

TOWN OF COLCHESTER, VERMONT

AUDIT REPORT

JUNE 30, 2024

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Independent Auditor's Report

Selectboard
Town of Colchester, Vermont
781 Blakely Road
Colchester, Vermont 05446

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colchester, Vermont, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Colchester, Vermont's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colchester, Vermont, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Colchester, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note I.F. to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 100, "Accounting Changes and Error Corrections", an amendment of GASB Statement No. 62. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Colchester, 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 Colchester, 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 Colchester, Vermont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 13, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated February 5, 2025, on our consideration of the Town of Colchester, Vermont's internal control over financial reporting and on 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 Colchester, 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 Colchester, Vermont's internal control over financial reporting and compliance.

Sullivan, Powers & Co.

February 5, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

As management of the Town of Colchester (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. The purpose of the management discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

Government-wide Statements – refer to Exhibits A and B

The assets and deferred outflows of resources of the Town of Colchester exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$64,538,380. The net position is primarily comprised \$49,752,084 in capital including buildings, land and vehicles, equipment and many unmarketable assets such as roads and stormwater infrastructure. Of the net position, \$10,897,025 is unrestricted net position. Unrestricted net position, less amounts tied up in non-spendable assets such as prepaid expenses and inventory, may be used by the various funds of the Town to meet its ongoing obligations to its citizens and creditors, a significant portion of which may not be transferable between different funds. Included in the unrestricted net position are amounts that voters and management have assigned for particular purposes, such as reserves for expenditures in subsequent years and wastewater capacity rights (funding of South Burlington's Sewer plant upgrade). Additionally, there is \$3,889,271 in resources that are subject to external (non-town) restrictions on how they may be used.

Fund Financial Statements (refer to Exhibit C, F and Footnote IV.K)

- Governmental funds contain many funds including General, Capital Project, Reserve Funds and Debt Service funds. Each of these funds can contain several projects.
 - Capital Project Fund – includes Capital Transportation Plan, Capital Grant funds, Parks Capital Plan, Recreation Center Project and ARPA Fund.
 - Reserve Fund – includes technology, communications, re-appraisal (funds from state), records retention, and public safety capital with its subcomponents (police boat reserve, rescue equipment reserve, rescue communications reserve, technical rescue equipment reserve, and technical rescue communication reserve).
 - Non-Major Governmental Funds – includes Revolving Loan (servicing existing and secured loans of State provided federal funding to property owners for septic system repairs, which has been discontinued following the State creating a program for all of Vermont), Community Development (State provided Federal funding generally for affordable housing), Grant, Police Special Revenue, Cemetery, Recreation Acquisition and Development, and Capital Equipment Funds.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,248,630, a decrease of \$6,271,026 in comparison with the prior year.
- General Fund fund balance increased \$187,983 in FY23. The increase was due to excess revenues and underspending in various departments.
- The Debt Service Fund contains voter restricted Local Option Tax Revenues. Due to expenses related to the Community Recreation Center, the fund balance dropped to \$3,082,265, a \$6,646,945 decrease over FY23
- The Capital Projects Fund fund balance increased \$1,653 over previous year.
- Wastewater Fund Net Position increased \$5,306,037 in FY24 as it received a \$5,388,320 transfer of proceeds which were once but no longer ARPA, which will be used on the Malletts Bay Project.
- Stormwater net position increased \$851,475 to \$5,768,598.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, presented in three sections: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition, this report also contains required supplementary information such as a general fund budget to actual comparison and combining financial statements.

The financial activities of the government unit are recorded in funds. A fund, generally, is a separate set of books for each major activity. Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. These operations are referred to as business-type activities, they are supported by user fees, and are recorded in enterprise funds separately from the general governmental activities which are accounted for primarily in the general fund and supported in large part by property tax revenues.

Government-Wide Financial Statements

The government-wide financial statements provide a general overview of the operations of the Town presenting all data on the full accrual basis. There are two statements presented at the government-wide level: the Statement of Net Position and the Statement of Activities. Within each of these statements, the governmental activities are presented separately from the business-type activities. The governmental activities reflect the Town's basic services; including general government, public safety, public works, culture and recreation, community development, capital outlay, and debt service. The business-type activities of the Town include Wastewater, Recreation Program Fund, Stormwater Fund and Rescue Fund.

The Statement of Net Position (Exhibit A) presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities (Exhibit B) reports how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

The government-wide financial statements include not only the Town itself (referred to as the primary government), but also other legally separate entities for which the Town is financially accountable (referred to as component units). During the period under audit, the Town was not responsible for any entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate finance-related legal compliance. The funds of the Town are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The governmental fund financial statements provide a detailed short-term view that helps determine financial resources that are available to finance the Town's programs in the near future.

The Town maintains three major governmental funds; the General Fund, Capital Projects Fund, and the Debt Service Fund. In addition to this, the Town maintains a number of Special Revenue Funds, Capital Project Funds, and a Permanent Fund, which do not qualify as major funds. These funds are consolidated into the column title Non-Major Governmental Funds. Combining financial statements containing more detailed information on these funds may be found on Schedules 4 through 9.

The governmental fund financial statements can be found in Exhibits C through E. The Town adopts an annual budget for its general fund. Schedule 1 is a budget to actual comparison statement demonstrating compliance with the adopted budget.

Proprietary funds account for a government's business-type activities. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town maintains four enterprise funds; the Wastewater Fund, the Recreation Program Fund, the Stormwater Fund, and the Rescue Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town has no internal service funds at this time.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the Funds. The proprietary fund financial statements may be found in Exhibits F through H.

Fiduciary funds account for resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town. The fiduciary fund financial statement of the Town can be found in Exhibits I and J and Schedules 10 and 11.

Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statement. The notes serve to explain, clarify, and expand upon the financial data presented in the financial statements. The notes are found immediately following the financial statements.

Supplementary information including a budgetary comparison statement for the general fund can be found immediately following the notes to the financial statements.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the supplementary information.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Summary Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current & Other Assets	14,912,626	24,215,373	10,442,537	4,594,019	25,355,163	28,809,392
Capital Assets	45,819,608	36,601,029	13,194,996	12,307,438	59,014,604	48,908,467
Total Assets	60,732,234	60,816,402	23,637,533	16,901,457	84,369,767	77,717,859
Deferred Outflow s of Resource:	1,902,767	2,289,887	213,110	234,733	2,115,877	2,524,620
Long-Term Liabilities	9,177,324	9,406,477	7,561,249	8,054,775	16,738,573	17,461,252
Other Liabilities	2,977,461	5,981,673	1,527,248	639,224	4,504,709	6,620,897
Total Liabilities	12,154,785	15,388,150	9,088,497	8,693,999	21,243,282	24,082,149
Deferred Inflow s of Resources	685,431	814,064	18,551	25,613	703,982	839,677
Net Invested in Capital Assets	43,353,200	33,570,309	6,398,884	4,920,218	49,752,084	38,490,527
Restricted	3,889,271	10,346,297	0	0	3,889,271	10,346,297
Unrestricted	2,552,314	2,987,469	8,344,711	3,496,360	10,897,025	6,483,829
Total Net Position	49,794,785	46,904,075	14,743,595	8,416,578	64,538,380	55,320,653

Net Position states a government's financial status in a required standard format that may be compared over time and among similar governments. At the end of the fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64,538,380.

The largest portion of the Town's assets (77%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure (roads, bridges, etc.) less any related, outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

\$3,889,271 of the Town's net position is subject to external (non-town) restrictions on how they may be used. A majority of the remaining \$10,897,025 (unrestricted net position, less inventory and prepaid expenses) may be used to meet the government's ongoing financial obligations to its citizens and creditors, a significant portion of which may not be transferable between different funds. Included in the unrestricted net position are amounts that voters and management have assigned for particular purposes, such as reserves for expenditures in subsequent years and wastewater capacity rights (funding of South Burlington's Sewer plant upgrade) or which require voter approval to access, such as the Local Option Tax fund.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Governmental activities

Governmental activities increased the Town's net position by \$2,890,710 for the fiscal year ended June 30, 2024. Revenues increased from FY23 by \$5,552,028 due to increased Grant revenues and \$2,275,504 in Local Option Tax revenue and Investment Income that was collected in the debt service fund during the fiscal year. The Local Option Tax funds are used to pay existing debt payments with remaining funds going to restricted fund balance. Governmental expenditures decreased from FY23 by \$311,082. The Governmental activities also transferred \$5,684,786 to Enterprise Funds which due to funds initially, but no longer ARPA to be used for the Malletts Bay Sewer project.

Public Safety remains the largest expense at 41% of total Governmental Activity expenses. General Government and Public Works are the next largest at 23% and 22%, respectively of total Governmental Activity expenses.

