resources from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program used to support the Town's response to and recovery from the COVID-19 public health emergency.

The Town reports on the following major enterprise fund:

Water Fund – This fund accounts for the operations of the Water Department.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Additionally, the Town reports the following fund types:

Private-Purpose Trust Funds – These funds are used to report trust arrangements under which resources are to be used for the benefit of individuals or other organizations. All investment earnings, and in some cases, the principal of these funds may be used to support these activities.

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. 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.

The proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under financed purchases and sales of capital assets are reported as other financing sources.

TOWN OF SHAFTSBURY, VERMONT
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Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. New Pronouncement – Subscription-Based Information Technology Arrangements

Effective June 30, 2023, the Town implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements". GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, "Leases", as amended. The Town currently has no subscription-based information technology arrangements applicable to this Statement that are material to the financial statements.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds. Interest income is allocated based on the due from/to other funds balances.

2. Investments

The Town invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

TOWN OF SHAFTSBURY, VERMONT
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3. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangement that are outstanding at the end of the fiscal year are referred to as “advances to/from other funds.” All other outstanding balances between funds are reported as “due from/to other funds.”

5. Inventories and Prepaid Expenses/Items

Inventory quantities are determined by physical count and are valued at the lower of cost or market.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses/items.

Reported inventories and prepaid items of governmental funds in the fund financial statements are offset by a nonspendable fund balance as they are not in spendable form.

6. Pensions

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources 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’ fiduciary net position have been determined on the same basis as they are reported by VMERS. 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.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements 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/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes 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. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets reported in the proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Pumping Station	\$ 10,000	50 Years
Meters & Meter Upgrades	\$ 10,000	30 Years
Distribution System	\$ 10,000	50-75 Years

9. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

10. Long-term Liabilities

Long-term liabilities include bonds and notes payable, financed purchases and other obligations such as the Town's net pension liability. Long-term liabilities are reported in the proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheets.

11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. The budget presented herein is for the Town’s “General Fund” only and does not include the Economic Development Fund, the Landfill Fund, the Professional Audit Reserve Fund and the G.W. Hawkins Fund activity that is included with the General Fund.

B. Budgeted Deficit

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$20,000 in order to utilize a portion of the previous year’s surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures in the General Fund exceeded appropriations by \$150,394. These over expenditures were funded by available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The Town’s cash, cash equivalents and investments as of June 30, 2023 consisted of the following:

Cash and Cash Equivalents:

Deposits with Financial Institutions	\$1,731,948
Deposits held by Investment Company	61,377
Money Market Mutual Funds – U.S. Government Securities	128,353
Cash on Hand	<u>605</u>

Total Cash and Cash Equivalents 1,922,283

Investments:

Certificates of Deposit	254,578
Mutual Funds – Mixed Holdings	<u>528,419</u>

Total Investments 782,997

Total Cash, Cash Equivalents and Investments \$2,705,280

The Town has three (3) certificates of deposit at M&T Bank ranging from \$10,557 to \$228,999 with interest rates ranging from 0.03% to 0.20%. All certificates of deposit will mature by fiscal year 2025.

TOWN OF SHAFTSBURY, VERMONT
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Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The money market mutual funds and mutual funds are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town’s cash and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 561,377	\$ 561,377
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution’s Agent	<u>1,486,526</u>	<u>1,504,378</u>
Total	<u>\$2,047,903</u>	<u>\$2,065,755</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,731,948
Cash – Deposits held by Investment Company	61,377
Investments – Certificates of Deposit	<u>254,578</u>
Total	<u>\$2,047,903</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town’s certificates of deposit are exempt from interest rate risk disclosure. The Town’s money market mutual funds and mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit are exempt from credit risk analysis. The Town's money market mutual funds and mutual funds are open-ended and are, therefore, also exempt from credit risk analysis.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town has no investments subject to concentration of credit risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Town's certificates of deposit are not subject to fair value disclosures.

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Town has the following fair value measurements as of June 30, 2023:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual Funds - Mixed Holdings	\$ 528,419	\$ 528,419	\$ 0	\$ 0
Total	\$ 528,419	\$ 528,419	\$ 0	\$ 0

TOWN OF SHAFTSBURY, VERMONT
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B. Receivables

Receivables as of June 30, 2023 are as follows:

	General Fund	Class 3 Road Improvement Fund	Non-Major Governmental Funds	Water Fund	Total
Delinquent Taxes Receivable	\$ 96,462	\$ 0	\$ 0	\$ 0	\$ 96,462
Penalties and Interest Receivable	16,847	0	0	0	16,847
Grants Receivable	0	190,237	3,753	0	193,990
Miscellaneous Receivables	1,666	0	0	0	1,666
Billed Services	0	0	0	49,742	49,742
Unbilled Services	0	0	0	26,000	26,000
Total	\$ 114,975	\$ 190,237	\$ 3,753	\$ 75,742	\$ 384,707

C. Capital Assets – Water Fund

Capital asset activity in the Water Fund for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 62,118	\$ 7,443	\$ 0	\$ 69,561
Total Capital Assets, Not Being Depreciated	<u>62,118</u>	<u>7,443</u>	<u>0</u>	<u>69,561</u>
Capital Assets, Being Depreciated:				
Pumping Station	30,000	0	0	30,000
Meters & Meter Upgrades	40,000	0	0	40,000
Distribution System	443,000	0	0	443,000
Totals	<u>513,000</u>	<u>0</u>	<u>0</u>	<u>513,000</u>
Less Accumulated Depreciation for:				
Pumping Station	5,400	600	0	6,000
Meters & Meter Upgrades	19,997	1,333	0	21,330
Distribution System	72,203	5,967	0	78,170
Totals	<u>97,600</u>	<u>7,900</u>	<u>0</u>	<u>105,500</u>
Total Capital Assets, Being Depreciated	<u>415,400</u>	<u>(7,900)</u>	<u>0</u>	<u>407,500</u>
Water Fund Capital Assets, Net	<u>\$ 477,518</u>	<u>\$ (457)</u>	<u>\$ 0</u>	<u>\$ 477,061</u>

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2023 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,575,080
Class 3 Road Improvement Fund	0	19,615
ARPA Fund	935,062	0
Non-Major Governmental Funds	609,116	8,864
Water Fund	58,642	0
Private-Purpose Trust Fund - Florence Beebe Memorial Fund	<u>739</u>	<u>0</u>
Total	<u>\$ 1,603,559</u>	<u>\$ 1,603,559</u>

Interfund transfers during the year ended June 30, 2023 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Professional Audit Reserve Fund	\$ 16,000	* Appropriation
General Fund	Class 3 Road Improvement Fund	100,000	Appropriation
General Fund	Equipment Replacement Fund	120,000	Appropriation
General Fund	Paving Fund	25,000	Appropriation
General Fund	Culvert Fund	10,000	Appropriation
General Fund	Cole Hall Renovation and Garage Fund	10,000	Appropriation
General Fund	Fire Equipment Replacement Fund	101,000	Appropriation
General Fund	Sidewalk Fund	6,400	Appropriation
Cemetery Fund	General Fund	<u>11,897</u>	Transfer Interest Earnings
Total		<u>\$ 400,297</u>	

* The transfer from the General Fund to the Professional Audit Reserve Fund is netted within the General Fund as this fund is consolidated within the General Fund to comply with GASB Statement No. 54.

