

TOWN OF SHAFTSBURY, VERMONT

AUDIT REPORT

JUNE 30, 2025

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Independent Auditor's Report

Selectboard
Town of Shaftsbury, Vermont
P.O. Box 409
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Shaftsbury, Vermont 05262-0409

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Shaftsbury, Vermont, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Shaftsbury, Vermont's basic financial statements as listed in the Table of Contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Unmodified
General Fund	Qualified
ARPA Fund	Unmodified
Listers' Reappraisal Fund	Unmodified
Paving Fund	Unmodified
Fire Equipment Replacement Fund	Unmodified
Cemetery Fund	Qualified
Water Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on Governmental Activities, General Fund, Cemetery Fund and Aggregate Remaining Fund Information

In our opinion, except for the effects of the matters described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to previously present fairly, in all material respects, the modified cash basis financial position of the governmental activities, the General Fund, the Cemetery Fund and the aggregate remaining fund information of the Town of Shaftsbury, Vermont, as of June 30, 2025, and the changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Unmodified Opinions on Business-type Activities, ARPA Fund, Listers' Reappraisal Fund, Paving Fund, Fire Equipment Replacement Fund and Water Fund

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities, the ARPA Fund, the Listers' Reappraisal Fund, the Paving Fund, the Fire Equipment Replacement Fund and the Water Fund of the Town of Shaftsbury, Vermont, as of June 30, 2025, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified audit opinions.

Matters Giving Rise to the Qualified Opinions on Governmental Activities, General Fund, Cemetery Fund and Aggregate Remaining Fund Information

We did not audit the transfer station fees because of inadequacies in the Town's controls over transfer station fees receipts during the year. We were unable to obtain sufficient appropriate audit evidence about the completeness of the transfer station fees in the accompanying Statement of Activities – Modified Cash Basis and Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances – General Fund (stated at \$78,350) by other auditing procedures.

The modified cash basis of accounting requires the Town to record its investments at historical cost. Currently, investments in the governmental activities, the General Fund, the Cemetery Fund and the aggregate remaining fund information are recorded at current market value. The amount by which this departure would affect the assets, net position/fund balance, and cash receipts of the governmental activities, the General Fund, the Cemetery Fund and the aggregate remaining fund information has not been determined.

Emphasis of Matter – Basis of Accounting

We draw attention to Note I.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I.D., and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 a 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.

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 budgetary comparison information on Schedule 1 and 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 December 22, 2025, 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.

December 22, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 828,697	\$ 0	\$ 828,697
Investments	516,071	0	516,071
Due from Employees	2,198	0	2,198
Internal Balances	<u>91,907</u>	<u>(91,907)</u>	<u>0</u>
Total Assets	<u>1,438,873</u>	<u>(91,907)</u>	<u>1,346,966</u>
<u>LIABILITIES</u>			
Due to State of Vermont	923	0	923
Due to Delinquent Tax Collector	5,651	0	5,651
Due to Others	450	0	450
Due to Fiduciary Fund	<u>777</u>	<u>0</u>	<u>777</u>
Total Liabilities	<u>7,801</u>	<u>0</u>	<u>7,801</u>
<u>NET POSITION/(DEFICIT)</u>			
Restricted:			
Non-Expendable:			
Cemetery	106,338	0	106,338
Expendable:			
Culture and Recreation	182,416	0	182,416
Cemetery	178,047	0	178,047
Other	18,808	0	18,808
Unrestricted/(Deficit)	<u>945,463</u>	<u>(91,907)</u>	<u>853,556</u>
Total Net Position/(Deficit)	<u>\$ 1,431,072</u>	<u>\$ (91,907)</u>	<u>\$ 1,339,165</u>

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

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants/Loans and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,468,670	\$ 55,539	\$ 34,658	\$ 0	\$ (1,378,473)	\$ 0	\$ (1,378,473)
Public Safety	354,249	1,701	0	0	(352,548)	0	(352,548)
Public Works	1,654,916	0	180,316	468,966	(1,005,634)	0	(1,005,634)
Culture and Recreation	60,972	308	0	0	(60,664)	0	(60,664)
Cemetery	65,376	10,310	2,100	0	(52,966)	0	(52,966)
Solid Waste	227,541	93,100	0	0	(134,441)	0	(134,441)
Debt Service	169,372	0	0	0	(169,372)	0	(169,372)
Total Governmental Activities	<u>4,001,096</u>	<u>160,958</u>	<u>217,074</u>	<u>468,966</u>	<u>(3,154,098)</u>	<u>0</u>	<u>(3,154,098)</u>
Business-type Activities:							
Water	<u>188,795</u>	<u>132,963</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(55,832)</u>	<u>(55,832)</u>
Total Business-type Activities	<u>188,795</u>	<u>132,963</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(55,832)</u>	<u>(55,832)</u>
Total Primary Government	<u>\$ 4,189,891</u>	<u>\$ 293,921</u>	<u>\$ 217,074</u>	<u>\$ 468,966</u>	<u>(3,154,098)</u>	<u>(55,832)</u>	<u>(3,209,930)</u>
General Receipts:							
Property Taxes					2,294,356	0	2,294,356
Penalties and Interest on Delinquent Taxes					42,518	0	42,518
General State Grants					73,450	0	73,450
Unrestricted Investment Earnings/(Loss)					107,232	(875)	106,357
Proceeds from Sale of Equipment					9,370	0	9,370
Other Receipts					<u>11,209</u>	<u>0</u>	<u>11,209</u>
Total General Receipts					<u>2,538,135</u>	<u>(875)</u>	<u>2,537,260</u>
Change in Net Position					(615,963)	(56,707)	(672,670)
Net Position/(Deficit) - July 1, 2024					<u>2,047,035</u>	<u>(35,200)</u>	<u>2,011,835</u>
Net Position/(Deficit) - June 30, 2025					<u>\$ 1,431,072</u>	<u>\$ (91,907)</u>	<u>\$ 1,339,165</u>

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

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	ARPA Fund	Listers' Reappraisal Fund	Paving Fund	Fire Equipment Replacement Fund	Cemetery Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 815,408	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,289	\$ 0	\$ 828,697
Investments	294,882	0	0	0	0	221,189	0	516,071
Due from Employees	2,198	0	0	0	0	0	0	2,198
Due from Other Funds	<u>0</u>	<u>0</u>	<u>261,625</u>	<u>0</u>	<u>272,606</u>	<u>36,657</u>	<u>368,105</u>	<u>938,993</u>
Total Assets	<u>\$ 1,112,488</u>	<u>\$ 0</u>	<u>\$ 261,625</u>	<u>\$ 0</u>	<u>\$ 272,606</u>	<u>\$ 271,135</u>	<u>\$ 368,105</u>	<u>\$ 2,285,959</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Due to State of Vermont	\$ 923	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 923
Due to Other Funds	723,217	0	0	88,999	0	0	35,647	847,863
Due to Delinquent Tax Collector	5,651	0	0	0	0	0	0	5,651
Due to Others	<u>450</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>450</u>
Total Liabilities	<u>730,241</u>	<u>0</u>	<u>0</u>	<u>88,999</u>	<u>0</u>	<u>0</u>	<u>35,647</u>	<u>854,887</u>
Fund Balances/(Deficit):								
Nonspendable	0	0	0	0	0	106,338	0	106,338
Restricted	158,499	0	0	0	0	164,797	55,975	379,271
Committed	0	0	0	0	272,606	0	312,130	584,736
Assigned	154,499	0	261,625	0	0	0	0	416,124
Unassigned/(Deficit)	<u>69,249</u>	<u>0</u>	<u>0</u>	<u>(88,999)</u>	<u>0</u>	<u>0</u>	<u>(35,647)</u>	<u>(55,397)</u>
Total Fund Balances/(Deficit)	<u>382,247</u>	<u>0</u>	<u>261,625</u>	<u>(88,999)</u>	<u>272,606</u>	<u>271,135</u>	<u>332,458</u>	<u>1,431,072</u>
Total Liabilities and Fund Balances	<u>\$ 1,112,488</u>	<u>\$ 0</u>	<u>\$ 261,625</u>	<u>\$ 0</u>	<u>\$ 272,606</u>	<u>\$ 271,135</u>	<u>\$ 368,105</u>	<u>\$ 2,285,959</u>