Summary of the Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	1,135,515	982,315	4,810,696	4,257,317	5,946,211	5,239,632
Operating Grants & Contributions	407,890	1,403,688	76,075	4,664	483,965	1,408,352
Capital Grants & Contributions	124,856	131,257	402,963	114,444	527,819	245,701
General Revenues:					-	-
Property Taxes	13,668,279	12,840,192	-	-	13,668,279	12,840,192
Other	9,218,197	3,645,257	255,707	55,340	9,473,904	3,700,597
Total Revenues	24,554,737	19,002,709	5,545,441	4,431,765	30,100,178	23,434,474
Expenses:						
General Government	3,652,858	3,360,753	-	-	3,652,858	3,360,753
Public Safety	6,532,434	6,517,450	-	-	6,532,434	6,517,450
Public Works	3,554,843	3,623,815	-	-	3,554,843	3,623,815
Community Development	136,848	790,921	-	-	136,848	790,921
Culture & Recreation	2,018,296	1,891,998	978,805	927,787	2,997,101	2,819,785
Interest on Long-Term Debt	83,962	105,386	-	-	83,962	105,386
Stormwater	-	-	783,597	697,836	783,597	697,836
Police Dispatch	-	-	-	531,392	-	531,392
Wastewater	-	-	2,037,995	1,735,547	2,037,995	1,735,547
Rescue	-	-	1,102,813	1,011,916	1,102,813	1,011,916
Total Expenses	15,979,241	16,290,323	4,903,210	4,904,478	20,882,451	21,194,801
Increase/(Decrease) in Net Position Before Transfer	8,575,496	2,712,386	642,231	(472,713)	9,217,727	2,239,673
Transfers	(5,684,786)	(696,837)	5,684,786	696,837	-	-
Change in Net Position	2,890,710	2,015,549	6,327,017	224,124	9,217,727	2,239,673
Beginning Net Position	46,904,075	44,888,526	8,416,578	8,192,454	55,320,653	53,080,980
Ending Net Position	49,794,785	46,904,075	14,743,595	8,416,578	64,538,380	55,320,653

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The majority of revenue for governmental activities comes from property taxes; 56% of total revenue or \$13,668,279. This percentage is down 12% from FY23 due to additional other general revenues, specifically ARPA Funding. Local Option Sales are the second largest category of revenue at 9% of total revenue or \$2,275,504. These revenues are restricted for use for voter approved debt or capital payments.

Business-type activities (Police Dispatch, Wastewater, Recreation Program and Stormwater Funds):

Business-type activities increased the Town's net position by \$6,327,017, during the current fiscal year through planned expenses. Key elements of this change are as follows:

- Wastewater Fund had a \$5,306,037 increase in net position. The majority of this came from a Transfer from the General fund with funds formerly but no longer ARPA funds. These proceeds will be used Fund the Malletts Bay Sewer project.
- Recreation Program Fund had excess revenues over expenditures of \$177,187. The fund has a positive net position of \$1,176,767 at the end of FY24.
- Stormwater Fund program revenues covered their operating expenses and contributed \$851,475 toward the increased Business-type net position. Stormwater's FY24 net position, which includes capital assets increased to \$5,768,598.
- Rescue Fund decreased the Business-type activities net position by \$7,682. This is after the budgeted transfer from the general fund. Rescue's Fund, which includes capital assets, has a positive net position of \$1,155,253 at the end of FY24.

Business-type activities are accounted for in the same manner that businesses account for operations. It is necessary that revenues (operating and non-operating) plus retained earnings meet or exceed expenses to continue operating.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town of Colchester uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Specifically, unassigned fund balance can be a useful measure of a government's net resources available. Unassigned fund balance provides a reserve for emergencies and disasters, enables the Selectboard to stabilize tax rates in economic hard times, and provides working capital from which to pay Town bills between tax collection due dates. The Town is required by State law to pay the State Education Taxes to the Colchester School District based all taxes LEVIED, even if the State Education Taxes are NOT COLLECTED by the Town. The State Education Tax Funded Colchester School District budget is nearly three times that of the Town. Payment of the State Education Taxes represent the Town's most significant ongoing fiscal responsibility.

The General Fund is the primary operating fund of the Town of Colchester. A key financial statistic to evaluating the financial strength of the Town is the level of the General Fund unassigned fund balance as a percent of total revenues or expenditures. According to best practices as outlined by the Government Finance Officers Association, the unassigned fund balance should provide coverage of 2 to 4 months expenditures.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

- At the end of the current fiscal year the General Fund fund balance was \$3,325,613. This amount includes \$147,028 in non-spendable inventory, lease receivable and prepaid expenses as well as \$1,107,827 in assigned or committed fund balance totaling \$1,254,855. This leaves an unassigned fund balance net of non-spendable items of \$2,070,758. This remaining amount has significant restrictions on expenditure in the Town Charter. The assigned or committed fund balances are for the following uses:
 - \$364,827 - Committed to offset leave time expenses exceeding budget
 - \$351,000 - Assigned to reduce property taxes in fiscal year 2025
 - \$392,000 - Assigned to reduce property taxes in fiscal year 2026

The Town's unassigned General Fund fund balance of \$2,070,758 on June 30, 2024 was 13.78% of total General Fund operating expenses as defined by the Selectboard's Fund Balance Policy. This is \$433,973 less than the suggested two months operating costs.

In addition to the General Fund, the Town maintains other funds including the Capital Project Funds maintained to provide infrastructure improvements in the Town, funds for grants received by the Town and funds for special revenues received by the Town.

The Town operates a Septic Loan Fund that provided financial assistance for the upgrade of failing on-site septic systems. The Town has outstanding loans to 6 individuals or families as of June 30, 2024. The Town is no longer making loans from this Fund as the State has set up an equivalent program.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The Town's FY 2024 General Fund operating expense budget totaling \$15,028,386 increased 8.3% over FY 23. The budget increase between FY 22 and FY 23 was 2.9%.

Actual revenues in the General Fund of \$20,557,134 were more than budgeted and actual General Fund expenditures of \$20,380,164 were higher than budgeted. The result is a surplus of \$176,970. The FY24 General Fund budget contained \$376,000 in revenue from fund balance to offset a budgeted deficit. Due to the surplus, this amount was not needed.

Some of the key factors contributing to this outcome include:

Revenue Variances

- Building & Zoning Permit revenues were \$141,565 over budget due to building and development in town.
- Combined revenue of passport and passport photo revenues were \$23,883 over budget.
- Interest earnings were higher than expected finishing FY24 at \$286,841 over budget.
- Recording Fees were \$58,125 under budget due to the housing market and high borrowing rates.
- \$5,352,976 of unbudgeted ARPA funds were recognized as revenue in FY24.

Expenditure Variances

- The Selectboard did not spend contingency funding of \$66,000.
- \$5,352,976 was transferred to the Malletts Bay Wastewater project causing the Manager's department to have an inflated expense over budget. This transfer was offset by the funds which were once ARPA revenue funds.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

- Police finished the year \$551,910 under budget mostly due to retirements resulting in reduce staffing and related reductions in salary and benefit line items. Hiring of new officers lead to uniform costs being \$55,051 overspent.
- The Selectboard approved a \$500,000 transfer to the Fire Capital Fund. These funds were moved to cover future purchase of air packs, tanks, and radios for the firefighters. \$262,700 of additional unbudgeted transfers were made to other reserve funds to provide for additional capital funding.
- DPW Administration was \$151,839 over budget due to unbudgeted salary and benefits of both overlap of incoming department head with the retiring department head. DPW Highway was under budget \$152,987 due to staffing shortages.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Colchester's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totaled \$59,014,604 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. The Town's capital assets included in the financial reports do not include the value of infrastructure assets (generally roads, bridges and the sewer system) put into operation prior to July 1, 2003, as allowed by GASB 34. All other capital assets are included and the department of Public Works maintains detailed and ongoing inventory of the condition of roads and bridges and monitors the sewer system through various methods.

	<u>Summary Capital Assets (net of depreciation)</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	2,320,536	2,320,536	132,568	132,568	2,453,104	2,453,104
Construction in Progress	10,301,049	1,095,447	1,903,899	432,749	12,204,948	1,528,196
Land Improvements	922,536	959,223	-	-	922,536	959,223
Buildings & Improvements	8,628,380	8,764,323	252,841	264,004	8,881,221	9,028,327
Equipment & Furniture	1,257,830	908,488	90,062	108,114	1,347,892	1,016,602
Vehicles	4,303,834	4,205,027	480,977	323,390	4,784,811	4,528,417
Infrastructure	18,085,443	18,347,985	3,140,166	3,115,356	21,225,609	21,463,341
Plant & Equipment	-	-	1,732,461	1,862,343	1,732,461	1,862,343
Capacity Rights	-	-	5,462,022	6,068,914	5,462,022	6,068,914
Total	45,819,608	36,601,029	13,194,996	12,307,438	59,014,604	48,908,467

Major capital asset transactions during the year include the following additions:

3 Highway Trucks totaling \$299,539

3 Parks and Recreation vehicles totaling \$151,398

3 Police Cruisers totaling \$152,947

LED retrofit lighting costing \$87,765

Paving and other infrastructure improvements costing \$641,565

Street Sweeper costing \$277,408

Stormwater sliplining of existing pipes costing \$141,024

Work in Progress toward other projects including a solar array, the Recreation Center project and Mallets Bay Sewer project all together totaling \$10,267,495.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

During the year the Town traded in one dump truck, an older sweeper and sold 3 police cruisers.

Debt Administration

There were no new borrowings in FY24 for Governmental Activities. Business-type Activities bond payable for Malletts Bay Sewer Study increased an additional \$11,808 while realizing \$5,904 of loan forgiveness in FY24. Payments for the Malletts Bay Sewer Study begin June 1, 2027.