E. Unearned Revenue

Unearned revenue in the ARPA Fund consists of \$931,213 of grant revenue received in advance.

F. Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$80,000 of delinquent property taxes and interest on those taxes not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$2,500 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$82,500.

TOWN OF SHAFTSBURY, VERMONT
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Deferred inflows of resources in the Class 3 Road Improvement Fund consists of \$190,237 of grant revenues not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$3,753 of grant revenues not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

G. Long-term Liabilities – Water Fund

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for the Water Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The State of Vermont offers a number of low and no interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for water projects.

The long-term liabilities outstanding as of June 30, 2023 for the Water Fund was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Principal and Interest Payments of \$3,118 Payable on December 1 Annually, Interest at 1%, 2% Administration Fee, Due December, 2030	\$ 24,272	\$ 0	\$ 2,389	\$ 21,883
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Principal and Interest Payments of \$10,943 Payable on December 1 Annually, Interest at 1%, 2% Administration Fee, Due December, 2030	85,205	0	8,387	76,818

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Authorized to \$65,000, Principal Payments of \$13,000 Payable on January 1 Annually Beginning January 1, 2026, 0% Interest, Due January, 2030	\$ <u>45,172</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>45,172</u>
Total	\$ <u>154,649</u>	\$ <u>0</u>	\$ <u>10,776</u>	\$ <u>143,873</u>

Debt service requirements to maturity in the Water Fund are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 11,100	\$ 2,961	\$ 14,061
2025	11,433	2,628	14,061
2026	24,776	2,285	27,061
2027	25,129	1,932	27,061
2028	25,493	1,568	27,061
2029-2031	45,942	2,413	48,355
Total	\$ <u>143,873</u>	\$ <u>13,787</u>	\$ <u>157,660</u>

H. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard’s intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

TOWN OF SHAFTSBURY, VERMONT
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Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Major Fund

General Fund:

Nonspendable Prepaid Items	\$ 30,171
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Non-Major Funds

Permanent Fund:

Nonspendable Cemetery Fund Principal	<u>95,988</u>
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Total Nonspendable Fund Balances	<u>\$126,159</u>
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The fund balances in the following funds are restricted as follows:

Non-Major Funds

Special Revenue Funds:

Restricted for Municipal Grants Expenses by Grant Agreements (Source of Revenue is Grant Revenue)	\$ 90
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Restricted for Record Restoration Expenses by Statute (Source of Revenue is Restoration Fees)	<u>11,249</u>
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Total Special Revenue Funds	<u>11,339</u>
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Capital Projects Funds:

Restricted for Cemetery Capital Expenditures by Donations (Source of Revenue is Donations)	17,643
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Restricted for Howard Park Expenditures by Bequest (Source of Revenue is Donations)	<u>47,691</u>
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Total Capital Projects Funds	<u>65,334</u>
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Permanent Fund:

Restricted for Cemetery Expenses by Sale of Lots and Donations (Source of Revenue is Sale of Lots and Donations)	<u>215,223</u>
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Total Restricted Fund Balances	<u>\$291,896</u>
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TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The fund balances in the following funds are committed as follows:

Non-Major Funds

Capital Projects Funds:

Committed for Highway Equipment Expenditures by the Voters	\$147,347
Committed for Park Expenditures by the Voters	4
Committed for Hooke Memorial Expenditures by the Voters	45,430
Committed for Cemetery Capital Expenditures by the Voters	31,380
Committed for Fire Equipment Expenditures by the Voters	<u>194,817</u>
Total Committed Fund Balances	<u>\$418,978</u>

The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned for Economic Development Study Expenses	\$ 2,664
Assigned for Landfill Expenses	50,572
Assigned for Community Improvement Expenses – G.W. Hawkins Fund	145,940
Assigned in Excess of Available Fund Balance	<u>(596)</u>
Total General Fund	<u>198,580</u>

ARPA Fund:

Assigned for ARPA Expenses	<u>2,060</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>348,016</u>
Total Assigned Fund Balances	<u>\$548,656</u>

The unassigned deficit of \$232,489 in the Class 3 Road Improvement Fund will be funded with the collection of grant revenues and a transfer from the General Fund.

The unassigned deficit of \$1,909 in the Paving Fund will be funded with a transfer from the General Fund.

The unassigned deficit of \$5,280 in the Culvert Fund will be funded with a transfer from the General Fund.

The unassigned deficit of \$1,675 in the Cole Hall Renovation and Garage Fund will be funded with a transfer from the General Fund.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The unassigned deficit of \$1,336 in the Sidewalk Fund will be funded with the collection of grant revenues.

I. Net Position Held in Trust for Various Purposes

The net position held in Trust for various purposes in the Town's Private-Purpose Trust Funds as of June 30, 2023 consisted of the following:

Restricted for School Expenses by Bequests	\$ 30,961
Restricted for Recreation Project Expenses by Donations	141,653
Restricted for Elderly Citizens by Bequest	43,085
Restricted for Mary Monroe Hawkins Memorial	
Library Expenses by Bequests	24,135
Restricted for Florence Beebe Memorial Expenses by Bequests	<u>739</u>
 Total Private-Purpose Trust Funds	 <u>\$240,573</u>

IV. OTHER INFORMATION

A. Pension Plans

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2022, the measurement date selected by the State of Vermont, the retirement system consisted of 359 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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.

TOWN OF SHAFTSBURY, VERMONT
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JUNE 30, 2023

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position liability of \$303,371,956. As of June 30, 2023, the Town's proportionate share of this was 0.1085% resulting in a net pension liability of \$329,278. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.1085% was a decrease of 0.0048 from its proportion measured as of the prior year.

Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Group B.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

TOWN OF SHAFTSBURY, VERMONT
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Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Groups A and B. Age 50 with twenty (20) years of service for Group D.

Amount – Normal retirement allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Groups A and B members, and payable without reduction to Group D members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at Normal Retirement Age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability allowance computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contributions – Upon termination, if the member so elects or if no other benefit is payable, the member’s accumulated contributions with interest are refunded.

Member Contribution Rates – Group A – 3.25%. Group B – 5.625%. Group C – 10.75%. Group D – 12.10%.

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Employer Contribution Rates – Group A – 4.75%. Group B – 6.25%. Group C – 8.00%. Group D – 10.60%.

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

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

Inflation: 2.30% per year.

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

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2022 COLA was 2.00% for Group A members and 2.30% for Groups B, C and D members. The January 1, 2023 COLA was 2.00% for Group A members and 3.00% for Groups B, C and D members.

Mortality:

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

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

Healthy Post-Retirement – Beneficiaries: Groups A, B and C – 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019. Group D – Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three years younger than males.