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

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	ARPA Fund	Listsers' Reappraisal Fund	Paving Fund	Fire Equipment Replacement Fund	Cemetery Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:								
Property Taxes	\$ 2,294,356	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,294,356
Penalties and Interest on Delinquent Taxes	42,518	0	0	0	0	0	0	42,518
Intergovernmental	271,220	0	17,204	194,758	0	0	15,828	499,010
Charges for Services	93,379	0	0	0	0	4,050	0	97,429
Permits, Licenses and Fees	49,217	0	0	0	0	0	7,385	56,602
Fines and Forfeits	6,927	0	0	0	0	0	0	6,927
Investment Income/(Loss)	65,589	852	6,684	(2,458)	6,209	25,085	5,271	107,232
Donations	2,100	0	0	0	0	0	0	2,100
Other	7,679	0	0	0	0	0	3,530	11,209
Total Cash Receipts	<u>2,832,985</u>	<u>852</u>	<u>23,888</u>	<u>192,300</u>	<u>6,209</u>	<u>29,135</u>	<u>32,014</u>	<u>3,117,383</u>
Cash Disbursements:								
General Government	774,883	8,156	124,850	0	0	0	40,035	947,924
Public Safety	219,339	0	0	0	0	0	0	219,339
Public Works	1,147,040	0	0	0	0	0	0	1,147,040
Culture and Recreation	59,646	0	0	0	0	0	1,326	60,972
Cemetery	64,012	0	0	0	0	1,364	0	65,376
Solid Waste	227,541	0	0	0	0	0	0	227,541
Capital Outlay:								
General Government	437,764	78,904	0	0	0	0	4,078	520,746
Public Safety	0	0	0	0	134,910	0	0	134,910
Public Works	0	15,050	0	224,506	0	0	268,320	507,876
Debt Service:								
Principal	108,138	0	0	0	0	0	33,323	141,461
Interest	27,911	0	0	0	0	0	0	27,911
Total Cash Disbursements	<u>3,066,274</u>	<u>102,110</u>	<u>124,850</u>	<u>224,506</u>	<u>134,910</u>	<u>1,364</u>	<u>347,082</u>	<u>4,001,096</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(233,289)</u>	<u>(101,258)</u>	<u>(100,962)</u>	<u>(32,206)</u>	<u>(128,701)</u>	<u>27,771</u>	<u>(315,068)</u>	<u>(883,713)</u>
Other Financing Sources/(Uses):								
Issuance of Long-term Debt	0	0	0	0	0	0	258,380	258,380
Proceeds from Sale of Equipment	0	0	0	0	0	0	9,370	9,370
Transfers In	282,126	0	0	30,000	112,000	0	195,670	619,796
Transfers Out	<u>(337,670)</u>	<u>(274,411)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,715)</u>	<u>0</u>	<u>(619,796)</u>
Total Other Financing Sources/(Uses)	<u>(55,544)</u>	<u>(274,411)</u>	<u>0</u>	<u>30,000</u>	<u>112,000</u>	<u>(7,715)</u>	<u>463,420</u>	<u>267,750</u>
Net Change in Fund Balances	<u>(288,833)</u>	<u>(375,669)</u>	<u>(100,962)</u>	<u>(2,206)</u>	<u>(16,701)</u>	<u>20,056</u>	<u>148,352</u>	<u>(615,963)</u>
Fund Balances - July 1, 2024, As Previously Presented	671,080	375,669	362,587	0	0	0	637,699	2,047,035
Change within Financial Reporting Entity (Non-Major to Major Fund)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(86,793)</u>	<u>289,307</u>	<u>251,079</u>	<u>(453,593)</u>	<u>0</u>
Fund Balances/(Deficit) - July 1, 2024, As Adjusted	<u>671,080</u>	<u>375,669</u>	<u>362,587</u>	<u>(86,793)</u>	<u>289,307</u>	<u>251,079</u>	<u>184,106</u>	<u>2,047,035</u>
Fund Balances/(Deficit) - June 30, 2025	<u>\$ 382,247</u>	<u>\$ 0</u>	<u>\$ 261,625</u>	<u>\$ (88,999)</u>	<u>\$ 272,606</u>	<u>\$ 271,135</u>	<u>\$ 332,458</u>	<u>\$ 1,431,072</u>

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

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2025

	<u>Water Fund</u>
<u>ASSETS</u>	
Assets:	\$ <u><u>0</u></u>
<u>LIABILITIES AND NET POSITION/(DEFICIT)</u>	
Liabilities:	
Due to Other Funds	\$ <u>91,907</u>
Total Liabilities	<u>91,907</u>
Net Position/(Deficit):	
Unrestricted/(Deficit)	<u>(91,907)</u>
Total Net Position/(Deficit)	<u>(91,907)</u>
Total Liabilities and Net Position	\$ <u><u>0</u></u>

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

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Water Fund
Operating Receipts:	
Charges for Services	\$ 129,983
Interest and Penalties	1,435
Other	<u>1,545</u>
Total Operating Receipts	<u>132,963</u>
Operating Disbursements:	
Salary and Wages	19,703
Outside Services	1,186
Repairs and Maintenance	755
North Bennington Water Charges	148,070
Water Testing	1,945
Legal, Dues & Postage	735
Operating Supplies	1,056
Utilities	<u>1,284</u>
Total Operating Disbursements	<u>174,734</u>
Operating Income/(Loss)	<u>(41,771)</u>
Non-Operating Receipts/(Disbursements):	
Investment Income/(Loss)	(875)
Principal Payments on Long-term Debt	(11,432)
Interest Expense	<u>(2,629)</u>
Total Non-Operating Receipts/(Disbursements)	<u>(14,936)</u>
Change in Net Position	(56,707)
Net Position/(Deficit) - July 1, 2024	<u>(35,200)</u>
Net Position/(Deficit) - June 30, 2025	<u><u>\$ (91,907)</u></u>

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

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 15,613	\$ 0
Investments	248,669	0
Due from Other Funds	<u>777</u>	<u>0</u>
Total Assets	\$ <u><u>265,059</u></u>	\$ <u><u>0</u></u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:	\$ <u>0</u>	\$ <u>0</u>
Net Position:		
Restricted:		
Held in Trust for Other Purposes	<u>265,059</u>	<u>0</u>
Total Net Position	<u>265,059</u>	<u>0</u>
Total Liabilities and Net Position	\$ <u><u>265,059</u></u>	\$ <u><u>0</u></u>

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

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Private-Purpose Trust Funds	Custodial Fund Education Tax Fund
Additions:		
Investment Income	\$ 23,273	\$ 0
Donations	58,930	0
Education Taxes Collected for Other Governments	<u>0</u>	<u>4,600,465</u>
Total Additions	<u>82,203</u>	<u>4,600,465</u>
Deductions:		
Mary Monroe Hawkins Memorial Library Expenses	824	0
School Expenses	1,077	0
Investment Fees	1,519	0
Education Taxes Distributed to Other Governments	<u>0</u>	<u>4,600,465</u>
Total Deductions	<u>3,420</u>	<u>4,600,465</u>
Change in Net Position	78,783	0
Net Position - July 1, 2024	<u>186,276</u>	<u>0</u>
Net Position - June 30, 2025	<u><u>\$ 265,059</u></u>	<u><u>\$ 0</u></u>

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

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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, community development, cemetery, solid waste, water, health and social services, public improvements, planning and zoning, and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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.

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, receipts, and disbursements. 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.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. 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.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through property taxes, intergovernmental receipts, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program receipts include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts, including all property taxes, are presented as general receipts.

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.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary 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 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.

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.

Listers' Reappraisal Fund – This fund accounts for the reappraisal activity of the Town.

Paving Fund – This fund accounts for the financial resources to be used for paving expenditures.

Fire Equipment Replacement Fund – This fund accounts for financial resources to be used for the acquisition of fire equipment.