Summary of Outstanding Debt						
	Governmental Activities		Business-Type Debt		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	1,378,453	1,805,516	128,248	122,344	1,506,701	1,927,860
Notes Payable	35,000	70,000	-	-	35,000	70,000
Special Assessment Debt with Government Commitment	-	-	-	-	-	-
Capital Leases Payable	1,156,408	1,276,081	-	-	1,156,408	1,276,081
Due to South Burlington-Capacity Rights	-	-	6,667,864	7,264,876	6,667,864	7,264,876
Total	2,569,861	3,151,597	6,796,112	7,387,220	9,365,973	10,538,817

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors and Next Year's Budgets and Rates

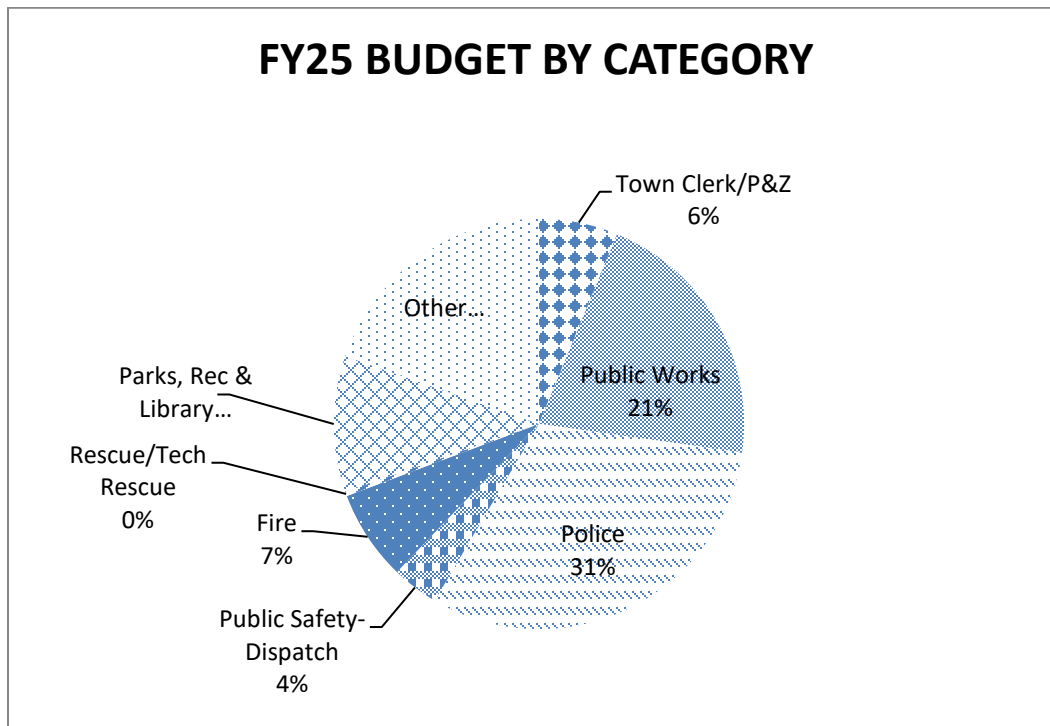
- The Colchester Grand List is made up of primarily residential properties. For FY24, 75% of property tax revenues come from residential properties.
- The Municipal Grand List value for the Town was \$22,587,300 in FY24. This was a .83% increase over the prior fiscal year. Since 1970 the Town of Colchester's Grand List has grown from \$169,278 to \$22,587,300.
- The Town has slow but steady growth in housing. Population is growing slightly and much slower than housing. This housing growth increases revenues but without commercial growth can increase service needs beyond the revenue growth.

Next Year's (FY 25) Budget

- The Town of Colchester approved a General Fund budget for FY25 in the amount of \$15,937,217. This represents an increase of 6.0% over the previous year.
- The municipal tax rate increased by 4.77% to \$0.6389.
- In FY25, approximately 42% of the budget is for public safety services.
- Public Works represents about 21% of the General Fund budget in FY25.
- Parks, Recreation and the Library represent about 11% of the General Fund budget in FY25.

TOWN OF COLCHESTER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

The graph below depicts how the Town spends its General Fund operating budget.



Future Budgetary Issues

In fiscal years 2025 and beyond, the Town will face increased service and infrastructure needs requiring capital and operating expenditures for:

- 1) Private sector goods, equipment, services, vehicles, and capital used in municipal service provision which are increasing at a higher rate than in the past;
- 2) Labor costs due to a shortage of trained, experienced workers for year-round, in-person and often outside work;
- 3) Labor costs due to the cost of housing in and around our employment market in Chittenden County;
- 4) Police, Fire and Rescue staffing necessary to serve significant new development being permitted as it is developed and sold or rented;
- 5) Transportation improvements such as the Creek Farm Bridge Replacement and most other improvements such as paths and sidewalks, as our capital transportation plan has capacity for maintaining what we have but not improvements;
- 6) Water quality improvements above and beyond those required by state and federal regulations as our current level of funding, including grants is expected to meet these significant required improvements; and
- 7) Cost shifts from State and Federal government for a variety of services as well as reductions in grants and financial support such as community justice and community outreach. More information on future resource needs is available [here](#).

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Town of Colchester's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Colchester, 781 Blakely Road, Colchester, VT 05446. The report is available online at <https://www.colchestervt.gov/317/Finance-Department>.

TOWN OF COLCHESTER, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 21,930,873	\$ 0	\$ 21,930,873
Investments	362,916	0	362,916
Deposits with Insurance Company	9,100	0	9,100
Receivables (Net of Allowance for Uncollectibles)	900,815	1,342,753	2,243,568
Loans Receivable (Net of Allowance for Uncollectibles)	24,561	148,742	173,303
Lease Receivables	558,116	0	558,116
Internal Balances	(8,951,042)	8,951,042	0
Prepaid Expenses	8,000	0	8,000
Inventory	69,287	0	69,287
Capital Assets:			
Land	2,320,536	132,568	2,453,104
Construction in Progress	10,301,049	1,903,899	12,204,948
Other Capital Assets (Net of Accumulated Depreciation)	33,198,023	11,158,529	44,356,552
Total Assets	<u>60,732,234</u>	<u>23,637,533</u>	<u>84,369,767</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	1,902,767	213,110	2,115,877
Total Deferred Outflows of Resources	<u>1,902,767</u>	<u>213,110</u>	<u>2,115,877</u>
<u>LIABILITIES</u>			
Accounts Payable	2,106,318	1,073,953	3,180,271
Accrued Payroll and Benefits Payable	730,962	89,388	820,350
Unearned Revenue	3,741	330,568	334,309
Due to Others	84,667	0	84,667
Due to Custodial Funds	22,292	0	22,292
Accrued Interest Payable	29,481	33,339	62,820
Noncurrent Liabilities:			
Due within One Year	536,413	608,953	1,145,366
Due in More than One Year	8,640,911	6,952,296	15,593,207
Total Liabilities	<u>12,154,785</u>	<u>9,088,497</u>	<u>21,243,282</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	22,314	0	22,314
Lease Receivables	497,475	0	497,475
Deferred Inflows of Resources Related to the Town's Participation in VMERS	165,642	18,551	184,193
Total Deferred Inflows of Resources	<u>685,431</u>	<u>18,551</u>	<u>703,982</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	43,353,200	6,398,884	49,752,084
Restricted:			
Non-Expendable:			
Culture and Recreation	2,000	0	2,000
Expendable:			
Culture and Recreation	593,920	0	593,920
Cemetery	163,429	0	163,429
Capital Projects	3,082,265	0	3,082,265
Other	47,657	0	47,657
Unrestricted	2,552,314	8,344,711	10,897,025
Total Net Position	<u>\$ 49,794,785</u>	<u>\$ 14,743,595</u>	<u>\$ 64,538,380</u>

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 3,652,858	\$ 1,021,756	\$ 70,810	\$ 26,123	\$ (2,534,169)	\$ 0	\$ (2,534,169)
Public Safety	6,532,434	46,691	51,573	46,166	(6,388,004)	0	(6,388,004)
Public Works	3,554,843	40,148	219,459	30,992	(3,264,244)	0	(3,264,244)
Culture and Recreation	2,018,296	26,310	18,968	21,575	(1,951,443)	0	(1,951,443)
Community Development	136,848	610	47,080	0	(89,158)	0	(89,158)
Interest on Long-term Debt	83,962	0	0	0	(83,962)	0	(83,962)
Total Governmental Activities	15,979,241	1,135,515	407,890	124,856	(14,310,980)	0	(14,310,980)
Business-type Activities:							
Wastewater	2,037,995	1,679,093	0	166,804	0	(192,098)	(192,098)
Recreation Program	978,805	1,025,295	64,735	0	0	111,225	111,225
Stormwater	783,597	1,150,746	11,340	225,409	0	603,898	603,898
Rescue	1,102,813	955,562	0	10,750	0	(136,501)	(136,501)
Total Business-type Activities	4,903,210	4,810,696	76,075	402,963	0	386,524	386,524
Total Primary Government	\$ 20,882,451	\$ 5,946,211	\$ 483,965	\$ 527,819	(14,310,980)	386,524	(13,924,456)
General Revenues:							
Property Taxes					13,668,279	0	13,668,279
Penalties and Interest on Delinquent Taxes					175,863	0	175,863
Local Option Sales Tax					2,275,504	0	2,275,504
Payments in Lieu of Taxes					371,219	0	371,219
General State Grants					62,397	0	62,397
Impact Fees					198,837	0	198,837
ARPA Funds					5,121,543	0	5,121,543
Unrestricted Investment Earnings					982,817	255,707	1,238,524
Gain on Sale of Equipment					1,246	0	1,246
Gain on Sale of Vehicles					6,573	0	6,573
Other Revenues					22,198	0	22,198
Transfers:					(5,684,786)	5,684,786	0
Total General Revenues and Transfers					17,201,690	5,940,493	23,142,183
Change in Net Position					2,890,710	6,327,017	9,217,727
Net Position - July 1, 2023					46,904,075	8,416,578	55,320,653
Net Position - June 30, 2024					\$ 49,794,785	\$ 14,743,595	\$ 64,538,380