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

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Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	4.30%
Active Global Equities	5%	4.30%
Large Cap US Equities	4%	3.25%
Small/Mid Cap US Equities	3%	3.75%
Non-US Developed Market Equities	7%	5.00%
Private Equity	10%	6.50%
Emerging Market Debt	4%	3.50%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	6.00%
Core Fixed Income	19%	0.00%
Core Real Estate	3%	3.50%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	4%	4.25%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans’ Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SHAFTSBURY, VERMONT
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The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$493,408	\$329,278	\$194,274

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

Deferred Compensation Plan

The Town also offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Town is the administrator of the plan. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan, but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

B. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes were levied in October and were due November 10, 2022. The penalty is eight percent (8%). Interest is charged at one percent (1%) per month for the first three months and one and one-half percent (1-1/2%) per month for each month thereafter. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2023 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.4775	.4775
Local Agreement	.0048	.0048
Education	<u>1.3398</u>	<u>1.5381</u>
Total	<u>1.8221</u>	<u>2.0204</u>

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through a local broker. 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.

TOWN OF SHAFTSBURY, VERMONT
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The Town is a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

D. Compensated Absences

It is the policy of the Town to permit employees to accumulate earned but unused vacation benefits, personal leave and sick time. Amounts not expected to be liquidated with expendable available financial resources are not reported in the governmental funds. No expenditure is reported for these amounts until paid. The total accrued leave time as of June 30, 2023 was \$4,540. As of June 30, 2023, there was no accrued leave time liability for the Water Fund.

E. Long-term Debt – Governmental Funds

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The Town has a note payable to finance a capital purchase through the State of Vermont Municipal Equipment Loan Fund.

The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as financed purchases for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases.

The long-term debt outstanding as of June 30, 2023 for the Governmental Funds was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Town Garage, Principal Payments of \$50,000 Payable on November 1 Annually, Interest Ranging from 1.78% to 3.87% Payable on May 1 and November 1, Due November, 2039	\$ 900,000	\$ 0	\$50,000	\$850,000
Note Payable, State of Vermont Municipal Equipment Loan Fund, Tractor, Principal Payments of \$22,000 Plus Interest Payable on June 30 Annually, Interest at 2%, Due June, 2026	88,000	0	22,000	66,000

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Financed Purchase, Caterpillar Financial, Excavator, Principal and Interest Payments of \$11,933 Payable on October 15 Annually, Interest at 2.99%, Due October, 2025	\$ <u>44,367</u>	\$ <u>0</u>	\$ <u>10,659</u>	\$ <u>33,708</u>
Total Governmental Funds	\$ <u>1,032,367</u>	\$ <u>0</u>	\$ <u>82,659</u>	\$ <u>949,708</u>

Debt service requirements to maturity in the Governmental Funds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 82,923	\$ 29,908	\$ 112,831
2025	83,250	27,873	111,123
2026	83,535	25,806	109,341
2027	50,000	23,550	73,550
2028	50,000	22,058	72,058
2029-2033	250,000	86,071	336,071
2034-2038	250,000	42,274	292,274
2039-2040	100,000	3,871	103,871
Total	\$ <u>949,708</u>	\$ <u>261,411</u>	\$ <u>1,211,119</u>

F. Landfill Post-Closure Costs

State and Federal laws and regulations required the Town to close its landfill in 2006. These laws and regulations required the Town to perform certain maintenance and monitoring at the site. The Town has estimated that they will continue for another five (5) years. The Town's estimated liability is \$87,000. This amount is based on what it would cost to perform all post closure care now. Actual costs may vary due to changes in the cost of living, changes in technology, changes in regulations or variances between estimated and actual amounts.

G. Related Party Transactions

A Selectboard member is an owner of a trucking company which performed services for the Town during the year. The amount paid to his trucking company for the fiscal year ending June 30, 2023 was \$44,387.

H. Subsequent Events

The Town obtained a tax anticipation note with M&T Bank on July 19, 2023 for \$300,000. Interest is at 6.15% and matures December 19, 2023.

TOWN OF SHAFTSBURY, VERMONT
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Current Tax Revenue	\$ 1,961,397	\$ 1,938,691	\$ (22,706)
Late Homestead Penalty	2,051	4,999	2,948
Delinquent Tax Interest	10,000	8,329	(1,671)
Education Billing Fee Retained	9,405	9,804	399
Railroad Tax	900	992	92
State Land Use	42,000	46,001	4,001
State PILOT Program	12,000	11,401	(599)
Federal Land PILOT Program	3,660	4,014	354
Vermont State Highway Aid	180,000	169,989	(10,011)
Planning Grant Income	0	14,728	14,728
Brush Fees	0	439	439
Miscellaneous Transfer Station Fees	600	1,380	780
Access Permits	9,000	7,070	(1,930)
Pay-As-You-Throw Revenues	62,000	54,392	(7,608)
Zoning Permits	6,000	6,390	390
Dog Licenses	3,250	4,622	1,372
Beer and Liquor Licenses	130	0	(130)
Marriage Licenses	100	100	0
Dog Fines	400	0	(400)
Civil Fines	2,000	910	(1,090)
Interest Income	1,500	7,869	6,369
Trustees of Public Funds	5,000	5,888	888
Park Fees	100	100	0
Administrative Burial Fees & Permits	2,000	1,700	(300)
Lot Fees	4,000	8,100	4,100
Cemetery Perpetual Trusts	6,000	7,984	1,984
Corner Markers	1,200	0	(1,200)
Cemetery Miscellaneous Revenue	0	50	50
Grandview Cemetery Perpetual Trusts	3,500	3,913	413
Grandview Cemetery Other Revenues	2,000	2,000	0
Town Clerk Fees	45,000	38,091	(6,909)
Miscellaneous Clerk Fees	300	375	75
Insurance Proceeds	0	1,163	1,163
Miscellaneous Income	0	1,017	1,017
	<u>2,375,493</u>	<u>2,362,501</u>	<u>(12,992)</u>
Total Revenues			

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

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:			
Administration:			
Select Board Stipend	\$ 3,250	\$ 4,250	\$ (1,000)
Town Administrator Salary	80,346	83,473	(3,127)
Health Plan Administration	1,000	733	267
Aflac Administration	927	669	258
FICA & Medicare	6,330	7,055	(725)
Liability Insurance & Bonds	66,560	68,799	(2,239)
Retirement Contribution	5,423	5,233	190
Unemployment Insurance	2,712	1,674	1,038
Professional Services	12,000	25,439	(13,439)
Postage	1,200	1,800	(600)
Meetings/Training	500	318	182
Video CAT-TV Zoom	4,800	12,794	(7,994)
Advertising & Legal Notices	1,500	794	706
Dues & Subscriptions	14,000	12,977	1,023
Office Supplies	2,000	3,045	(1,045)
Office Equipment/Leases	2,500	8,645	(6,145)
Miscellaneous Expenses	1,200	791	409
Website Management	8,000	40	7,960
	<u>214,248</u>	<u>238,529</u>	<u>(24,281)</u>
Total Administration			
Cole Hall - Town Offices:			
Contract Services	6,900	6,277	623
FICA & Medicare	0	11	(11)
Repairs and Maintenance	1,000	1,354	(354)
Operating Supplies	2,300	1,734	566
Utilities	9,000	9,575	(575)
Heating Fuel	1,776	3,620	(1,844)
	<u>20,976</u>	<u>22,571</u>	<u>(1,595)</u>
Total Cole Hall - Town Offices			
Elections & Vital Statistics:			
Assistant Town Clerk	16,796	18,103	(1,307)
Town Clerk Salary	46,636	52,613	(5,977)
Poll Worker Wages	4,000	4,813	(813)
Town Clerk Health Insurance Premium	7,092	13,466	(6,374)
Town Clerk Health Insurance Deductible	2,000	2,070	(70)
Short-term Disability	400	397	3
FICA & Medicare	5,159	5,301	(142)
Retirement Contribution	3,413	3,457	(44)
Dental Plan	598	1,034	(436)
Vision Plan	56	104	(48)
Professional Services	0	260	(260)
Travel and Meetings - Clerk	600	0	600
Travel and Meetings - Elections	600	407	193
Machine Equipment/Supplies - Elections	3,000	5,283	(2,283)
Operating Equipment/Supplies - Clerk	4,000	3,309	691
	<u>94,350</u>	<u>110,617</u>	<u>(16,267)</u>
Total Elections & Vital Statistics			