Cemetery Fund – This fund accounts for the fees paid to the Town for future costs associated with the cemeteries.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

The Town reports on the following major enterprise fund:

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

Proprietary fund operating receipts, 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 receipts, 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.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) 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., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

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

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records investments at market value and amounts due from employees for prepaid payroll withholdings as assets, amounts due to the State of Vermont for dog and marriage licenses, amounts due to the delinquent tax collector for property tax penalties collected but not remitted and amounts due to others for cemetery fees collected but not remitted to the company providing the cemetery stone services as liabilities. The recording of investments at market value is not in accordance with the modified cash basis of accounting which requires investments to be carried at cost.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt are reported as other financing sources.

E. Assets, Liabilities 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. The Town's investments are reported at current market value.

3. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements 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". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

4. 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 government-wide, proprietary fund and fiduciary 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 in governmental fund financial statements 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.

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 G.W. Hawkins Fund and the Recreation Fund activity that is included with the General Fund.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2025, expenditures in the General Fund exceeded appropriations by \$566,728. These over-expenditures were funded by excess revenues and available fund balance.

C. Adjustments to Beginning Balances

During fiscal year 2025, changes within the financial reporting entity resulted in adjustments to beginning fund balances as follows:

	Reporting Units Affected by Adjustments to Beginning Balances			
	Paving Fund	Fire Equipment Replacement Fund	Cemetery Fund	Non-Major Governmental Funds
Fund Balances - July 1, 2024, As Previously Presented	\$ 0	\$ 0	\$ 0	\$ 637,699
Change within Financial Reporting Entity (Non-Major to Major Fund)	<u>(86,793)</u>	<u>289,307</u>	<u>251,079</u>	<u>(453,593)</u>
Fund Balances/(Deficit) - July 1, 2024, As Adjusted	\$ <u>(86,793)</u>	\$ <u>289,307</u>	\$ <u>251,079</u>	\$ <u>184,106</u>

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The Town's cash, cash equivalents and investments as of June 30, 2025 consisted of the following:

Cash and Cash Equivalents:

Deposits with Financial Institutions	\$ 800,245
Deposits with Investment Company	5,477
Money Market Mutual Funds – U.S. Government Securities	38,488
Cash on Hand	<u>100</u>
Total Cash and Cash Equivalents	<u>844,310</u>

Investments:

Mutual Funds – Mixed Holdings	<u>764,740</u>
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Total Cash, Cash Equivalents and Investments	<u>\$1,609,050</u>
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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.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$255,477	\$255,477
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>550,245</u>	<u>644,106</u>
Total	<u>\$805,722</u>	<u>\$899,583</u>

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

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$800,245
Cash – Deposits with Investment Company	<u>5,477</u>
Total	<u>\$805,722</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 money market mutual funds and mutual funds are open-ended and, therefore, are exempt from interest rate risk disclosure.

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 money market mutual funds and mutual funds are open-ended and are, therefore, exempt from credit risk disclosure.

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 disclosure.

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).

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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, 2025:

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	\$ 764,740	\$ 764,740	\$ 0	\$ 0
Total	\$ 764,740	\$ 764,740	\$ 0	\$ 0

B. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2025 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 723,217
Listers' Reappraisal Fund	261,625	0
Paving Fund	0	88,999
Fire Equipment Replacement Fund	272,606	0
Cemetery Fund	36,657	0
Non-Major Governmental Funds	368,105	35,647
Water Fund	0	91,907
Private-Purpose Trust Fund - Florence Beebe Memorial Fund	777	0
Total	\$ 939,770	\$ 939,770

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Interfund transfers during the year ended June 30, 2025 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Paving Fund	\$ 30,000	Appropriation
General Fund	Fire Equipment Replacement Fund	112,000	Appropriation
General Fund	Wastewater Feasibility Project Fund	670	Fund Project Expenses
General Fund	Equipment Replacement Fund	130,000	Appropriation
General Fund	Park Fund	8,000	Appropriation
General Fund	Culvert Fund	15,000	Appropriation
General Fund	Cemetery Capital Fund	5,000	Appropriation
General Fund	Sidewalk Fund	2,000	Appropriation
General Fund	Class 3 Road Improvement Fund	35,000	Appropriation
Recreation Fund	General Fund	5,174 *	Transfer Interest Earnings
ARPA Fund	General Fund	274,411	Revenue Replacement
Cemetery Fund	General Fund	<u>7,715</u>	Transfer Interest Earnings
Total		\$ <u>624,970</u>	

- * The transfer from the Recreation Fund to the General Fund is netted within the General Fund as this fund is consolidated within the General Fund in order to comply with GASB Statement No. 54.

C. 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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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 fund are nonspendable as follows:

Major Funds

Cemetery Fund:

Nonspendable Cemetery Fund Principal	\$106,338
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Total Nonspendable Fund Balances	\$106,338
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The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Recreation Expenses by Donations (Source of Revenue is Donations)	\$158,499
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Cemetery Fund:

Restricted for Cemetery Expenses by Sale of Lots and Donations (Source of Revenue is Sale of Lots and Donations)	164,797
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Non-Major Funds

Special Revenue Funds:

Restricted for Record Restoration Expenses by Statute (Source of Revenue is Restoration Fees)	18,808
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Capital Projects Funds:

Restricted for Park Expenditures by Bequest (Source of Revenue is Donations)	23,917
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Restricted for Cemetery Capital Expenditures by Donations (Source of Revenue is Donations)	13,250
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Total Capital Projects Funds	37,167
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Total Non-Major Funds	55,975
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Total Restricted Fund Balances	\$379,271
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TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

Major Funds

Fire Equipment Replacement Fund:	
Committed for Fire Equipment Expenditures by the Voters	\$272,606

Non-Major Funds

Capital Projects Funds:	
Committed for Highway Equipment Expenditures by the Voters	184,030
Committed for Park Expenditures by the Voters	8,000
Committed for Hooke Memorial Expenditures by the Voters	47,756
Committed for Culvert Expenditures by the Voters	6,493
Committed for Cemetery Capital Expenditures by the Voters	42,909
Committed for Sidewalk Expenditures by the Voters	2,901
Committed for Class 3 Road Improvement Expenditures by the Voters	<u>20,041</u>
 Total Non-Major Funds	 <u>312,130</u>
 Total Committed Fund Balances	 <u>\$584,736</u>

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

Major Funds

General Fund:	
Assigned for Economic Development Study Expenses	\$ 2,833
Assigned for Community Improvement Expenses – G.W. Hawkins Fund	<u>151,666</u>
 Total General Fund	 <u>154,499</u>
 Listers' Reappraisal Fund:	
Assigned for Reappraisal Expenses	<u>261,625</u>
 Total Assigned Fund Balances	 <u>\$416,124</u>

The unassigned deficit of \$88,999 in the Paving Fund will be funded with a transfer from the General Fund.

The unassigned deficit of \$33,886 in the Wastewater Feasibility Project Fund will be funded with the issuance of long-term debt.

The unassigned deficit of \$1,761 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
JUNE 30, 2025

D. Net Position

The restricted net position in the governmental activities includes the nonspendable fund balances of \$106,338 and the restricted fund balances of \$379,271 for a total of \$485,609.

The net position held in Trust for various purposes in the Town's Private-Purpose Trust Funds as of June 30, 2025 consisted of the following:

Restricted for School Expenses by Bequests and State Statute	\$ 95,492
Restricted for Elderly Citizens by Bequest	51,309
Restricted for Mary Monroe Hawkins Memorial	
Library Expenses by Bequests	26,798
Restricted for Huntington Cemetery Expenses by Bequest	90,683
Restricted for	
Restricted for Florence Beebe Memorial Expenses by Bequests	<u>777</u>
 Total Private-Purpose Trust Funds	 <u>\$265,059</u>

The unrestricted deficit in the Water Fund of \$91,907 will be funded in future years with additional revenues.

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, 2024, the measurement date selected by the State of Vermont, the retirement system consisted of 362 participating employers.