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

TOWN OF COLCHESTER, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 21,834,601	\$ 0	\$ 0	\$ 96,272	\$ 21,930,873
Investments	362,916	0	0	0	362,916
Deposits with Insurance Company	9,100	0	0	0	9,100
Receivables (Net of Allowance for Uncollectibles)	256,902	25,175	613,476	5,262	900,815
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	24,561	24,561
Lease Receivables	558,116	0	0	0	558,116
Due from Other Funds	0	2,326,752	2,468,789	4,232,065	9,027,606
Prepaid Items	8,000	0	0	0	8,000
Inventory	69,287	0	0	0	69,287
Total Assets	<u>\$ 23,098,922</u>	<u>\$ 2,351,927</u>	<u>\$ 3,082,265</u>	<u>\$ 4,358,160</u>	<u>\$ 32,891,274</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 295,536	\$ 1,797,512	\$ 0	\$ 13,270	\$ 2,106,318
Accrued Payroll and Benefits Payable	730,962	0	0	0	730,962
Due to Other Funds	17,995,926	0	0	5,014	18,000,940
Unearned Revenue	0	0	0	3,741	3,741
Due to Others	84,667	0	0	0	84,667
Total Liabilities	<u>19,107,091</u>	<u>1,797,512</u>	<u>0</u>	<u>22,025</u>	<u>20,926,628</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Prepaid Property Taxes	22,314	0	0	0	22,314
Lease Receivables	497,475	0	0	0	497,475
Unavailable Property Taxes, Penalties and Interest	130,774	0	0	0	130,774
Unavailable Grants	15,655	25,175	0	62	40,892
Unavailable Loans Receivable	0	0	0	24,561	24,561
Total Deferred Inflows of Resources	<u>666,218</u>	<u>25,175</u>	<u>0</u>	<u>24,623</u>	<u>716,016</u>
<u>FUND BALANCES</u>					
Nonspendable	147,028	0	0	2,000	149,028
Restricted	0	0	3,082,265	872,761	3,955,026
Committed	364,827	447,066	0	419,750	1,231,643
Assigned	743,000	82,174	0	3,017,001	3,842,175
Unassigned	2,070,758	0	0	0	2,070,758
Total Fund Balances	<u>3,325,613</u>	<u>529,240</u>	<u>3,082,265</u>	<u>4,311,512</u>	<u>11,248,630</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,098,922</u>	<u>\$ 2,351,927</u>	<u>\$ 3,082,265</u>	<u>\$ 4,358,160</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:					
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.					45,819,608
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.					196,227
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.					(9,206,805)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.					1,737,125
Net Position of Governmental Activities					<u>\$ 49,794,785</u>

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 12,532,337	\$ 633,762	\$ 0	\$ 494,709	\$ 13,660,808
Penalties and Interest on Delinquent Taxes	175,863	0	0	0	175,863
Local Option Sales Tax	0	0	2,275,504	0	2,275,504
Payments in Lieu of Taxes	371,219	0	0	0	371,219
Intergovernmental	340,820	5,147,834	0	200,310	5,688,964
Charges for Services	491,181	0	0	8,000	499,181
Permits, Licenses and Fees	764,475	0	0	239,366	1,003,841
Fines and Forfeits	74,116	0	0	0	74,116
Loan Repayments	0	0	0	5,002	5,002
Loan Interest Income	0	0	0	610	610
Investment Income	327,854	199,426	297,360	158,177	982,817
Donations	0	0	0	17,823	17,823
Opioids Settlement	11,737	0	0	0	11,737
Other	15,085	0	0	7,286	22,371
Total Revenues	<u>15,104,687</u>	<u>5,981,022</u>	<u>2,572,864</u>	<u>1,131,283</u>	<u>24,789,856</u>
Expenditures:					
General Government	3,229,809	0	0	141,412	3,371,221
Public Safety	5,422,214	0	0	57,233	5,479,447
Public Works	2,816,637	10,007	0	0	2,826,644
Culture and Recreation	1,627,592	14,995	0	42,796	1,685,383
Community Development	136,848	0	0	0	136,848
Capital Outlay:					
General Government	75,199	0	0	341,526	416,725
Public Safety	290,329	0	0	474,598	764,927
Public Works	123,264	630,932	0	294,862	1,049,058
Culture and Recreation	0	8,796,345	0	193,041	8,989,386
Debt Service:					
Principal	55,277	0	409,639	116,820	581,736
Interest	28,891	0	42,123	19,943	90,957
Total Expenditures	<u>13,806,060</u>	<u>9,452,279</u>	<u>451,762</u>	<u>1,682,231</u>	<u>25,392,332</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>1,298,627</u>	<u>(3,471,257)</u>	<u>2,121,102</u>	<u>(550,948)</u>	<u>(602,476)</u>
Other Financing Sources/(Uses):					
Proceeds from Sale of Equipment	0	0	0	1,246	1,246
Proceeds from Sale of Vehicles	0	0	0	14,990	14,990
Transfers In	5,352,977	8,825,887	0	919,033	15,097,897
Transfers Out	(6,463,621)	(5,352,977)	(8,768,047)	(198,038)	(20,782,683)
Total Other Financing Sources/(Uses)	<u>(1,110,644)</u>	<u>3,472,910</u>	<u>(8,768,047)</u>	<u>737,231</u>	<u>(5,668,550)</u>
Net Change in Fund Balances	187,983	1,653	(6,646,945)	186,283	(6,271,026)
Fund Balances - July 1, 2023	<u>3,137,630</u>	<u>527,587</u>	<u>9,729,210</u>	<u>4,125,229</u>	<u>17,519,656</u>
Fund Balances - June 30, 2024	<u>\$ 3,325,613</u>	<u>\$ 529,240</u>	<u>\$ 3,082,265</u>	<u>\$ 4,311,512</u>	<u>\$ 11,248,630</u>

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

TOWN OF COLCHESTER, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$ (6,271,026)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$11,220,096) is allocated over their estimated useful lives and reported as depreciation expense (\$1,990,653). This is the amount by which capital outlays exceeded depreciation in the current period.	9,229,443
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.	(10,864)
The issuance of long-term debt (\$-0-) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$581,736) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	581,736
The issuance of loans receivable (\$-0-) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$5,002) provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of loans receivable.	(5,002)
Governmental funds report employer pension contributions as expenditures (\$541,006). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$1,168,425) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(627,419)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year.	14,909
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net difference in the treatment of these items from the previous year.	<u>(21,067)</u>
Change in net position of governmental activities (Exhibit B)	\$ <u><u>2,890,710</u></u>

The General Fund charges the Wastewater Fund and Stormwater Fund for administrative expenses. These charges, totaling \$95,033 and \$157,812, respectively, have been eliminated from the Governmental Activities on the Statement of Activities.

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Wastewater Fund	Recreation Program Fund	Stormwater Fund	Non-Major Enterprise Fund Rescue Fund	Total
<u>ASSETS</u>					
Current Assets:					
Receivables (Net of Allowance for Uncollectibles)	\$ 631,863	\$ 0	\$ 310,069	\$ 400,821	\$ 1,342,753
Loans Receivable - Current Portion	0	0	30,088	0	30,088
Due from Other Funds	4,973,490	1,736,742	1,727,261	513,549	8,951,042
Total Current Assets	5,605,353	1,736,742	2,067,418	914,370	10,323,883
Noncurrent Assets:					
Loans Receivable - Noncurrent Portion	0	0	118,654	0	118,654
Capital Assets:					
Land	132,568	0	0	0	132,568
Construction in Progress	1,424,383	0	479,516	0	1,903,899
Plant and Equipment	6,499,191	0	0	0	6,499,191
Buildings and Building Improvements	0	0	0	507,933	507,933
Machinery and Equipment	0	0	7,780	209,656	217,436
Vehicles	0	0	311,700	482,983	794,683
Infrastructure	0	0	4,954,009	0	4,954,009
Capacity Rights	12,137,834	0	0	0	12,137,834
Less: Accumulated Depreciation and Amortization	(11,442,542)	0	(1,857,392)	(652,623)	(13,952,557)
Total Noncurrent Assets	8,751,434	0	4,014,267	547,949	13,313,650
Total Assets	14,356,787	1,736,742	6,081,685	1,462,319	23,637,533
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	64,960	47,263	100,887	213,110
Total Deferred Outflows of Resources	0	64,960	47,263	100,887	213,110
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	884,359	10,482	174,094	5,018	1,073,953
Accrued Payroll and Benefits Payable	0	42,158	9,949	37,281	89,388
Unearned Revenue	0	330,568	0	0	330,568
Accrued Interest Payable	33,339	0	0	0	33,339
Due to South Burlington - Capacity Rights - Current Portion	608,953	0	0	0	608,953
Total Current Liabilities	1,526,651	383,208	184,043	42,299	2,136,201
Noncurrent Liabilities:					
Compensated Absences Payable	0	32,486	24,072	40,694	97,252
Net Pension Liability	0	203,586	148,121	316,178	667,885
General Obligation Bonds Payable - Noncurrent Portion	128,248	0	0	0	128,248
Due to South Burlington - Capacity Rights - Noncurrent Portion	6,058,911	0	0	0	6,058,911
Total Noncurrent Liabilities	6,187,159	236,072	172,193	356,872	6,952,296
Total Liabilities	7,713,810	619,280	356,236	399,171	9,088,497
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Inflows of Resources Related to the Town's Participation in VMERS	0	5,655	4,114	8,782	18,551
Total Deferred Inflows of Resources	0	5,655	4,114	8,782	18,551
<u>NET POSITION</u>					
Net Investment in Capital Assets	1,955,322	0	3,895,613	547,949	6,398,884
Unrestricted	4,687,655	1,176,767	1,872,985	607,304	8,344,711
Total Net Position	\$ 6,642,977	\$ 1,176,767	\$ 5,768,598	\$ 1,155,253	\$ 14,743,595