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Accounting/Payroll:			
Bookkeeping Wages	\$ 9,353	\$ 5,839	\$ 3,514
FICA & Medicare	715	465	250
Payroll Services	3,250	4,213	(963)
Miscellaneous	0	41	(41)
Total Accounting/Payroll	<u>13,318</u>	<u>10,558</u>	<u>2,760</u>
Auditing:			
Auditor Wages	1,900	662	1,238
FICA & Medicare	145	51	94
Town Report	2,000	2,412	(412)
Total Auditing	<u>4,045</u>	<u>3,125</u>	<u>920</u>
Delinquent Tax Collection:			
FICA & Medicare	1,300	1,410	(110)
Supplies	400	20	380
Total Delinquent Tax Collection	<u>1,700</u>	<u>1,430</u>	<u>270</u>
Treasurer Services:			
Treasurer's Salary	25,704	26,877	(1,173)
Other Services	250	35	215
Bank Service Charge	660	110	550
Billing Supplies	2,000	1,620	380
FICA & Medicare	1,966	2,056	(90)
Total Treasurer Services	<u>30,580</u>	<u>30,698</u>	<u>(118)</u>
Listers:			
Lister Wages	16,796	16,990	(194)
FICA & Medicare	1,218	2,265	(1,047)
Professional Services	16,600	16,966	(366)
Tax Maps	2,500	6,400	(3,900)
IT Support and Computer Maintenance	500	215	285
Travel and Meetings	250	71	179
Dues and Subscriptions	0	664	(664)
Operating Supplies	200	89	111
Total Listers	<u>38,064</u>	<u>43,660</u>	<u>(5,596)</u>
Animal Control:			
ACO Wages	6,300	6,089	211
Contracted Services/Monthly Stipends	1,275	0	1,275
FICA & Medicare	482	466	16
Veterinary Expense	750	0	750
Tags/Miscellaneous	450	2,657	(2,207)
Total Animal Control	<u>9,257</u>	<u>9,212</u>	<u>45</u>

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TOWN OF SHAFTSBURY, VERMONT
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Emergency Management:			
Travel and Meetings	\$ 200	\$ 0	\$ 200
Operating Supplies	400	0	400
Equipment Maintenance	800	352	448
	<u>1,400</u>	<u>352</u>	<u>1,048</u>
Total Emergency Management			
Fire Department:			
Chief's Stipends	2,600	2,600	0
FICA & Medicare	199	0	199
Insurance & Bonds	2,550	1,879	671
Firehouse Maintenance	5,000	3,072	1,928
Fire Truck Maintenance	8,000	11,492	(3,492)
Communications	4,500	2,857	1,643
Training	2,000	1,264	736
Operating Supplies	750	1,140	(390)
Utilities	10,000	15,251	(5,251)
Firehouse Heating Fuel (Fuel Oil)	11,016	12,845	(1,829)
Gas, Oil and Diesel (Trucks)	4,000	158	3,842
Extrication Equipment	2,000	567	1,433
Equipment Replacement	20,000	22,176	(2,176)
	<u>72,615</u>	<u>75,301</u>	<u>(2,686)</u>
Total Fire Department			
Fire Warden:			
Operating Supplies	250	0	250
Vehicle & Equipment	1,500	1,280	220
	<u>1,750</u>	<u>1,280</u>	<u>470</u>
Total Fire Warden			
Sheriff Services:	<u>35,430</u>	<u>23,361</u>	<u>12,069</u>
Bennington Rescue:	<u>22,500</u>	<u>22,500</u>	<u>0</u>
Highway Administration:			
Highway Wages - Regular	309,139	303,145	5,994
Highway Wages - Overtime	28,400	19,602	8,798
Employee Health Insurance - Premium	62,460	71,413	(8,953)
Employee Health Insurance - Deductible	16,000	7,509	8,491
Short-term Disability	2,520	2,517	3
Dental Plan	3,590	3,290	300
Vision Plan	332	332	0
FICA & Medicare	25,822	25,332	490
Retirement Contribution	25,315	21,467	3,848
Travel and Meetings	300	0	300
Steel Toe Footwear	600	600	0
CDL Physicals and Drug Testing	800	1,050	(250)
Clothing Allowance	3,150	3,150	0
	<u>478,428</u>	<u>459,407</u>	<u>19,021</u>
Total Highway Administration			

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GENERAL FUND
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	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Construction & Maintenance:			
Signs	\$ 4,000	\$ 7,035	\$ (3,035)
Tree Removal	22,500	9,450	13,050
Paving	0	2,074	(2,074)
Operating Supplies	6,000	26,593	(20,593)
Gravel	90,000	119,302	(29,302)
Chloride (Dust Control)	60,000	64,233	(4,233)
Winter Salt	51,000	46,622	4,378
Winter Sand	52,000	65,378	(13,378)
Level & Sealing	5,000	0	5,000
Di-Cleaning	1,000	0	1,000
Rentals	3,000	1,260	1,740
Culverts	0	504	(504)
State MRGP Fees	1,500	1,965	(465)
	<u>296,000</u>	<u>344,416</u>	<u>(48,416)</u>
Highway Equipment Maintenance:			
Truck #1 International	3,230	3,547	(317)
Truck #2-2012 International	3,230	2,330	900
Truck #3-15 International	3,230	4,286	(1,056)
Truck #4-13 International Tandem Axle	3,230	13,433	(10,203)
Truck #5-06 One Ton	3,230	7,426	(4,196)
Truck #6-95 International/Chloride	3,230	4,979	(1,749)
Truck #7-02 One Ton	3,230	1,348	1,882
Truck #8-IH 4300	3,230	0	3,230
Truck #9A.M. General Military Surplus	3,230	0	3,230
Truck #10 17 Dodge 3500	3,230	11,991	(8,761)
John Deere Backhoe 2011	3,230	17,751	(14,521)
John Deere Loader 1991	3,230	1,421	1,809
Cat Excavator	3,230	0	3,230
Cat Grader 1987	3,230	1,588	1,642
22 Case 115	3,230	4,928	(1,698)
Plows & Sanders	3,230	3,303	(73)
Sidewalk Machine	3,230	142	3,088
John Deere Grader 2010	3,230	3,241	(11)
Cat Traxcavator	3,230	0	3,230
Deere Surplus Loader	0	47	(47)
Rentals	0	1,150	(1,150)
Communications	500	0	500
Gas, Diesel and Oil	50,000	83,670	(33,670)
Small Machinery and Equipment	14,000	13,429	571
	<u>125,870</u>	<u>180,010</u>	<u>(54,140)</u>