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

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

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

As of June 30, 2024, the measurement date selected by the State of Vermont, VMERS was funded at 75.22% and had a plan fiduciary net position of \$1,008,504,817 and a total pension liability of \$1,340,652,483 resulting in a net position liability of \$332,147,666. The Town's proportionate share of this was 0.0970% resulting in a net pension liability of \$322,026. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. 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 0.0970% was a decrease of 0.0055 from its proportion measured as of the prior year.

Summary of Plan 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.

Normal Retirement Eligibility – Group A – Earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – 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.

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Normal Retirement 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.

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

Early Retirement 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; payable without reduction to Group D members.

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

Disability Retirement Amount – All Groups – 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 – All Groups – Death after five (5) years of service.

Death Benefit Amount – 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. Group D – 70% of the unreduced accrued benefit, plus children’s benefit.

Post-Retirement Adjustments – Group A – Allowances in pay status for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62. Groups B, C and D – Allowances in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 3%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62 (age 55 for Group C).

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

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Optional Benefit and Death after Retirement – Groups A, B and C – A lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. Group D – A 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:

<u>Effective</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
July 1, 2024	4.00%	6.375%	11.50%	12.85%
July 1, 2025	4.25%	6.625%	11.75%	13.10%
July 1, 2026	4.50%	6.875%	12.00%	13.35%
July 1, 2027	4.75%	7.125%	12.25%	13.60%
July 1, 2028	5.00%	7.375%	12.50%	13.85%
July 1, 2029	5.25%	7.625%	12.75%	14.10%

Employer Contribution Rates:

<u>Effective</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
July 1, 2024	5.50%	7.00%	8.75%	11.35%
July 1, 2025	5.75%	7.25%	9.00%	11.60%
July 1, 2026	6.00%	7.50%	9.25%	11.85%
July 1, 2027	6.25%	7.75%	9.50%	12.10%
July 1, 2028	6.50%	8.00%	9.75%	12.35%
July 1, 2029	6.75%	8.25%	10.00%	12.60%

Significant Actuarial Assumptions and Methods

Inflation Rate – 2.30% per year.

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

Salary Increases – Ranging from 4.07% to 6.21% based on service.

Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2025 COLA is expected to be 1.90% for all groups. The January 1, 2024 COLA was 1.10% for all groups.

TOWN OF SHAFTSBURY, VERMONT
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Mortality:

Pre-Retirement Participants – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Employee Amount-Weighted Below Median, with generational projection using scale MP-2021.

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

Healthy Post-Retirement – Beneficiaries – All Groups – Pub-2010 Contingent Survivor Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement – Groups A, B and C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

Age of Spouse – Females three (3) 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.

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

TOWN OF SHAFTSBURY, VERMONT
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Agg Fixed Income	19%	1.70%
TIPS	2%	1.70%
Large/Mid Cap US Equity	4%	4.20%
Small Cap US Equity	3%	4.70%
Developed Large/Mid Cap International Equity	5%	5.95%
Global Equity	32%	5.25%
Core Real Estate	3%	3.45%
Non-Core Real Estate	4%	5.70%
Private Credit	11%	5.70%
Private Equity	11%	7.45%
Private Core Infrastructure	4%	4.95%
Agriculture/Farmland	2%	3.95%

Discount Rate – The long-term expected rate of return on pension plan investments is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2024, is 3.93%, as published by The Bond Buyer.

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2024. 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). 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. 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 as of June 30, 2024.

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$492,330	\$322,026	\$182,244

TOWN OF SHAFTSBURY, VERMONT
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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. 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.

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.

C. 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 12, 2024. 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 2025 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.5587	.5587
Local Agreement	.0052	.0052
Education	<u>1.3809</u>	<u>1.8084</u>
Total	<u>1.9448</u>	<u>2.3723</u>

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

D. 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.

E. Long-term Debt

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 business-type activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

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 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. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

Long-term debt outstanding as of June 30, 2025 was as follows:

Governmental Activities:

	<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	\$800,000	\$ 0	\$ 50,000	\$750,000

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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	\$ 44,000	\$ 0	\$ 22,000	\$ 22,000
Financed Purchase, Caterpillar Financial, Excavator, Principal and Interest Payments of \$11,932 Payable on October 15 Annually, Interest at 2.99%, Due and Paid October, 2025	22,797	0	11,211	11,586
Financed Purchase, Ford Motor Credit Company LLC, Ford F550, Principal and Interest Payments of \$24,927 Payable on August 13 Annually, Interest at 8.89%, Due August, 2028	0	105,880	24,927	80,953
Financed Purchase, Caterpillar Financial, Backhoe Loader, Principal and Interest Payments of \$33,323 Payable on April 1 Annually, Interest at 4.54%, Due April, 2029	<u>0</u>	<u>152,500</u>	<u>33,323</u>	<u>119,177</u>
Total Governmental Activities	<u>\$866,797</u>	<u>\$258,380</u>	<u>\$141,461</u>	<u>\$983,716</u>
Business-type Activities:				
	<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	\$ 19,422	\$ 0	\$ 2,534	\$ 16,888
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	68,179	0	8,898	59,281

TOWN OF SHAFTSBURY, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

	<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 Business-type Activities	\$ <u>132,773</u>	\$ <u>0</u>	\$ <u>11,432</u>	\$ <u>121,341</u>

Debt service requirements to maturity are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 129,119	\$ 38,473	\$ 24,776	\$ 2,285
2027	98,397	33,403	25,129	1,932
2028	101,461	28,848	25,493	1,568
2029	104,739	24,019	19,039	1,194
2030	50,000	18,905	13,253	808
2031-2035	250,000	69,024	13,651	410
2036-2040	<u>250,000</u>	<u>23,779</u>	<u>0</u>	<u>0</u>
Total	\$ <u>983,716</u>	\$ <u>236,451</u>	\$ <u>121,341</u>	\$ <u>8,197</u>

F. Subsequent Events

Subsequent to year end, the Town entered into a lease agreement with BAPCC, LLC for the purchase of a 2026 International truck in the amount of \$258,319 with a term of five (5) years and an interest rate of 5.46%.

TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Current Tax Revenue	\$ 2,330,191	\$ 2,294,356	\$ (35,835)
Late Homestead Penalty	5,250	5,226	(24)
Delinquent Tax Interest	10,000	11,219	1,219
Education Billing Fee Retained	9,750	10,979	1,229
Railroad Tax	950	992	42
State Land Use	48,000	56,306	8,306
State PILOT Program	11,000	11,743	743
Federal Land PILOT Program	4,000	4,409	409
Vermont State Highway Aid	175,000	180,316	5,316
Planning Grant Income	0	17,454	17,454
Miscellaneous Transfer Station Fees	2,000	2,220	220
Access Permits	9,000	12,530	3,530
Pay-As-You-Throw Revenues	66,000	78,350	12,350
Zoning Permits	6,000	5,360	(640)
Dog Licenses	3,500	835	(2,665)
Beer and Liquor Licenses	130	70	(60)
Marriage Licenses	100	365	265
Civil Fines	2,500	1,701	(799)
Interest Income	2,000	31,432	29,432
Trustees of Public Funds	4,500	5,174	674
Park Fees	100	308	208
Administrative Burial Fees & Permits	2,500	2,200	(300)
Lot Fees	5,000	3,600	(1,400)
Cemetery Perpetual Trusts	6,000	5,138	(862)
Corner Markers	200	0	(200)
Cemetery Donations	0	100	100
Cemetery Other Revenues	0	10	10
Grandview Cemetery Lot Fees	0	450	450
Grandview Cemetery Perpetual Trusts	3,000	2,577	(423)
Grandview Cemetery Other Revenues	2,000	2,000	0
Town Clerk Fees	38,000	24,844	(13,156)
Miscellaneous Clerk Fees	300	475	175
Miscellaneous Income	0	7,679	7,679
Transfer from ARPA Fund	0	274,411	274,411
Total Cash Receipts	<u>2,746,971</u>	<u>3,054,829</u>	<u>307,858</u>