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Wastewater Fund	Recreation Program Fund	Stormwater Fund	Non-Major Enterprise Fund Rescue Fund	Total
Operating Revenues:					
Charges for Services	\$ 1,625,897	\$ 1,025,295	\$ 923,032	\$ 955,562	\$ 4,529,786
Interest and Penalties	18,196	0	18,261	0	36,457
Recreation Programs Grant Income	0	64,735	0	0	64,735
Total Operating Revenues	<u>1,644,093</u>	<u>1,090,030</u>	<u>941,293</u>	<u>955,562</u>	<u>4,630,978</u>
Operating Expenses:					
Salaries and Benefits	1,006	815,951	343,065	815,799	1,975,821
Administration Costs	95,033	0	157,812	0	252,845
General Expenses	19,594	33,187	30,603	139,755	223,139
Program Expenses	0	129,667	0	0	129,667
Sewage Treatment	716,411	0	0	0	716,411
Chemicals	24,752	0	0	0	24,752
Permits and Testing	0	0	20,744	0	20,744
Repairs and Maintenance	227,649	0	33,348	38,142	299,139
Machinery and Equipment	259	0	1,632	89	1,980
Utilities	74,204	0	3,255	26,255	103,714
Depreciation and Amortization	<u>736,774</u>	<u>0</u>	<u>163,595</u>	<u>82,773</u>	<u>983,142</u>
Total Operating Expenses	<u>1,895,682</u>	<u>978,805</u>	<u>754,054</u>	<u>1,102,813</u>	<u>4,731,354</u>
Operating Income/(Loss)	<u>(251,589)</u>	<u>111,225</u>	<u>187,239</u>	<u>(147,251)</u>	<u>(100,376)</u>
Non-Operating Revenues/(Expenses):					
Allocation Charges	35,000	0	0	0	35,000
Three-Acre Permit Offset Fees	0	0	209,453	0	209,453
Stormwater Projects Grant Income	0	0	11,340	0	11,340
Stormwater Projects Grant Expenses	0	0	(14,366)	0	(14,366)
Loss on Disposal of Vehicles	0	0	(15,177)	0	(15,177)
Investment Income	109,815	65,962	60,022	19,908	255,707
Interest Expense	<u>(142,313)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(142,313)</u>
Total Non-Operating Revenues/(Expenses)	<u>2,502</u>	<u>65,962</u>	<u>251,272</u>	<u>19,908</u>	<u>339,644</u>
Net Income/(Loss) Before Capital Contributions and Transfers	<u>(249,087)</u>	<u>177,187</u>	<u>438,511</u>	<u>(127,343)</u>	<u>239,268</u>
Capital Contributions and Transfers:					
Capital Contributions	166,804	0	225,409	0	392,213
Capital Contributions - Property Taxes	0	0	0	10,750	10,750
Transfers In	<u>5,388,320</u>	<u>0</u>	<u>187,555</u>	<u>108,911</u>	<u>5,684,786</u>
Total Capital Contributions and Transfers	<u>5,555,124</u>	<u>0</u>	<u>412,964</u>	<u>119,661</u>	<u>6,087,749</u>
Change in Net Position	5,306,037	177,187	851,475	(7,682)	6,327,017
Net Position - July 1, 2023	<u>1,336,940</u>	<u>999,580</u>	<u>4,917,123</u>	<u>1,162,935</u>	<u>8,416,578</u>
Net Position - June 30, 2024	<u>\$ 6,642,977</u>	<u>\$ 1,176,767</u>	<u>\$ 5,768,598</u>	<u>\$ 1,155,253</u>	<u>\$ 14,743,595</u>

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Wastewater Fund	Recreation Program Fund	Stormwater Fund	Non-Major Enterprise Fund Rescue Fund	Total
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$ 1,593,438	\$ 1,013,355	\$ 922,077	\$ 880,462	\$ 4,409,332
Receipts from Operating Grants	0	64,735	0	0	64,735
Payments for Goods and Services	(1,005,478)	(169,218)	(95,471)	(203,617)	(1,473,784)
Payments for Interfund Services	(95,033)	0	(157,812)	0	(252,845)
Payments for Wages and Benefits	(1,537)	(800,619)	(316,218)	(759,972)	(1,878,346)
Net Cash Provided/(Used) by Operating Activities	491,390	108,253	352,576	(83,127)	869,092
Cash Flows From Noncapital Financing Activities:					
Payments Received on Loans Receivable	0	0	60,711	0	60,711
(Increase)/Decrease in Due from Other Funds	(4,906,905)	(174,215)	(78,581)	(56,442)	(5,216,143)
Transfers Received from Other Funds	0	0	0	108,911	108,911
Stormwater Projects Grant Income	0	0	16,068	0	16,068
Stormwater Projects Grant Expenses	0	0	(14,366)	0	(14,366)
Net Cash Provided/(Used) by Noncapital Financing Activities	(4,906,905)	(174,215)	(16,168)	52,469	(5,044,819)
Cash Flows From Capital and Related Financing Activities:					
Transfers Received from Other Funds	5,388,320	0	187,555	0	5,575,875
Issuance of Long-term Debt	11,808	0	0	0	11,808
Allocation Charges	35,000	0	0	0	35,000
Proceeds from Capital Grants	0	0	29,404	0	29,404
Proceeds from Capital Contributions - Property Taxes	0	0	0	10,750	10,750
Acquisition and Construction of Capital Assets	(387,118)	0	(613,389)	0	(1,000,507)
Principal Paid to South Burlington for Capacity Rights	(597,012)	0	0	0	(597,012)
Interest Paid to South Burlington for Capacity Rights	(145,298)	0	0	0	(145,298)
Net Cash Provided/(Used) by Capital and Related Financing Activities	4,305,700	0	(396,430)	10,750	3,920,020
Cash Flows From Investing Activities:					
Receipt of Interest and Dividends	109,815	65,962	60,022	19,908	255,707
Net Cash Provided by Investing Activities	109,815	65,962	60,022	19,908	255,707
Net Increase in Cash	0	0	0	0	0
Cash - July 1, 2023	0	0	0	0	0
Cash - June 30, 2024	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:					
Operating Income/(Loss)	\$ (251,589)	\$ 111,225	\$ 187,239	\$ (147,251)	\$ (100,376)
Depreciation and Amortization	736,774	0	163,595	82,773	983,142
(Increase)/Decrease in Receivables	(50,655)	0	(19,216)	(75,100)	(144,971)
(Increase)/Decrease in Inventory	13,515	0	0	0	13,515
(Increase)/Decrease in Deferred Outflows of Resources					
Related to the Town's Participation in VMERS	0	7,747	4,700	9,176	21,623
Increase/(Decrease) in Accounts Payable	43,876	(6,364)	(5,889)	624	32,247
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(531)	(19,015)	2,199	2,679	(14,668)
Increase/(Decrease) in Unearned Revenue	0	(11,940)	0	0	(11,940)
Increase/(Decrease) in Compensated Absences Payable	0	4,332	1,340	2,047	7,719
Increase/(Decrease) in Net Pension Liability	0	24,547	20,164	45,152	89,863
Increase/(Decrease) in Deferred Inflows of Resources					
Related to the Town's Participation in VMERS	0	(2,279)	(1,556)	(3,227)	(7,062)
Net Cash Provided/(Used) by Operating Activities	\$ 491,390	\$ 108,253	\$ 352,576	\$ (83,127)	\$ 869,092

The Wastewater Fund recognized a forgiveness of debt from the State of Vermont in the amount of \$5,904.

There was \$12,491 of capital acquisitions in the Wastewater Fund included in accounts payable at June 30, 2023.

There was \$734,592 of capital acquisitions in the Wastewater Fund included in accounts payable at June 30, 2024.

There was \$7,408 of capital acquisitions in the Stormwater Fund included in accounts payable at June 30, 2023.

There was \$170,677 of capital acquisitions in the Stormwater Fund included in accounts payable at June 30, 2024.

The Stormwater Fund disposed capital assets with a cost and accumulated depreciation of \$21,227 and \$6,050, respectively.