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TOWN OF SHAFTSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Garage:			
Professional Services	\$ 2,500	\$ 4,546	\$ (2,046)
Repairs and Maintenance	1,500	882	618
Operating Supplies	4,000	2,255	1,745
Utilities	5,200	8,096	(2,896)
Heating Fuel	6,500	2,231	4,269
Small Machinery and Equipment	2,000	5,329	(3,329)
Total Highway Garage	<u>21,700</u>	<u>23,339</u>	<u>(1,639)</u>
Solid Waste Facility:			
Attendant Wages	37,413	36,246	1,167
FICA & Medicare	2,862	2,879	(17)
Professional Services	3,600	11,880	(8,280)
Methane Well Monitoring	400	0	400
Solid Waste Implementation Plan	24,141	21,134	3,007
Groundwater Monitoring	26,000	33,142	(7,142)
Solid Waste Removal	0	3,256	(3,256)
Tire Removal	0	1,677	(1,677)
Casella Services	99,846	101,995	(2,149)
Repairs & Maintenance	1,000	1,111	(111)
Operating Supplies	1,000	233	767
Sticker Cost	2,000	570	1,430
Transfer Station Utilities	500	328	172
Landfill Utilities	300	0	300
Gas, Diesel and Oil	0	417	(417)
Total Solid Waste Facility	<u>199,062</u>	<u>214,868</u>	<u>(15,806)</u>
Street Lights:			
Hawks Avenue	500	314	186
S. Shaftsbury Village	11,000	11,542	(542)
Total Street Lights	<u>11,500</u>	<u>11,856</u>	<u>(356)</u>
Parks and Recreation:			
Professional Services	2,000	1,869	131
Building Construction, Maintenance and Repairs	2,000	2,325	(325)
Operating Supplies	500	167	333
Utilities	500	422	78
Total Parks and Recreation	<u>5,000</u>	<u>4,783</u>	<u>217</u>

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TOWN OF SHAFTSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cemetery Expenditures:			
Superintendent Salary	\$ 8,032	\$ 8,915	\$ (883)
Cemetery Assistant	3,938	0	3,938
FICA & Medicare	915	1,342	(427)
Contract Services	31,200	31,575	(375)
Repairs and Maintenance	2,500	639	1,861
Travel and Meetings	400	485	(85)
Corner Marker Installation	200	0	200
(New) Corner Marker Purchases	1,300	2,408	(1,108)
Miscellaneous	0	2,853	(2,853)
Total Cemetery Expenditures	<u>48,485</u>	<u>48,217</u>	<u>268</u>
Development Review Board:			
Board Member Stipends	500	0	500
Professional Services	1,900	1,093	807
Travel and Meetings	500	0	500
Advertising and Legal	1,000	1,666	(666)
Operating Supplies	100	0	100
Total Development Review Board	<u>4,000</u>	<u>2,759</u>	<u>1,241</u>
Planning:			
Board Member Stipends	500	0	500
Zoning Administrator Wages	12,133	11,253	880
FICA & Medicare	966	889	77
Professional Services	750	20,110	(19,360)
Travel and Meetings	200	0	200
Advertising and Legal	500	0	500
Total Planning	<u>15,049</u>	<u>32,252</u>	<u>(17,203)</u>
County Tax:	<u>32,039</u>	<u>33,301</u>	<u>(1,262)</u>
Debt Service Expenditures:			
Tax Anticipation Note - Interest	1,000	0	1,000
2021 CAT Excavator	11,932	12,530	(598)
Garage Bond Payment	78,770	78,770	0
2021 Mower Loan	24,000	23,760	240
Total Debt Service Expenditures	<u>115,702</u>	<u>115,060</u>	<u>642</u>

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TOWN OF SHAFTSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Transfer to Reserves:			
Cole Hall Reserve Fund	\$ 10,000	\$ 10,000	\$ 0
Equipment Reserve Fund	120,000	120,000	0
Fire Warden Truck Reserve Fund	1,000	1,000	0
Fire Truck Reserve Fund	90,000	90,000	0
Paving Reserve Fund	25,000	25,000	0
Sidewalk Reserve Fund	6,400	6,400	0
Culvert Reserve Fund	10,000	10,000	0
Audit Reserve Fund	16,000	16,000	0
Class 3 Road Capital Improvement Reserve Fund	100,000	100,000	0
Airpack Reserve Fund	10,000	10,000	0
Total Transfer to Reserves	<u>388,400</u>	<u>388,400</u>	<u>0</u>
Community Appropriations:			
Bennington Free Library	18,000	18,000	0
John G. McCullough Library	25,200	25,200	0
Arlington Rescue Squad	8,500	8,500	0
VNA & Hospice of S.V.H.C.	5,225	5,225	0
Bennington Project Independence	4,500	4,500	0
Martha Canfield Library	2,000	2,000	0
Paran Recreation, Inc.	2,500	2,500	0
Shaftsbury History Society	2,500	2,500	0
Habitat for Humanity	1,850	1,850	0
BROC	1,700	1,700	0
SWVT Council on Aging	1,100	1,100	0
Bennington Coalition Homeless	5,000	5,000	0
Little League	600	600	0
Sunrise Family Resource	1,000	1,000	0
Bennington Free Clinic	1,000	1,000	0
Park McCullough House	1,500	1,500	0
Vermont Center for Independent Living	1,000	1,000	0
RSVP	950	950	0
Tutorial Center, Inc.	900	900	0
Center for Restorative Justice	600	600	0
Bennington County Conservation District	450	450	0
PAVE	450	450	0
Vermont Association Blind & Visually Impaired	300	300	0
Green Up Vermont	200	200	0
Shires Media Partnership - WBTN	5,000	5,000	0
Shires Kids	750	750	0
Bennington County Association Against Child Abuse	500	500	0
Bennington Senior Center	750	750	0
Total Community Appropriations	<u>94,025</u>	<u>94,025</u>	<u>0</u>
Total Expenditures	<u>2,395,493</u>	<u>2,545,887</u>	<u>(150,394)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ (20,000)</u>	<u>(183,386)</u>	<u>\$ (163,386)</u>

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TOWN OF SHAFTSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Actual
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:	
Economic Development Fund Investment Income	\$ 5
Landfill Fund Investment Income	101
Professional Audit Reserve Fund Expenses	(17,135)
Professional Audit Reserve Fund Transfer In	16,000
G.W. Hawkins Fund Investment Income	7,239
G.W. Hawkins Fund Expenses	(846)
Net Change in Fund Balance	(178,022)
Fund Balance - July 1, 2022	406,773
Fund Balance - June 30, 2023	\$ 228,751

The reconciling items are due to combining four (4) funds, the Economic Development Fund, the Landfill Fund, the Professional Audit Reserve Fund and the G.W. Hawkins Fund with the General Fund in order to comply with GASB Statement No. 54.