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Disbursements:			
Administration:			
Select Board Stipend	\$ 5,000	\$ 5,333	\$ (333)
Meeting Recording Clerk	0	481	(481)
Town Administrator Salary	80,000	80,000	0
Town Administrator Health Insurance	21,942	16,000	5,942
Health Plan Administration	1,000	6,742	(5,742)
Town Administrator Health Insurance Deductible	4,000	1,241	2,759
Short-term Disability	750	770	(20)
FICA & Medicare	6,986	8,658	(1,672)
Childcare Contribution Tax	0	2,955	(2,955)
Dental Plan	1,127	1,529	(402)
Vision Plan	104	131	(27)
Liability Insurance & Bonds	79,326	85,629	(6,303)
Retirement Contribution	2,726	11,360	(8,634)
Unemployment Insurance	2,712	826	1,886
Professional Services	26,000	37,701	(11,701)
Postage	1,800	130	1,670
Meetings/Training	500	849	(349)
Staff Development	0	79	(79)
Video CAT-TV Zoom	4,800	3,753	1,047
Advertising & Legal Notices	1,500	1,795	(295)
Dues & Subscriptions	14,000	19,880	(5,880)
Office Supplies	3,500	3,399	101
Office Equipment/Leases	5,000	6,484	(1,484)
Miscellaneous Expenses	1,200	4,772	(3,572)
Website Management	5,244	21,391	(16,147)
Total Administration	269,217	321,888	(52,671)
Cole Hall - Town Offices:			
Contract Services	6,900	7,054	(154)
Repairs and Maintenance	1,500	1,634	(134)
Operating Supplies	2,300	1,598	702
Utilities	10,000	16,623	(6,623)
Heating Fuel	4,000	3,573	427
Total Cole Hall - Town Offices	24,700	30,482	(5,782)
677 Route 2A Municipal Office:			
Contract Services	0	1,154	(1,154)
Utilities	0	696	(696)
Heating Fuel	0	3,136	(3,136)
Total 677 Route 2A Municipal Office	0	4,986	(4,986)

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Elections & Vital Statistics:			
Town Clerk Salary	\$ 56,898	\$ 56,898	\$ 0
Assistant Town Clerk	20,974	18,070	2,904
Poll Worker Wages	5,000	6,979	(1,979)
Town Clerk Health Insurance Premium	18,689	22,811	(4,122)
Town Clerk Health Insurance Deductible	2,000	5,264	(3,264)
Short-term Disability	420	1,145	(725)
FICA & Medicare	6,630	6,022	608
Retirement Contribution	3,698	4,109	(411)
Dental Plan	1,034	1,863	(829)
Vision Plan	120	173	(53)
Professional Services	500	2,193	(1,693)
Travel and Meetings - Clerk	650	963	(313)
Travel and Meetings - Elections	650	650	0
Machine Equipment/Supplies - Elections	5,000	5,653	(653)
Operating Equipment/Supplies - Clerk	4,500	1,002	3,498
Total Elections & Vital Statistics	126,763	133,795	(7,032)
Accounting/Payroll:			
Bookkeeping Wages	10,125	25,299	(15,174)
FICA & Medicare	795	1,872	(1,077)
Payroll Services	4,500	636	3,864
Total Accounting/Payroll	15,420	27,807	(12,387)
Auditing:			
Auditor Wages	1,200	960	240
FICA & Medicare	90	73	17
Town Report	2,500	2,522	(22)
Total Auditing	3,790	3,555	235
Delinquent Tax Collection:			
FICA & Medicare	1,300	648	652
Supplies	500	853	(353)
Total Delinquent Tax Collection	1,800	1,501	299
Treasurer Services:			
Treasurer's Salary	36,652	36,652	0
Bank Service Charge	150	0	150
Billing Supplies	2,000	2,434	(434)
Other Services	100	115	(15)
FICA & Medicare	2,877	2,804	73
Professional Audit	18,000	20,213	(2,213)
Total Treasurer Services	59,779	62,218	(2,439)

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Listers:			
Lister Wages	\$ 43,062	\$ 42,875	\$ 187
Short-term Disability	0	512	(512)
FICA & Medicare	3,380	3,189	191
Retirement	0	6,313	(6,313)
Professional Services	18,260	10,488	7,772
Tax Maps	3,000	7,638	(4,638)
IT Support and Computer Maintenance	500	0	500
Travel and Meetings	250	548	(298)
Dues and Subscriptions	700	1,138	(438)
Operating Supplies	200	39	161
Total Listers	<u>69,352</u>	<u>72,740</u>	<u>(3,388)</u>
Animal Control:			
ACO Wages	6,813	6,813	0
FICA & Medicare	545	521	24
Veterinary Expense	750	0	750
Tags/Miscellaneous	500	280	220
Kennel Expense	400	0	400
Total Animal Control	<u>9,008</u>	<u>7,614</u>	<u>1,394</u>
Emergency Management:			
Travel and Meetings	200	0	200
Operating Supplies	400	562	(162)
Equipment Maintenance	800	1,152	(352)
Total Emergency Management	<u>1,400</u>	<u>1,714</u>	<u>(314)</u>
Fire Department:			
Chief's Stipends	2,600	2,600	0
FICA & Medicare	199	199	0
Insurance & Bonds	2,550	1,545	1,005
Firehouse Maintenance	5,000	6,067	(1,067)
Fire Truck Maintenance	8,000	21,714	(13,714)
Communications	4,500	2,497	2,003
Training	2,000	2,218	(218)
Operating Supplies	750	495	255
Utilities	10,000	14,515	(4,515)
Firehouse Heating Fuel (Fuel Oil)	11,000	8,281	2,719
Gas, Oil and Diesel (Trucks)	4,000	1,864	2,136
Extrication Equipment	2,000	1,720	280
Equipment Replacement	22,500	17,942	4,558
Total Fire Department	<u>75,099</u>	<u>81,657</u>	<u>(6,558)</u>

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Warden:			
Operating Supplies	\$ 250	\$ 813	\$ (563)
Vehicle & Equipment	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Total Fire Warden	<u>1,750</u>	<u>813</u>	<u>937</u>
Law Enforcement:			
Constable Wages	0	1,238	(1,238)
FICA & Medicare	0	95	(95)
Sheriff Services	<u>80,000</u>	<u>84,531</u>	<u>(4,531)</u>
Total Law Enforcement	<u>80,000</u>	<u>85,864</u>	<u>(5,864)</u>
Emergency Medical:			
Bennington Rescue	30,250	30,250	0
Arlington Rescue	<u>11,427</u>	<u>11,427</u>	<u>0</u>
Total Emergency Medical	<u>41,677</u>	<u>41,677</u>	<u>0</u>
Highway Administration:			
Highway Wages - Regular	318,906	326,442	(7,536)
Highway Wages - Overtime	30,419	13,124	17,295
Highway Wages - Part-time Summer	10,000	9,690	310
Employee Health Insurance - Premium	97,914	114,846	(16,932)
Employee Health Insurance - Deductible	16,000	11,443	4,557
Short-term Disability	3,500	2,888	612
Dental Plan	3,882	6,287	(2,405)
Vision Plan	375	522	(147)
FICA & Medicare	27,422	23,963	3,459
Retirement Contribution	24,452	23,550	902
Uniforms/Cleaning	0	843	(843)
Travel and Meetings	300	0	300
Steel Toe Footwear	750	599	151
CDL Physicals and Drug Testing	1,200	420	780
Clothing Allowance	<u>3,600</u>	<u>3,600</u>	<u>0</u>
Total Highway Administration	<u>538,720</u>	<u>538,217</u>	<u>503</u>