The Stormwater Fund traded-in capital assets with a cost and accumulated depreciation of \$174,202 and \$139,361, respectively.

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Due from Other Funds	\$ <u>22,292</u>
Total Assets	<u>22,292</u>
<u>LIABILITIES</u>	
Liabilities:	<u>0</u>
<u>NET POSITION</u>	
Restricted	<u>22,292</u>
Total Net Position	\$ <u><u>22,292</u></u>

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

TOWN OF COLCHESTER, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ 34,744,703
Impact Fees Collected for the School District	132,000
Investment Income Collected for the School District	<u>4,140</u>
Total Additions	<u>34,880,843</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	34,744,703
Impact Fees Distributed to the School District	<u>125,000</u>
Total Deductions	<u>34,869,703</u>
Change in Net Position	11,140
Net Position - July 1, 2023	<u>11,152</u>
Net Position - June 30, 2024	<u>\$ 22,292</u>

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

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

The Town of Colchester, Vermont, (herein the "Town") operates under a Manager/Selectboard form of government and provides the services authorized by State statute and its charter: public safety, highways and streets, parks and recreation, cemeteries, library, economic development, planning and zoning, wastewater treatment, stormwater improvements and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

B. Basis of Presentation

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

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

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, 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 expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues 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. Revenues that are not classified as program revenues, including all taxes, are presented as 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.

Capital Projects Fund – This fund accounts for the capital projects of the Town.

Debt Service Fund – This fund accounts for the resources used to service principal and interest payments on general long-term liabilities.

The Town reports on the following major enterprise funds:

Wastewater Fund – This fund accounts for the wastewater activities of the Town.

Recreation Program Fund – This fund accounts for the recreation program activities of the Town.

Stormwater Fund – This fund accounts for the stormwater activities of the Town.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Additionally, the Town reports the following fund type:

Custodial Funds – These funds are 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. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

D. Basis of Accounting

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

The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes and local option sales taxes are recognized in the fiscal year for which the taxes are levied. Local option sales taxes collected and held by the State at year-end on behalf of the Town are recognized as revenue. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

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

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

E. Use of Estimates

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

F. New Pronouncement – Accounting Changes and Error Corrections

Effective June 30, 2024, the Town implemented GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. GASB Statement No. 100 identifies accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes various transactions or events included in these changes. This Statement established accounting and financial reporting requirements for each type of accounting change and correction of an error in previously issued financial statements. The implementation of this Standard did not have an impact on the financial statements.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

1. Cash

Cash balances of 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 withdrawals are shown as due to other funds. Interest income is allocated based on the due from/to other funds balances.

2. Investments

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

3. Receivables

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

4. Internal Balances

Activity between funds that are representative of lending/borrowing 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”.

5. Inventories and Prepaid Expenses/Items

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the governmental funds consist of vehicle fuel, sand, salt and gravel.

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

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

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

7. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

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

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

	Capitalization Threshold	Estimated Service Life
Land	\$ 10,000	Not Depreciated
Land Improvements	\$ 10,000	30-50 Years
Buildings and Building Improvements	\$ 25,000	30-80 Years
Recreation Facilities (Part of Buildings)	\$ 10,000	10-25 Years
Equipment	\$ 5,000	5-10 Years
Furniture	\$ 5,000	5-10 Years
Vehicles	\$ 5,000	5-10 Years
Infrastructure	\$ 25,000	7-50 Years
Wastewater Plant and Equipment	\$ 10,000	10-50 Years
Capacity Rights	\$ N/A	20 Years

The Town does not capitalize its library books because the books are considered a collection.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

8. Leases

Lessee: The Town recognizes lease liabilities and a right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The Town recognizes lease liabilities with an initial, individual value deemed material. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt in the government-wide and proprietary fund financial statements.

Lessor: The Town recognizes a lease receivable and a deferred inflows of resources in both the government-wide and fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable. Subsequently, the deferred inflows of resources is recognized as revenue on a straight-line basis over the term of the lease. Lease receivables in excess of the related deferred inflows of resources are reported as nonspendable fund balances of governmental funds in the fund financial statements as these are not in spendable form.

9. Pensions

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

10. Compensated Absences

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

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

As of June 30, 2024, the governmental activities had \$644,208 in total compensated absences liability. The General Fund fund balance contains \$364,827 of committed fund balance as approved by the voters to fund a portion of this liability. Because this funding is not available for any other purpose and can only be un-committed through the annual voter approved budget process, it is tracked in a separate fund, the Accrued Leave Time Fund, for expenditures exceeding budget. The unfunded leave time liability as of June 30, 2024 is \$279,381. Management and the Selectboard are taking significant efforts through policies which reduce leave accumulation and additional funding to reduce this liability further in future years.

The compensated absences liability affiliated with the Enterprise Funds (the Recreation Program Fund, the Stormwater Fund and the Rescue Fund) are included as liabilities in their Statement of Net Position, as shown on Exhibit F.

11. Long-term Liabilities

Long-term liabilities include bonds payable, notes payable, and other obligations such as compensated absences, long term obligations for wastewater treatment capacity rights and the Town's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

12. Fund Equity

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

II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

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Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Loans receivable differences arise because governmental funds report the issuance of loans receivable as expenditures and repayments of loans receivable as revenues, whereas government-wide statements report those transactions as increases and decreases in assets, respectively.

Pension-related differences arise because governmental funds report the current year’s required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town’s proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual Town Meeting in March. Budget changes within a department, which do not change the total expenditures, require approval of the Town Manager. Budget changes between departments, which do not change the total expenditures, require Selectboard approval. Voter approval is required before expenditures exceed 104% of the voter approved budget. The budget presented herein is for the Town’s “General Fund” only and does not include the Accrued Leave Time Fund activity that is included with the General Fund.

B. Budgeted Deficit

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$376,000 in order to utilize a portion of the previous year’s surplus, and importantly, to decrease the increase in property taxes. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2024, expenditures in the General Fund exceeded appropriations by \$5,351,778. These over-expenditures were funded by excess revenues.

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IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2024 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$21,929,231
Cash on Hand	<u>1,642</u>
Total Cash	<u>21,930,873</u>
Investments:	
Certificates of Deposit	<u>362,916</u>
Total Cash and Investments	<u>\$22,293,789</u>

The Town has two (2) certificates of deposit at various banks in the amounts of \$115,181 and \$247,735 with interest rates of 0.75% and 0.70%, respectively. Both certificates of deposit mature by fiscal year 2026.

The investment policy of the Town is to ensure safety, liquidity and yield, in that order of priority. The Town Treasurer may invest in certificates of deposit, repurchase agreements and bank money market accounts. Investments in other instruments require prior approval of the Selectboard. The policy also indicates that all holdings are to be insured or collateralized. The Selectboard has approved the Town's holdings.

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 counterparty (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 its exposure to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

	Book Balance	Bank Balance
Insured by FDIC	\$ 612,967	\$ 612,967
Uninsured, Collateralized by U.S. Government Agencies		
Securities Held by the Pledging Financial Institution's Agent	<u>21,679,180</u>	<u>22,129,987</u>
	<u>\$ 22,292,147</u>	<u>\$ 22,742,954</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$21,929,231
Investments – Certificates of Deposit	<u>362,916</u>
Total	<u>\$22,292,147</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's policy does not limit its exposure to interest rate risk. The Town's certificates of deposit 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 certificates of deposit are exempt from credit risk analysis.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town's certificates of deposit are exempt from concentration of credit risk analysis. There are no other investments in any one issuer that represent more than 5% of total investments.

TOWN OF COLCHESTER, VERMONT
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B. Receivables

Receivables as of June 30, 2024, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 320,710	\$ 0	\$ 320,710
Penalties and Interest Receivable	83,597	0	83,597
Local Option Sales Tax Receivable	613,476	0	613,476
Grants Receivable	46,092	378,406	424,498
Accounts Receivable	22,930	0	22,930
Billed Services	3,010	821,306	824,316
Unbilled Services	0	403,041	403,041
Allowance for Doubtful Accounts - Taxes	(189,000)	0	(189,000)
Allowance for Doubtful Accounts - Ambulance	0	(250,000)	(250,000)
Allowance for Doubtful Accounts - Stormwater	0	(10,000)	(10,000)
Total	<u>\$ 900,815</u>	<u>\$ 1,342,753</u>	<u>\$ 2,243,568</u>

For the year ended June 30, 2024, the Town increased the allowance for doubtful accounts related to ambulance billings from \$210,000 to \$250,000. This resulted in a reduction of ambulance revenues of \$40,000 in the Rescue Fund.