TOWN OF SHAFTSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 303,371,956	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.1085%	0.1133%	0.1104%	0.1075%	0.1071%	0.1046%	0.0965%	0.1163%	0.1120%
Town's Proportionate Share of the Net Pension Liability	\$ 329,278	\$ 166,781	\$ 279,177	\$ 186,447	\$ 150,711	\$ 126,727	\$ 124,141	\$ 89,672	\$ 10,218
Town's Covered Employee Payroll	\$ 434,498	\$ 419,892	\$ 397,777	\$ 367,078	\$ 341,190	\$ 310,577	\$ 266,557	\$ 302,481	\$ 281,792
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	75.7835%	39.7200%	70.1843%	50.7922%	44.1722%	40.8037%	46.5720%	29.6455%	3.6261%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

Changes in Plan Provisions: At the November 17, 2020 Board meeting, the Board voted unanimously to authorize employer contribution rate increases of 0.50% each year for a period of four years, beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022.

Fiscal year 2015 was the first year of implementation, therefore, only nine years are shown.

TOWN OF SHAFTSBURY, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 29,213	\$ 27,156	\$ 25,194	\$ 22,873	\$ 20,648	\$ 18,765	\$ 17,082	\$ 14,661	\$ 16,258
Contributions in Relation to the Actuarially Determined Contributions	29,213	27,156	25,194	22,873	20,648	18,765	17,082	14,661	16,258
Contribution Excess/(Deficiency)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Town's Covered Employee Payroll	\$ 449,436	\$ 434,498	\$ 419,892	\$ 397,777	\$ 367,078	\$ 341,190	\$ 310,577	\$ 266,557	\$ 302,481
Contributions as a Percentage of Town's Covered Employee Payroll	6.500%	6.250%	6.000%	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date:
 June 30, 2022

Fiscal year 2015 was the first year of implementation, therefore, only nine years are shown.

TOWN OF SHAFTSBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue Funds	Capital Project Funds	Permanent Fund Cemetery Fund	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 0	\$ 10,736	\$ 74,982	\$ 85,718
Investments	228,999	36,955	209,922	475,876
Receivables	0	3,753	0	3,753
Due from Other Funds	<u>130,356</u>	<u>452,453</u>	<u>26,307</u>	<u>609,116</u>
Total Assets	<u>\$ 359,355</u>	<u>\$ 503,897</u>	<u>\$ 311,211</u>	<u>\$ 1,174,463</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 17,168	\$ 0	\$ 17,168
Due to Other Funds	<u>0</u>	<u>8,864</u>	<u>0</u>	<u>8,864</u>
Total Liabilities	<u>0</u>	<u>26,032</u>	<u>0</u>	<u>26,032</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	<u>0</u>	<u>3,753</u>	<u>0</u>	<u>3,753</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>3,753</u>	<u>0</u>	<u>3,753</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	95,988	95,988
Restricted	11,339	65,334	215,223	291,896
Committed	0	418,978	0	418,978
Assigned	348,016	0	0	348,016
Unassigned/(Deficit)	<u>0</u>	<u>(10,200)</u>	<u>0</u>	<u>(10,200)</u>
Total Fund Balances	<u>359,355</u>	<u>474,112</u>	<u>311,211</u>	<u>1,144,678</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 359,355</u>	<u>\$ 503,897</u>	<u>\$ 311,211</u>	<u>\$ 1,174,463</u>

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Project Funds	Permanent Fund Cemetery Fund	Total
Revenues:				
Intergovernmental	\$ 17,280	\$ 12,231	\$ 0	\$ 29,511
Charges for Services	0	0	8,100	8,100
Permits, Licenses and Fees	11,872	0	0	11,872
Investment Income	590	3,334	14,022	17,946
	<u>29,742</u>	<u>15,565</u>	<u>22,122</u>	<u>67,429</u>
Total Revenues				
Expenditures:				
Culture and Recreation	0	289	0	289
Cemetery	0	8,936	1,694	10,630
Capital Outlay:				
Public Works	0	276,136	0	276,136
Culture and Recreation	0	18,665	0	18,665
Cemetery	0	10,422	0	10,422
	<u>0</u>	<u>314,448</u>	<u>1,694</u>	<u>316,142</u>
Total Expenditures				
Excess/(Deficiency) of Revenues Over Expenditures	<u>29,742</u>	<u>(298,883)</u>	<u>20,428</u>	<u>(248,713)</u>
Other Financing Sources/(Uses):				
Transfers In	0	272,400	0	272,400
Transfers Out	0	0	(11,897)	(11,897)
	<u>0</u>	<u>272,400</u>	<u>(11,897)</u>	<u>260,503</u>
Total Other Financing Sources/(Uses)				
Net Changes in Fund Balances	29,742	(26,483)	8,531	11,790
Fund Balances - July 1, 2022	<u>329,613</u>	<u>500,595</u>	<u>302,680</u>	<u>1,132,888</u>
Fund Balances - June 30, 2023	<u>\$ 359,355</u>	<u>\$ 474,112</u>	<u>\$ 311,211</u>	<u>\$ 1,144,678</u>

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	<u>Municipal Grants Fund</u>	<u>Restoration Fund</u>	<u>Listers' Reappraisal Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Investments	\$ 0	\$ 0	\$ 228,999	\$ 228,999
Due from Other Funds	<u>90</u>	<u>11,249</u>	<u>119,017</u>	<u>130,356</u>
Total Assets	<u>\$ 90</u>	<u>\$ 11,249</u>	<u>\$ 348,016</u>	<u>\$ 359,355</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:				
Restricted	90	11,249	0	11,339
Assigned	<u>0</u>	<u>0</u>	<u>348,016</u>	<u>348,016</u>
Total Fund Balances	<u>90</u>	<u>11,249</u>	<u>348,016</u>	<u>359,355</u>
Total Liabilities and Fund Balances	<u>\$ 90</u>	<u>\$ 11,249</u>	<u>\$ 348,016</u>	<u>\$ 359,355</u>

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Municipal Grants Fund	Restoration Fund	Listers' Reappraisal Fund	Total
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 17,280	\$ 17,280
Permits, Licenses and Fees	0	11,872	0	11,872
Investment Income	<u>0</u>	<u>11</u>	<u>579</u>	<u>590</u>
Total Revenues	<u>0</u>	<u>11,883</u>	<u>17,859</u>	<u>29,742</u>
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	0	11,883	17,859	29,742
Fund Balances/(Deficit) - July 1, 2022	<u>90</u>	<u>(634)</u>	<u>330,157</u>	<u>329,613</u>
Fund Balances - June 30, 2023	<u>\$ 90</u>	<u>\$ 11,249</u>	<u>\$ 348,016</u>	<u>\$ 359,355</u>