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Construction & Maintenance:			
Subcontractor Costs	\$ 0	\$ 11,550	\$ (11,550)
Signs	6,000	12,119	(6,119)
Tree Removal	22,500	3,400	19,100
Paving	2,000	6,964	(4,964)
Operating Supplies	13,000	7,907	5,093
Gravel	115,000	108,629	6,371
Chloride (Dust Control)	62,500	76,599	(14,099)
Winter Salt	51,000	67,675	(16,675)
Winter Sand	58,000	110,668	(52,668)
Level & Sealing	5,000	1,004	3,996
Rentals	5,500	6,932	(1,432)
Culverts	0	9,505	(9,505)
Vehicle Lease Payment	0	24,927	(24,927)
State MRGP Fees	2,200	0	2,200
Sidewalk Maintenance	0	1,400	(1,400)
Total Highway Construction & Maintenance	342,700	449,279	(106,579)
Highway Equipment Maintenance:			
Truck #1-21 International	4,000	3,884	116
Truck #2-23 International	4,000	1,831	2,169
Truck #3-15 International	4,000	10,021	(6,021)
Truck #4-13 International	4,000	14,256	(10,256)
Truck #5-11 International	4,000	4,579	(579)
Truck #6-09 International/Chloride	4,000	6,199	(2,199)
Truck #7-Chevy 5500	4,000	7,399	(3,399)
Truck #8-Ford F350	0	1,581	(1,581)
Trailers	1,500	230	1,270
Toro	1,500	1,100	400
Truck #9-A.M. Dump Truck	4,000	1,260	2,740
Truck #10-Dodge 3500	4,000	3,344	656
John Deere Backhoe	4,000	2,499	1,501
John Deere Loader	4,000	1,425	2,575
Cat Excavator	4,000	162	3,838
Cat Grader	4,000	1,672	2,328
John Deere Grader	4,000	6,971	(2,971)
Case Mower 115Max	4,000	3,811	189
Plows & Sanders	4,000	11,329	(7,329)
Sidewalk Machine	4,000	436	3,564
Communications	750	3,239	(2,489)
Gas, Diesel and Oil	70,000	56,065	13,935
Machinery and Equipment	20,000	13,380	6,620
Total Highway Equipment Maintenance	161,750	156,673	5,077

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Garage:			
Professional Services	\$ 5,000	\$ 9,098	\$ (4,098)
Repairs and Maintenance	1,500	2,376	(876)
Operating Supplies	4,000	4,538	(538)
Utilities	8,000	8,344	(344)
Heating Fuel	3,000	3,442	(442)
Total Highway Garage	21,500	27,798	(6,298)
Solid Waste Facility:			
Attendant Wages	38,511	41,385	(2,874)
FICA & Medicare	3,023	3,154	(131)
Professional Services	5,000	9,321	(4,321)
Methane Well Monitoring	400	0	400
Solid Waste Implementation Plan	35,000	26,682	8,318
Groundwater Monitoring	27,500	29,951	(2,451)
Tire Removal	0	194	(194)
Casella Services	110,000	112,358	(2,358)
Repairs & Maintenance	1,200	310	890
Operating Supplies	1,000	2,092	(1,092)
Landfill Mowing	0	195	(195)
Sticker Cost	750	199	551
Footwear	0	125	(125)
Transfer Station Utilities	400	1,165	(765)
Landfill Utilities	200	320	(120)
Miscellaneous	0	90	(90)
Total Solid Waste Facility	222,984	227,541	(4,557)
Street Lights:			
Hawks Avenue	500	258	242
S. Shaftsbury Village	12,000	14,557	(2,557)
Total Street Lights	12,500	14,815	(2,315)
Parks and Recreation:			
Professional Services	3,250	6,566	(3,316)
Building Construction, Maintenance and Repairs	2,500	2,202	298
Equipment Maintenance and Repairs	0	70	(70)
Operating Supplies	500	979	(479)
Utilities	500	583	(83)
Total Parks and Recreation	6,750	10,400	(3,650)

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Cemetery Expenditures:			
Superintendent Salary	\$ 15,731	\$ 17,902	\$ (2,171)
FICA & Medicare	1,258	1,348	(90)
Contract Services	31,200	36,598	(5,398)
Repairs and Maintenance	3,000	3,600	(600)
Travel and Meetings	400	395	5
Corner Marker Installation	200	0	200
(New) Corner Marker Purchases	1,300	532	768
Cemify Maintenance	9,240	2,437	6,803
Miscellaneous	0	1,200	(1,200)
Total Cemetery Expenditures	62,329	64,012	(1,683)
Development Review Board:			
Board Member Stipends	2,500	2,500	0
FICA & Medicare	0	191	(191)
Professional Services	1,500	100	1,400
Travel and Meetings	500	0	500
Advertising and Legal	1,750	158	1,592
Total Development Review Board	6,250	2,949	3,301
Planning:			
Board Member Stipends	2,500	2,500	0
Zoning Administrator Wages	11,162	11,679	(517)
FICA & Medicare	876	1,085	(209)
Professional Services	1,000	8,186	(7,186)
Travel and Meetings	200	0	200
Advertising and Legal	500	930	(430)
Total Planning	16,238	24,380	(8,142)
County Tax:	36,238	0	36,238
Debt Service Expenditures:			
Tax Anticipation Note - Interest	1,000	0	1,000
2021 CAT Excavator	11,932	11,932	0
Garage Bond Payment	76,310	76,310	0
2021 Mower Loan	23,320	22,880	440
Total Debt Service Expenditures	112,562	111,122	1,440

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Transfer to Reserves:			
Wastewater Feasibility Project Fund	\$ 0	\$ 670	\$ (670)
Paving Fund	30,000	30,000	0
Equipment Replacement Fund	130,000	130,000	0
Park Fund	8,000	8,000	0
Culvert Fund	15,000	15,000	0
Cemetery Capital Fund	5,000	5,000	0
Fire Equipment Replacement Fund - Fire Warden Truck Reserve	2,000	2,000	0
Fire Equipment Replacement Fund - Fire Truck Reserve	100,000	100,000	0
Fire Equipment Replacement Fund - Airpack Reserve	10,000	10,000	0
Sidewalk Fund	2,000	2,000	0
Class 3 Road Improvement Fund	35,000	35,000	0
Total Transfer to Reserves	337,000	337,670	(670)
Community Appropriations:			
Bennington Free Library	18,630	18,630	0
John G. McCullough Library	25,200	25,200	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	3,740	475	3,265
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
Bennington County Association Against Child Abuse	500	0	500
Bennington Senior Center	750	750	0
Monty's House Wildlife Rehabilitation	1,000	1,000	0
Total Community Appropriations	89,695	85,930	3,765
677 Route 2A Property Purchase:	0	384,602	(384,602)
Total Cash Disbursements	2,746,971	3,313,699	(566,728)
Excess/(Deficiency) of Cash Receipts			
Over Cash Disbursements	\$ 0	(258,870)	\$ (258,870)

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TOWN OF SHAFTSBURY, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Actual</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:	
Economic Development Fund Income	\$ 87
Economic Development Fund Expenses	(4,000)
Landfill Fund Income	1,071
Landfill Fund Expenses	(53,162)
G.W. Hawkins Fund Income	16,055
G.W. Hawkins Fund Expenses	(868)
Recreation Fund Income	16,944
Recreation Fund Expenses	(916)
Recreation Fund Transfer Out	<u>(5,174)</u>
Net Change in Fund Balance	(288,833)
Fund Balance - July 1, 2024	<u>671,080</u>
Fund Balance - June 30, 2025	\$ <u><u>382,247</u></u>

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

TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS
 ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds	Capital Project Funds	Total
<u>ASSETS</u>			
Due from Other Funds	\$ <u>18,808</u>	\$ <u>349,297</u>	\$ <u>368,105</u>
Total Assets	\$ <u><u>18,808</u></u>	\$ <u><u>349,297</u></u>	\$ <u><u>368,105</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	\$ <u>33,886</u>	\$ <u>1,761</u>	\$ <u>35,647</u>
Total Liabilities	<u>33,886</u>	<u>1,761</u>	<u>35,647</u>
Fund Balances:			
Restricted	18,808	37,167	55,975
Committed	0	312,130	312,130
Unassigned/(Deficit)	<u>(33,886)</u>	<u>(1,761)</u>	<u>(35,647)</u>
Total Fund Balances	<u>(15,078)</u>	<u>347,536</u>	<u>332,458</u>
Total Liabilities and Fund Balances	\$ <u><u>18,808</u></u>	\$ <u><u>349,297</u></u>	\$ <u><u>368,105</u></u>