C. Loans Receivable

Loans receivable as of June 30, 2024 are as follows:

Governmental Activities

Loan Receivable, Holy Cross Senior Housing Partnership, Principal Payments Deferred until November, 2037, 0% Interest \$ 300,000 *

Loan Receivable, Fort Apartments Limited Partnership, Principal in the Form of a Balloon Payment due August 1, 2051, 0% Interest, Collateralized by 3rd Mortgage on Land and Premises at 309 Ethan Allen Drive and 397 Ethan Allen Drive 330,000 *

Loan Receivable, 600 Dalton Drive (Cares), Champlain Housing Trust Corporation, Principal Payments Deferred until September, 2036, 0% Interest 65,778 *

Loan Receivable, Brookside Partnership (Morehouse Drive/ Brookside Apartments, Champlain Housing Trust), Principal and Interest Payments Deferred until January, 2039, Interest at 4.46% 240,000 *

Loan Receivable, Winchester Place Limited Partnership, Principal Payments Deferred until May, 2057, 0% Interest 543,477 *

TOWN OF COLCHESTER, VERMONT
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Loans Receivable, Five (5) Loans to Residents for On-Site Sewage Disposal Systems and Potable Water Service, Principal and Interest Due Monthly Over Twenty (20) Years, Interest at 3%, Secured by Liens on Properties. Income from Repayment of the Loans will be Used to Pay the Related Septic Improvement Loan Program Bonds Described in Note IV.J.	\$ <u>24,561</u>
Total	1,503,816
Plus: Accrued Interest on Loans Receivable	158,683
Less: Allowance for Doubtful Loans and Accrued Interest Receivable	<u>(1,637,938)</u>
Reported Value as of June 30, 2024	\$ <u>24,561</u>

- * These loans come from proceeds of grants of Federal funds via the State of Vermont to the Town. The loans may be deferred for eternity, at the Town's discretion, as long as the properties remain affordable. Should the Town require repayment, the Town would have to give the principal and interest back to the State of Vermont or make a loan to another affordable development.

Business-type Activities

The State of Vermont adopted permitting requirements for properties subject to a State Stormwater Operating Permit where 3 acres or more of impervious surface exists within a development. To assist with the change in permitting requirements, the Town offers developments the opportunity to turn over ownership of the private portion of the stormwater system to the Town, which makes the applicable permit eligible for permitting under the Town's Municipal Separate Storm Sewer System Permit, for offset fees to be financed for a period of five (5) years at 3.5% interest or ten (10) years at 5.5% interest. Each member of the homeowners association is billed individually for their portion of the overall homeowners association payment annually. As of June 30, 2024, the Town has agreements with six (6) homeowners associations with outstanding offset fee loans totaling \$148,742. The Town estimates that \$30,088 will be collected during fiscal year 2025 and the remainder of \$118,654 in future years. The Town has determined that all loans are collectible as they have a lien on the properties.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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D. Lease Receivables

In August, 1994, the Town entered into a land lease agreement with Arborvitae Medical Office Partners, LLC. The Town will lease land which is adjacent to the Town's offices to Arborvitae Medical Office Partners, LLC. for thirty (30) years. The Town will receive lease payments from Arborvitae Medical Office Partners, LLC for thirty (30) years commencing on April 1, 1995. The agreement provided for the construction of a building which is rented to a medical center. Arborvitae Medical Office Partners, LLC. collects these rent payments. At the end of the thirty (30) year agreement, on April 1, 2025, the building will become property of the Town. The Town will then begin to receive the rental payments from the medical center. A purchase price option is included in the lease whereby the Town can purchase the building. The current purchase price is \$136,141.

The Town also has an agreement to lease tower space atop the Fire Department Station for the purpose of installation and operation of a telecommunications transmitter site. The initial lease term is for five (5) years, with three (3) successive five (5) year renewal terms, with payments due monthly. The lease will renew automatically unless the Lessee declines the option. The Lessee has the right to terminate this agreement upon the annual anniversary of the commencement date provided that three (3) months prior notice is given. The Town receives monthly payments of \$2,300 during year one (1) and increasing by two and one-half percent (2.5%) each subsequent year. The commencement date of the first lease term was November 1, 2021.

As of June 30, 2024, the Town's receivable for lease payments was \$558,116. During the year ended June 30, 2024, the Town recognized \$55,972 and \$11,047 in lease revenue and interest revenue, respectively.

The future lease payments for these agreements are as follows:

2025	\$ 61,265
2026	30,156
2027	30,910
2028	31,682
2029	32,474
2030-2034	174,963
2035-2039	197,956
2040-2042	<u>104,668</u>
	<u>\$664,074</u>

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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E. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,320,536	\$ 0	\$ 0	\$ 2,320,536
Construction in Progress	<u>1,095,447</u>	<u>9,255,589</u>	<u>49,987</u>	<u>10,301,049</u>
Total Capital Assets, Not Being Depreciated	<u>3,415,983</u>	<u>9,255,589</u>	<u>49,987</u>	<u>12,621,585</u>
Capital Assets, Being Depreciated:				
Land Improvements	2,039,686	24,138	0	2,063,824
Buildings and Building Improvements	12,174,131	87,765	0	12,261,896
Equipment and Furniture	2,929,805	588,540	95,270	3,423,075
Vehicles	6,913,885	696,023	236,694	7,373,214
Infrastructure	<u>26,629,190</u>	<u>641,565</u>	<u>0</u>	<u>27,270,755</u>
Totals	<u>50,686,697</u>	<u>2,038,031</u>	<u>331,964</u>	<u>52,392,764</u>
Less Accumulated Depreciation for:				
Land Improvements	1,080,463	60,825	0	1,141,288
Buildings and Building Improvements	3,409,808	223,708	0	3,633,516
Equipment and Furniture	2,021,317	239,198	95,270	2,165,245
Vehicles	2,708,858	562,815	202,293	3,069,380
Infrastructure	<u>8,281,205</u>	<u>904,107</u>	<u>0</u>	<u>9,185,312</u>
Totals	<u>17,501,651</u>	<u>1,990,653</u>	<u>297,563</u>	<u>19,194,741</u>
Total Capital Assets, Being Depreciated	<u>33,185,046</u>	<u>47,378</u>	<u>34,401</u>	<u>33,198,023</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,601,029</u>	<u>\$ 9,302,967</u>	<u>\$ 84,388</u>	<u>\$ 45,819,608</u>

TOWN OF COLCHESTER, VERMONT
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 132,568	\$ 0	\$ 0	\$ 132,568
Construction in Progress	432,749	1,471,150	0	1,903,899
Total Capital Assets, Not Being Depreciated	<u>565,317</u>	<u>1,471,150</u>	<u>0</u>	<u>2,036,467</u>
Capital Assets, Being Depreciated:				
Plant and Equipment:				
10 Years	7,807	0	0	7,807
15 Years	51,811	0	0	51,811
25 Years	1,206,654	0	0	1,206,654
30 Years	221,037	0	0	221,037
40 Years	323,679	0	0	323,679
50 Years	4,688,203	0	0	4,688,203
Buildings and Building Improvements	507,933	0	0	507,933
Machinery and Equipment	217,436	0	0	217,436
Vehicles	712,704	277,408	195,429	794,683
Infrastructure	4,781,849	172,160	0	4,954,009
Capacity Rights - Wastewater Treatment	12,137,834	0	0	12,137,834
Totals	<u>24,856,947</u>	<u>449,568</u>	<u>195,429</u>	<u>25,111,086</u>
Less Accumulated Depreciation for:				
Plant and Equipment	4,636,848	129,882	0	4,766,730
Buildings and Building Improvements	243,929	11,163	0	255,092
Machinery and Equipment	109,322	18,052	0	127,374
Vehicles	389,314	69,803	145,411	313,706
Infrastructure	1,666,493	147,350	0	1,813,843
Capacity Rights - Wastewater Treatment	6,068,920	606,892	0	6,675,812
Totals	<u>13,114,826</u>	<u>983,142</u>	<u>145,411</u>	<u>13,952,557</u>
Total Capital Assets, Being Depreciated	<u>11,742,121</u>	<u>(533,574)</u>	<u>50,018</u>	<u>11,158,529</u>
Business-type Activities Capital Assets, Net	<u>\$ 12,307,438</u>	<u>\$ 937,576</u>	<u>\$ 50,018</u>	<u>\$ 13,194,996</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 162,491	Wastewater	\$ 736,774
Public Safety	677,006	Stormwater	163,595
Public Works	897,508	Rescue	<u>82,773</u>
Culture and Recreation	<u>253,648</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 1,990,653</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 983,142</u>

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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F. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2024 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 17,995,926
Capital Projects Fund	2,326,752	0
Debt Service Fund	2,468,789	0
Non-Major Governmental Funds	4,232,065	5,014
Wastewater Fund	4,973,490	0
Recreation Program Fund	1,736,742	0
Stormwater Fund	1,727,261	0
Non-Major Enterprise Fund - Rescue Fund	513,549	0
Custodial Funds - School District Impact Fees Fund	<u>22,292</u>	<u>0</u>
Total	<u>\$ 18,000,940</u>	<u>\$ 18,000,940</u>

Interfund transfers during the year ended June 30, 2024 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects Fund	\$ 40,000	Additional Funding for Removal and Replanting of Ash Trees
General Fund	Reserve Fund	3,000	Appropriation - Conservation Commission
General Fund	Reserve Fund	5,000	Appropriation - Technical Rescue Equipment
General Fund	Reserve Fund	30,000	Additional Funding for Upgrade or Replacement of Digital Records Storage and Permitting System
General Fund	Recreation Acquisition and Development Fund	5,000	Appropriation
General Fund	Capital Equipment and Facilities Fund	150,000	Funding for Future Salt Shed Construction
General Fund	Fire Capital Equipment Fund	226,033	Appropriation
General Fund	Fire Capital Equipment Fund	500,000	Funding for Future Fire Department Capital Expenditures
General Fund	Wastewater Fund	5,352,977	Additional Funding for Malletts Bay Sewer Project
General Fund	Stormwater Fund	42,700	Funding for Future Stormwater Improvements
General Fund	Rescue Fund	108,911	Appropriation
Capital Projects Fund	General Fund	5,352,977	Revenue Replacement
Debt Service Fund	Capital Projects Fund	8,768,047	Additional Funding for Recreation Center Project
Revolving Loan Fund	Wastewater Fund	35,343	Additional Funding for Malletts Bay Sewer Project
Recreation Acquisition and Development Fund	Capital Projects Fund	17,840	Additional Funding for Recreation Center Project
Capital Equipment and Facilities Fund	Stormwater Fund	<u>144,855</u>	Funding for Stormwater Capital Equipment Expenditures
Total		<u>\$ 20,782,683</u>	

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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G. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$373,985 from the difference between the expected and actual experience, \$678,442 from the net difference between the projected and actual investment earnings on pension plan investments \$194,370 from changes of assumptions and \$114,964 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$541,006 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$1,902,767.