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2023

	Equipment Replacement Fund	Paving Fund	Park Fund	Hooke Memorial Fund	Culvert Fund	Cemetery Capital Fund	Howard Park Fund	Cole Hall Renovation and Garage Fund	Fire Equipment Replacement Fund	Sidewalk Fund	Total
ASSETS											
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,736	\$ 0	\$ 0	\$ 0	\$ 10,736
Investments	0	0	0	0	0	0	36,955	0	0	0	36,955
Receivables	0	0	0	0	0	0	0	0	0	3,753	3,753
Due from Other Funds	147,347	0	10,204	45,430	0	49,023	0	0	194,817	5,632	452,453
Total Assets	\$ 147,347	\$ 0	\$ 10,204	\$ 45,430	\$ 0	\$ 49,023	\$ 47,691	\$ 0	\$ 194,817	\$ 9,385	\$ 503,897
LIABILITIES											
Accounts Payable	\$ 0	\$ 0	\$ 10,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,968	\$ 17,168
Due to Other Funds	0	1,909	0	0	5,280	0	0	1,675	0	0	8,864
Total Liabilities	0	1,909	10,200	0	5,280	0	0	1,675	0	6,968	26,032
DEFERRED INFLOWS OF RESOURCES											
Unavailable Grants	0	0	0	0	0	0	0	0	0	3,753	3,753
Total Deferred Inflows of Resources	0	0	0	0	0	0	0	0	0	3,753	3,753
FUND BALANCES/(DEFICIT)											
Restricted	0	0	0	0	0	17,643	47,691	0	0	0	65,334
Committed	147,347	0	4	45,430	0	31,380	0	0	194,817	0	418,978
Unassigned/(Deficit)	0	(1,909)	0	0	(5,280)	0	0	(1,675)	0	(1,336)	(10,200)
Total Fund Balances/(Deficit)	147,347	(1,909)	4	45,430	(5,280)	49,023	47,691	(1,675)	194,817	(1,336)	474,112
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 147,347	\$ 0	\$ 10,204	\$ 45,430	\$ 0	\$ 49,023	\$ 47,691	\$ 0	\$ 194,817	\$ 9,385	\$ 503,897

TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Equipment Replacement Fund	Paving Fund	Park Fund	Hooke Memorial Fund	Culvert Fund	Cemetery Capital Fund	Howard Park Fund	Cole Hall Renovation and Garage Fund	Fire Equipment Replacement Fund	Sidewalk Fund	Total
Revenues:											
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,231	\$ 12,231
Investment Income/(Loss)	269	22	25	91	(14)	110	2,462	1	355	13	3,334
Total Revenues	269	22	25	91	(14)	110	2,462	1	355	12,244	15,565
Expenditures:											
Culture and Recreation	0	0	0	0	0	0	289	0	0	0	289
Cemetery	0	0	0	0	0	8,936	0	0	0	0	8,936
Capital Outlay:											
Public Works	174,160	68,057	0	0	4,280	0	0	12,095	0	17,544	276,136
Culture and Recreation	0	0	18,665	0	0	0	0	0	0	0	18,665
Cemetery	0	0	0	0	0	10,422	0	0	0	0	10,422
Total Expenditures	174,160	68,057	18,665	0	4,280	19,358	289	12,095	0	17,544	314,448
Excess/(Deficiency) of Revenues Over Expenditures	(173,891)	(68,035)	(18,640)	91	(4,294)	(19,248)	2,173	(12,094)	355	(5,300)	(298,883)
Other Financing Sources:											
Transfers In	120,000	25,000	0	0	10,000	0	0	10,000	101,000	6,400	272,400
Total Other Financing Sources	120,000	25,000	0	0	10,000	0	0	10,000	101,000	6,400	272,400
Net Changes in Fund Balances	(53,891)	(43,035)	(18,640)	91	5,706	(19,248)	2,173	(2,094)	101,355	1,100	(26,483)
Fund Balances/(Deficit) - July 1, 2022	201,238	41,126	18,644	45,339	(10,986)	68,271	45,518	419	93,462	(2,436)	500,595
Fund Balances/(Deficit) - June 30, 2023	\$ 147,347	\$ (1,909)	\$ 4	\$ 45,430	\$ (5,280)	\$ 49,023	\$ 47,691	\$ (1,675)	\$ 194,817	\$ (1,336)	\$ 474,112

TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2023

	Trustees of Public Funds Fund	Florence Beebe Memorial Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 66,331	\$ 0	\$ 66,331
Investments	173,503	0	173,503
Due from Other Funds	0	739	739
Total Assets	\$ 239,834	\$ 739	\$ 240,573
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:	\$ 0	\$ 0	\$ 0
Net Position:			
Restricted	239,834	739	240,573
Total Net Position	239,834	739	240,573
Total Liabilities and Net Position	\$ 239,834	\$ 739	\$ 240,573

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Trustees of Public Funds Fund	Florence Beebe Memorial Fund	Total
Additions:			
Investment Income	\$ 11,665	\$ 1	\$ 11,666
Total Additions	<u>11,665</u>	<u>1</u>	<u>11,666</u>
Deductions:			
Mary Monroe Hawkins Memorial			
Library Expenses	1,346	0	1,346
Recreation Project Expenses	5,888	0	5,888
School Expenses	1,724	0	1,724
Investment Fees	<u>1,470</u>	<u>0</u>	<u>1,470</u>
Total Deductions	<u>10,428</u>	<u>0</u>	<u>10,428</u>
Change in Net Position	1,237	1	1,238
Net Position - July 1, 2022	<u>238,597</u>	<u>738</u>	<u>239,335</u>
Net Position - June 30, 2023	<u><u>\$ 239,834</u></u>	<u><u>\$ 739</u></u>	<u><u>\$ 240,573</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

Certified Public Accountants

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P.O. Box 947
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Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

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 Shaftsbury, Vermont
P.O. Box 409
61 Buck Hill Road
Shaftsbury, Vermont 05262-0409

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 each major fund and the aggregate remaining fund information of the Town of Shaftsbury, Vermont as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Shaftsbury, Vermont's basic financial statements and have issued our report thereon dated November 28, 2023. The report on the financial statements is adverse because of the omission of the government-wide financial statements and the inadequacies in the Town's controls over transfer station revenues.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Shaftsbury, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2023-01 through 2023-04, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Shaftsbury, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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".

Town of Shaftsbury, Vermont's Response to Findings

"Government Auditing Standards" requires the auditor to perform limited procedures on the Town of Shaftsbury, Vermont's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Deficiencies in Internal Control. Town of Shaftsbury, Vermont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Shaftsbury, Vermont's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Shaftsbury, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

November 28, 2023
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF SHAFTSBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2023

Deficiencies in Internal Control:

Material Weaknesses:

2023-01 Governmental Fixed Assets Accounting and Reporting

Criteria:

Internal controls should be in place to provide for complete and accurate recording of the Town's governmental fixed assets. Complete and accurate records are vital to the effective safeguarding of fixed assets owned by a government. They are needed to maintain individual accountability for resources, to develop the insurable value of government-owned property and equipment, and to document proof of loss for claims. In addition, fixed asset records are essential for effective long-range management planning for replacement of existing property and equipment.