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds	Capital Project Funds	Formerly Non-Major Fund Permanent Fund Cemetery Fund	Total
Cash Receipts:				
Intergovernmental	\$ 0	\$ 15,828	\$ 0	\$ 15,828
Permits, Licenses and Fees	7,385	0	0	7,385
Investment Income	429	4,842	0	5,271
Other	0	3,530	0	3,530
Total Cash Receipts	7,814	24,200	0	32,014
Cash Disbursements:				
General Government	40,035	0	0	40,035
Culture and Recreation	0	1,326	0	1,326
Capital Outlay:				
General Government	4,078	0	0	4,078
Public Works	0	268,320	0	268,320
Debt Service:				
Principal	0	33,323	0	33,323
Total Cash Disbursements	44,113	302,969	0	347,082
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	(36,299)	(278,769)	0	(315,068)
Other Financing Sources:				
Issuance of Long-term Debt	0	258,380	0	258,380
Proceeds from Sale of Equipment	0	9,370	0	9,370
Transfers In	670	195,000	0	195,670
Total Other Financing Sources	670	462,750	0	463,420
Net Changes in Fund Balances	(35,629)	183,981	0	148,352
Fund Balances - July 1, 2024, As Previously Presented	20,551	366,069	251,079	637,699
Change within Financial Reporting Entity (Non-Major to Major Fund)	0	(202,514)	(251,079)	(453,593)
Fund Balances - July 1, 2024, As Adjusted	20,551	163,555	0	184,106
Fund Balances/(Deficit) - June 30, 2025	\$ (15,078)	\$ 347,536	\$ 0	\$ 332,458

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS
 ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2025

	Restoration Fund	Wastewater Feasibility Project Fund	Total
<u>ASSETS</u>			
Due from Other Funds	\$ <u>18,808</u>	\$ <u>0</u>	\$ <u>18,808</u>
Total Assets	\$ <u><u>18,808</u></u>	\$ <u><u>0</u></u>	\$ <u><u>18,808</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	\$ <u>0</u>	\$ <u>33,886</u>	\$ <u>33,886</u>
Total Liabilities	<u>0</u>	<u>33,886</u>	<u>33,886</u>
Fund Balances/(Deficit):			
Restricted	18,808	0	18,808
Unassigned/(Deficit)	<u>0</u>	<u>(33,886)</u>	<u>(33,886)</u>
Total Fund Balances/(Deficit)	<u>18,808</u>	<u>(33,886)</u>	<u>(15,078)</u>
Total Liabilities and Fund Balances	\$ <u><u>18,808</u></u>	\$ <u><u>0</u></u>	\$ <u><u>18,808</u></u>

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Restoration Fund	Wastewater Feasibility Project Fund	Total
Cash Receipts:			
Permits, Licenses and Fees	\$ 7,385	\$ 0	\$ 7,385
Investment Income	<u>429</u>	<u>0</u>	<u>429</u>
Total Cash Receipts	<u>7,814</u>	<u>0</u>	<u>7,814</u>
Cash Disbursements:			
General Government	5,479	34,556	40,035
Capital Outlay:			
General Government	<u>4,078</u>	<u>0</u>	<u>4,078</u>
Total Cash Disbursements	<u>9,557</u>	<u>34,556</u>	<u>44,113</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(1,743)</u>	<u>(34,556)</u>	<u>(36,299)</u>
Other Financing Sources:			
Transfers In	<u>0</u>	<u>670</u>	<u>670</u>
Total Other Financing Sources	<u>0</u>	<u>670</u>	<u>670</u>
Net Changes in Fund Balances	(1,743)	(33,886)	(35,629)
Fund Balances - July 1, 2024	<u>20,551</u>	<u>0</u>	<u>20,551</u>
Fund Balances/(Deficit) - June 30, 2025	\$ <u><u>18,808</u></u>	\$ <u><u>(33,886)</u></u>	\$ <u><u>(15,078)</u></u>

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS
 ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2025

	Equipment Replacement Fund	Park Fund	Hooke Memorial Fund	Culvert Fund	Cemetery Capital Fund	Cole Hall Renovation and Garage Fund	Sidewalk Fund	Class 3 Road Improvement Fund	Total
<u>ASSETS</u>									
Due from Other Funds	\$ 184,030	\$ 31,917	\$ 47,756	\$ 6,493	\$ 56,159	\$ 0	\$ 2,901	\$ 20,041	\$ 349,297
Total Assets	\$ 184,030	\$ 31,917	\$ 47,756	\$ 6,493	\$ 56,159	\$ 0	\$ 2,901	\$ 20,041	\$ 349,297
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,761	\$ 0	\$ 0	\$ 1,761
Total Liabilities	0	0	0	0	0	1,761	0	0	1,761
Fund Balances/(Deficit):									
Restricted	0	23,917	0	0	13,250	0	0	0	37,167
Committed	184,030	8,000	47,756	6,493	42,909	0	2,901	20,041	312,130
Unassigned/(Deficit)	0	0	0	0	0	(1,761)	0	0	(1,761)
Total Fund Balances/(Deficit)	184,030	31,917	47,756	6,493	56,159	(1,761)	2,901	20,041	347,536
Total Liabilities and Fund Balances	\$ 184,030	\$ 31,917	\$ 47,756	\$ 6,493	\$ 56,159	\$ 0	\$ 2,901	\$ 20,041	\$ 349,297

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Equipment Replacement Fund	<i>Formerly Non-Major Fund</i> Paving Fund	Park Fund	Hooke Memorial Fund	Culvert Fund	Cemetery Capital Fund	Cole Hall Renovation and Garage Fund	<i>Formerly Non-Major Fund</i> Fire Equipment Replacement Fund	Sidewalk Fund	Class 3 Road Improvement Fund	Total
Cash Receipts:											
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,828	\$ 0	\$ 15,828
Investment Income/(Loss)	2,553	0	563	962	(8)	1,064	(36)	0	(195)	(61)	4,842
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,530</u>	<u>0</u>	<u>3,530</u>
Total Cash Receipts	<u>2,553</u>	<u>0</u>	<u>563</u>	<u>962</u>	<u>(8)</u>	<u>1,064</u>	<u>(36)</u>	<u>0</u>	<u>19,163</u>	<u>(61)</u>	<u>24,200</u>
Cash Disbursements:											
Culture and Recreation	0	0	1,326	0	0	0	0	0	0	0	1,326
Capital Outlay:											
Public Works	258,380	0	0	0	8,240	0	0	0	1,700	0	268,320
Debt Service:											
Principal	<u>33,323</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,323</u>
Total Cash Disbursements	<u>291,703</u>	<u>0</u>	<u>1,326</u>	<u>0</u>	<u>8,240</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,700</u>	<u>0</u>	<u>302,969</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(289,150)</u>	<u>0</u>	<u>(763)</u>	<u>962</u>	<u>(8,248)</u>	<u>1,064</u>	<u>(36)</u>	<u>0</u>	<u>17,463</u>	<u>(61)</u>	<u>(278,769)</u>
Other Financing Sources:											
Issuance of Long-term Debt	258,380	0	0	0	0	0	0	0	0	0	258,380
Proceeds from Sale of Equipment	9,370	0	0	0	0	0	0	0	0	0	9,370
Transfers In	<u>130,000</u>	<u>0</u>	<u>8,000</u>	<u>0</u>	<u>15,000</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>35,000</u>	<u>195,000</u>
Total Other Financing Sources	<u>397,750</u>	<u>0</u>	<u>8,000</u>	<u>0</u>	<u>15,000</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>35,000</u>	<u>462,750</u>
Net Changes in Fund Balances	<u>108,600</u>	<u>0</u>	<u>7,237</u>	<u>962</u>	<u>6,752</u>	<u>6,064</u>	<u>(36)</u>	<u>0</u>	<u>19,463</u>	<u>34,939</u>	<u>183,981</u>
Fund Balances/(Deficit) - July 1, 2024, As Previously Presented	75,430	(86,793)	24,680	46,794	(259)	50,095	(1,725)	289,307	(16,562)	(14,898)	366,069
Change within Financial Reporting Entity (Non-Major to Major Fund)	<u>0</u>	<u>86,793</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(289,307)</u>	<u>0</u>	<u>0</u>	<u>(202,514)</u>
Fund Balances/(Deficit) - July 1, 2024, As Adjusted	<u>75,430</u>	<u>0</u>	<u>24,680</u>	<u>46,794</u>	<u>(259)</u>	<u>50,095</u>	<u>(1,725)</u>	<u>0</u>	<u>(16,562)</u>	<u>(14,898)</u>	<u>163,555</u>
Fund Balances/(Deficit) - June 30, 2025	<u>\$ 184,030</u>	<u>\$ 0</u>	<u>\$ 31,917</u>	<u>\$ 47,756</u>	<u>\$ 6,493</u>	<u>\$ 56,159</u>	<u>\$ (1,761)</u>	<u>\$ 0</u>	<u>\$ 2,901</u>	<u>\$ 20,041</u>	<u>\$ 347,536</u>