Fixed asset and depreciation accounting are also necessary for the setting of the cost of individual services provided by governments. Finally, the proper reporting of fixed assets is essential for the fair presentation of a government's financial position and the results of its operations in conformity with generally accepted accounting principles (GAAP).

Condition:

The Town has not maintained a complete schedule of its governmental fixed assets at historical cost.

Cause:

Unknown.

Effect:

The Town is not in compliance with Governmental Accounting Standards Board (GASB) requirements. In addition, the Town is not safeguarding its fixed assets from potential loss.

Recommendation:

We recommend that the Town implement controls to account for and record fixed assets at historical cost in accordance with generally accepted accounting principles. A property management system is accomplished by preparing a list of assets, date acquired, location, and cost. If historical cost is not available, alternative methods can be used (i.e. estimated historical cost). Once a list is established, only additions and deletions need to be entered each year.

TOWN OF SHAFTSBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2023

There are a number of ways to initiate this process. The Town needs to determine a dollar threshold individually and in the aggregate above which assets will be tracked. A complete inventory then needs to be taken. The assets then need to be valued at cost. This can be done through a review of original invoices and contracts, if available. If purchase price cannot be established, then fair market value needs to be determined and discounted using price indexes to the year of acquisition. This is an acceptable method of estimating cost and will self-correct over time as assets are replaced. Once established, periodic inventories need to be taken to verify the accuracy of the records.

2023-02 Transfer Station Revenue

Criteria:

Internal controls should be in place at the transfer station over revenue to ensure that all customers have paid, that all the cash that is received is recorded and deposited and that the Town maintains supporting documentation for the cash collected.

Condition:

The Town does not have adequate internal controls over transfer station revenues. The transfer station does not require that a receipt be given for all cash collected nor is there a sign that indicates that customers must take a receipt nor is there any procedure in place to ensure that every person has paid. Therefore, the Town cannot be sure that all of the cash collected is being handed over to them by the transfer station employees.

Cause:

Unknown.

Effect:

The Town has left itself open to the threat of misappropriation of its assets.

Recommendation:

Our primary recommendation is that the Town consider selling transfer station coupons off-site at the Town Treasurer's office and/or at local businesses. If sales take place at the transfer station, we recommend that the Town require prenumbered cash receipts to be issued to all customers. We also recommend that a sign requiring customers to take a receipt be placed where they can see it.

In addition, management should implement procedures to reconcile the receipts to the actual cash collected and to account for the sequence of the prenumbered receipts if they are used. Furthermore, the transfer station staff should periodically verify that the deposits turned over to the Town were deposited in full.

TOWN OF SHAFTSBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2023

2023-03 Reconciliation of Balance Sheet Accounts

Criteria:

Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation in order to detect and correct errors in account balances.

Condition:

A number of balance sheet accounts such as accounts receivable, prepaid expenses/items, capital assets, accumulated depreciation, accounts payable, accrued payroll and benefits payable, unearned revenue, bonds payable and deferred inflows of resources were not reconciled prior to the audit to the actual balances at year end which resulted in various adjustments to revenue and expenses.

Cause:

Unknown.

Effect:

The Town's account balances were not completely reconciled which resulted in various adjustments to revenue and expenses.

Recommendation:

We recommend that all balance sheet accounts be reconciled to supporting documentation at least monthly in order to detect and correct errors.

2023-04 Property Tax Reconciliation

Criteria:

Internal controls should be in place to ensure property taxes have been reconciled to the general ledger at year-end.

Condition:

The Town did not have controls in place to ensure property taxes were reconciled to the general ledger at year-end.

Cause:

Unknown.

TOWN OF SHAFTSBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2023

Effect:

The Town's property tax account balances were not completely reconciled which resulted in various adjustments to correct account balances.

Recommendation:

We recommend that the Town implement controls to ensure property taxes are reconciled to the general ledger at year-end.



www.shaftsburyvt.gov

Town of Shaftsbury

Municipal Offices at Cole Hall

PO Box 409

61 Buck Hill Road

Shaftsbury, VT 05262-0409

802 442 4038

Jordon Plummer Senior Accountant
Sullivan, Powers and Company
77 Barre Street; PO Box 947
Montpelier, Vermont 05602

November 27, 2023

Jordon,

The FY23 audit has been reviewed and we would like to respond to the following findings and deficiencies in internal control:

2023-01 Asset Inventory - To continue addressing this material weakness in internal control it was recommended in 2019 that a change in accounting basis from modified accrual to modified cash. A number of Vermont Towns have made this transition. The change in reporting systems was evaluated and did not offer any substantial improvements and would not bring us into compliance with GASB requirements.

2023-02 Transfer Station Revenue Response: A cash register and the ability to issue receipts on customer request will be implemented as soon as the attendants are relocated.

2023-03 Reconciliation of Balance Sheet Accounts

Response: The Treasurer, Bookkeeper, and Town Administrator will schedule a time to go through the financials line by line prior to the Auditors' first visit in order to identify and correct errors in account balances. We will particularly focus on accounts that are affected by the transition from one fiscal year to the next.

2023-04 Property Tax Reconciliation

Response: In FY2023, the Treasurer sent out three property tax refunds in September and failed to note the fact in the Tax Administration module in NEMRC, which as a result continued to show refunds as payable. The upshot was that these three taxpayers received duplicate refund checks later in the year, and all three cashed the duplicate checks. This error made taxes receivable in the Tax Administration out of balance with the General Ledger. The error wasn't discovered until the annual audit. The Treasurer has taken steps to get back the overpayments from all three homeowners.

Moving forward, the new Delinquent Tax Collector will be using the Tax Administration module, which will link directly to the General Ledger. An error of this kind would be flagged earlier in the process. Furthermore, the Treasurer will send out property tax refunds in a single batch once a year, so duplication will be impossible.

Other:

Volunteer Stipend Payments- We are investigating adding the approximately 20 elected and appointed persons to the payroll taking into account the added expense in monthly fees to PAYDATA and additional workload on A/P.

Accounting Method - The Town has considered this transition to a modified cash basis. The change would not change our ability to meet GAAP standards.

Documentation of Internal Control System

The Treasurer completes an annual written assessment of internal control. She has implemented several processes to tighten controls to the extent possible with our small staff, and has discussed these changes in Selectboard meetings on several occasions. The elected Auditors review monthly much more of the Treasurer's records than in the past, including all General Journal entries and Transfer Station revenue records. The Treasurer will use the recommended internal control assessment format Sullivan, Powers recommends in the memo she will write at year's end.

Fraud Risk Assessment – As an action item coming out of the Fraud Risk Assessment the Treasurer had with the VLCT in 2022, the Town has made several changes to our banking policies, including adding Positive Pay and name match on all the checks the Town issues. We had contacted Sullivan, Powers to do a comprehensive fraud risk assessment early in 2023. However, it could not be scheduled. We will try again in 2024.

Accounting and Procedures Manual – The Treasurer and Bookkeeper continue to update manuals.

Cash Accounts- The Fire Department has established their own federal identification number and those accounts are under their ID number.



Melanie Dexter
Treasurer



David Kiernan
Town Administrator