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TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2025

	Trustees of Public Funds Fund	Florence Beebe Memorial Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 15,613	\$ 0	\$ 15,613
Investments	248,669	0	248,669
Due from Other Funds	<u>0</u>	<u>777</u>	<u>777</u>
Total Assets	\$ <u><u>264,282</u></u>	\$ <u><u>777</u></u>	\$ <u><u>265,059</u></u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Position:			
Restricted	<u>264,282</u>	<u>777</u>	<u>265,059</u>
Total Net Position	<u>264,282</u>	<u>777</u>	<u>265,059</u>
Total Liabilities and Net Position	\$ <u><u>264,282</u></u>	\$ <u><u>777</u></u>	\$ <u><u>265,059</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF SHAFTSBURY, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
 MODIFIED CASH BASIS NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Trustees of Public Funds Fund	Florence Beebe Memorial Fund	Total
Additions:			
Investment Income	\$ 23,257	\$ 16	\$ 23,273
Donations	<u>58,930</u>	<u>0</u>	<u>58,930</u>
Total Additions	<u>82,187</u>	<u>16</u>	<u>82,203</u>
Deductions:			
Mary Monroe Hawkins Memorial			
Library Expenses	824	0	824
School Expenses	1,077	0	1,077
Investment Fees	<u>1,519</u>	<u>0</u>	<u>1,519</u>
Total Deductions	<u>3,420</u>	<u>0</u>	<u>3,420</u>
Change in Net Position	78,767	16	78,783
Net Position - July 1, 2024	<u>185,515</u>	<u>761</u>	<u>186,276</u>
Net Position - June 30, 2025	<u><u>\$ 264,282</u></u>	<u><u>\$ 777</u></u>	<u><u>\$ 265,059</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

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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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Shaftsbury, Vermont, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Town of Shaftsbury, Vermont's basic financial statements and have issued our report thereon dated December 22, 2025. Our opinion on the governmental activities, the General Fund, the Cemetery Fund and the aggregate remaining fund information was qualified because of the inadequacies in the Town's controls over transfer station fees receipts and the recording of investments at market value rather than cost.

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

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 2025-001 through 2025-003, 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 included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The 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.

December 22, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF SHAFTSBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2025

Deficiencies in Internal Control:

Material Weaknesses:

2025-001 Transfer Station Revenues

Criteria:

Internal controls over transfer station revenues should be in place so that no individual can both perpetrate and conceal errors or irregularities.

Condition:

The Town does not have adequate internal controls in place over transfer station revenues. 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 collections at the transfer station are subject to misappropriation.

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 implement controls to ensure that all of the cash collected is being handed over to them by the transfer station employees.

2025-002 Netting Revenues and Expenditures

Criteria:

Internal controls should be in place to ensure that revenues are not netted with expenditures in order to conform with the modified cash basis of accounting.

Condition:

The Town netted revenues within expenditure accounts during the year. This nets out the revenue and expenditures as if they did not exist and results in the understatement of both revenue and expenditures.

TOWN OF SHAFTSBURY, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2025

Cause:

The Town was not aware that this practice is not in accordance with the modified cash basis of accounting.

Effect:

This resulted in an understatement of revenue and expenditures.

Recommendation:

We recommend that the Town implement controls to ensure that revenues are not netted with expenditures.

2025-003 Property Tax Reconciliation

Criteria:

Internal controls should be in place to ensure that the property tax billings are reconciled to the general ledger.

Condition:

The Town did not have controls in place to ensure that the property tax billings were reconciled to the general ledger.

Cause:

Unknown.

Effect:

The collection of property tax billings could be incorrect.

Recommendation:

We recommend that the Town implement controls to ensure that the property tax billings are reconciled to the general ledger.



www.shaftsburyvt.gov

Town of Shaftsbury

Municipal Offices at Cole Hall

PO Box 409

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Shaftsbury, VT 05262-0409

802 442 4038

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

December 30, 2025

Jordon,

With the change of administration and financial oversight, as well as the change to cash basis, we have started the process of overhauling our financials. We have started transitioning to greater use of our financial systems and the internal communication that they require. This will undoubtedly take a few years to fine tune, but the ultimate goal will be GASB compliance.

We have reviewed the FY25 audit, and we would like to respond to the following findings and deficiencies in internal control:

2025-01 Transfer Station Revenues

Response: During fiscal year 25, we had a receipt printing cash register installed at the Transfer Station. Cash receipts in the register must match the cash received each day on the cash register tally. These daily receipt totals are emailed to the bookkeeper. Once the Treasurer confirms deposit balance and date, the bookkeeper enters the deposit into our NEMRC Cash Receipts module that transfers directly to our General Ledger. Transfer Station stickers need to still be sold on site, but the cash register now records those transactions separately, and they are entered into cash receipts in a detailed manner.

2025-002 Netting Revenues and Expenditures

Response: The misrepresentation of revenues and expenditures was a misunderstanding on our part. We have addressed this matter, and we are using liability accounts where necessary. This helps us to clearly show the division of revenues, expenditures, and liabilities due to other entities. We have done this with new understanding and thoughtful contemplation over the specific budget lines and implications for the flow of funds.

2025-03 Property Tax Reconciliation

Response: The billing information for tax bills has always come directly from our current year Grand List module to the primary entity of our Tax Administration module, but payments were manually entered into our general ledger. Prior to starting collections for fiscal tax year 2026, the primary entity in the Tax Administration module was linked directly to the General Ledger in

NEMRC. We also linked the delinquent tax entity to the General Ledger after the current year delinquencies were transferred. Tax receipts are no longer manually entered into the general ledger. They are now transferred directly from each tax module.

Response to other recommendations:

Many of these findings have already been brought to the attention of administration. Some items have a long-term goal for completion, and some will get immediate attention. The correction of our financial reporting and the pieces that go with it are all a part of a long-term goal that we hope to achieve in 3-4 years, due to continued adjustments and changes in elected positions.

Documentation of Internal Controls System

We have started to implement these suggestions and classify them among our long-term goals.

Fraud Risk Assessment

A fraud risk assessment will be performed by administration in calendar year 2026.

Volunteer Stipend Payments

All stipends were changed to process through payroll starting in fiscal year 2025.

Investments & Incomplete Accounting System

We will coordinate with our Trustees of Public Funds to create a better method of reporting and make sure that these funds, and all other funds, are accounted for in the general ledger of our financial reporting system. This will be classified among our long-term goals.

Accounting and Procedures Manual

This is an ongoing process that we have started. With all the changes in processes and procedures, creating these manuals has not been feasible until recently. There will be many adjustments in the years to come, so this is classified with our long-term goals.

Cash Accounts

After reviewing all checking accounts under the Town of Shaftsbury's TIN, we found eight. One has been closed during account consolidation, two are in current use by the Town, one is used by the Delinquent Tax Collector, one is used by the Trustees of Public Funds, and there are three accounts that are being utilized by the fire department. In recent years, the Fire Department has applied for, and received their own TIN, so we have started the process of transferring these three accounts to the FD TIN. This will be resolved immediately.

Going forward, we will better define authority, access and administration for each account held under the Town of Shaftsbury TIN.



Melanie Dexter
Treasurer



Paula Iken
Town Administrator