Deferred outflows of resources in the business-type activities consists of \$41,886 from the difference between the expected and actual experience, \$75,986 from the net difference between the projected and actual investment earnings on pension plan investments, \$21,770 from changes of assumptions and \$12,876 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$60,592 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$213,110.

Deferred outflows of resources in the Recreation Program Fund consists of \$12,768 from the difference between the expected and actual experience, \$23,162 from the net difference between the projected and actual investment earnings on pension plan investments, \$6,636 from changes of assumptions and \$3,924 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$18,470 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Recreation Program Fund is \$64,960.

Deferred outflows of resources in the Stormwater Fund consists of \$9,289 from the difference between the expected and actual experience, \$16,852 from the net difference between the projected and actual investment earnings on pension plan investments, \$4,828 from changes of assumptions and \$2,856 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$13,438 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Stormwater Fund is \$47,263.

Deferred outflows of resources in the Non-Major Enterprise Fund consists of \$19,829 from the difference between the expected and actual experience, \$35,972 from the net difference between the projected and actual investment earnings on pension plan investments, \$10,306 from changes of assumptions and \$6,096 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$28,684 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Non-Major Enterprise Fund is \$100,887.

TOWN OF COLCHESTER, VERMONT
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H. Unearned Revenue

Unearned revenue in the governmental activities and Non-Major Governmental Funds consists of \$3,741 of grant revenue received in advance.

Unearned revenue in the business-type activities and Recreation Program Fund consists of \$330,568 of recreation fees received in advance.

I. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$165,642 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). It also includes \$22,314 of prepaid property taxes and \$497,475 associated with leases that will be recognized as revenue over the lease terms. Total deferred inflows of resources in the governmental activities is \$685,431.

Deferred inflows of resources in the business-type activities consists \$18,551 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the General Fund consists of \$130,774 of delinquent property taxes, penalties and interest on those taxes and \$15,655 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$22,314 of prepaid property taxes and \$497,475 associated with leases that will be recognized as revenue over the lease terms. Total deferred inflows of resources in the General Fund is \$666,218.

Deferred inflows of resources in the Capital Projects Fund consist of \$25,175 of grant revenue not collected within sixty (60) days after year-end as this would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$62 of grant revenue not collected within sixty (60) days after year-end and \$24,561 of loans receivable as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the Non-Major Governmental Funds is \$24,623.

Deferred inflows of resources in the Recreation Program Fund consists of \$5,655 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the Stormwater Fund consists of \$4,114 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the Non-Major Enterprise Fund consists of \$8,782 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

TOWN OF COLCHESTER, VERMONT
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J. Long-term Liabilities

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 both governmental and proprietary 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. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

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.

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 State of Vermont Special Environmental Revolving Fund for public works projects, sewer projects and to fund septic system improvement loan programs.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements and proprietary fund financial statements.

TOWN OF COLCHESTER, VERMONT
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JUNE 30, 2024

Long-term liabilities outstanding as of June 30, 2024 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Bellwood Drainage Project, Principal Payments of \$49,639 Payable on December 1 Annually, 0% Interest, Due and Paid December, 2023	\$ 49,639	\$ 0	\$ 49,639	\$ 0
Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal and Administrative Fee Payments of \$8,962 Payable on April 1 Annually, 2% Administrative Fee, Due April, 2027	34,128	0	8,279	25,849
Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal and Administrative Fee Payments of \$4,831 Payable on July 1 Annually, 2% Administrative Fee, Due July, 2028	22,771	0	4,375	18,396
Bond Payable, State of Vermont Special Environmental Revolving Fund, Septic System Improvement Loan Program, Principal and Administrative Fee Payments of \$6,050 Payable on August 1 Annually, 2% Administrative Fee, Due August, 2034	63,978	0	4,770	59,208
Bond Payable, Vermont Municipal Bond Bank, Blakely Road Municipal Buildings and Buildings Improvements, Principal Payments of \$305,000 Payable on November 1 Annually, Interest Ranging from 3.865% to 4.715% Payable May 1 and November 1, Due November, 2027	1,525,000	0	305,000	1,220,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Bayside Property Purchase, Principal Payments of \$55,000 Payable on December 1 Annually, Interest Ranging from 1.87% to 5.09% Payable June 1 and December 1, Due and Paid December, 2024	\$ 110,000	\$ 0	\$ 55,000	\$ 55,000
Note Payable, M&T Bank, Fire Department Capital Improvements and Refurbish of 1999 Fast Attack Pumper Truck, Principal Payments of \$35,000 Plus Interest Payable on January 15 Annually, Interest at 2.85%, Due and Paid January, 2025	70,000	0	35,000	35,000
Financed Purchase, Municipal Leasing Consultants, LLC, Pumpkin Patch (Malletts Bay Avenue) Solar Array, Principal and Interest Payments of \$43,213 Payable on October 15 Annually, Interest at 4.27%, Due October, 2032	345,831	0	28,446	317,385
Financed Purchase, Municipal Leasing Consultants, LLC, Roosevelt Highway Solar Array, Principal and Interest Payments of \$40,955 Payable on January 31 Annually, Interest at 4.32%, Due January, 2033	326,949	0	26,831	300,118
Financed Purchase, Capital One Public Funding, LLC, 2016 Aerial Fire Truck, Principal and Interest Payments of \$42,351 Payable on August 8 Annually, Interest at 2.75%, Due August, 2031	333,627	0	33,176	300,451
Financed Purchase, U.S. Bancorp Government Leasing and Finance, Inc., 2019 Pumper Truck, Principal and Interest Payments of \$37,100 Payable on October 1 Annually, Interest at 2.18%, Due October, 2030	<u>269,674</u>	<u>0</u>	<u>31,220</u>	<u>238,454</u>
Total Governmental Activities	<u>\$3,151,597</u>	<u>\$ 0</u>	<u>\$581,736</u>	<u>\$2,569,861</u>

TOWN OF COLCHESTER, VERMONT
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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, Malletts Bay Sewer Study, Authorized to \$644,000 but Eligible for \$250,000 Forgiveness, Principal Payments of \$39,490 Payable on November 1 Annually Beginning November 1, 2028, 0% Interest, Due November, 2037. The Town Recognized \$5,904 of Forgiveness During the Year.	\$122,344	\$11,808	\$5,904	\$128,248
Total Business-type Activities	\$122,344	\$11,808	\$5,904	\$128,248

Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 1,805,516	\$ 0	\$ 427,063	\$ 1,378,453	\$ 377,774
Notes Payable	70,000	0	35,000	35,000	35,000
Financed Purchases	1,276,081	0	119,673	1,156,408	123,639
Compensated Absences Payable	616,146	28,062	0	644,208	0
Net Pension Liability	5,638,734	324,521	0	5,963,255	0
Total Governmental Activities	\$ 9,406,477	\$ 352,583	\$ 581,736	\$ 9,177,324	\$ 536,413
Business-type Activities					
General Obligation Bonds Payable	\$ 122,344	\$ 11,808	\$ 5,904	\$ 128,248	\$ 0
Due to South Burlington - Capacity Rights	7,264,876	0	597,012	6,667,864	608,953
Compensated Absences Payable	89,533	7,719	0	97,252	0
Net Pension Liability	578,022	89,863	0	667,885	0
Total Business-type Activities	\$ 8,054,775	\$ 109,390	\$ 602,916	\$ 7,561,249	\$ 608,953

The Town has an agreement with the City of South Burlington, Vermont that assisted with the upgrade of South Burlington's wastewater treatment facility. This agreement provides wastewater treatment capacity rights to the Town of Colchester. The City of South Burlington, Vermont has issued twenty year bonds from the State of Vermont Special Environmental Revolving Fund to provide the additional funding for this project and will bill the Town of Colchester for its proportionate share of the project costs. The Town of Colchester plans to pay for these improvements from a combination of cash reserves, grants and rate adjustments. The annual debt service to the Town of Colchester will require annual payments of \$742,310, which began in April, 2014, for twenty (20) years which includes interest at 2%, however, the Town of Colchester agreed with the City of South Burlington, Vermont to defer the April, 2021 payment to April, 2022. Accordingly, the final payment year was extended an additional year to April, 2034. The Town of Colchester has acquired the capacity and treatment rights for both past and future development within the Town of Colchester. The balance owed to the City of South Burlington, Vermont as of June 30, 2024 was \$6,667,864.

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Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 536,413	\$ 66,932	\$ 0	\$ 0
2026	450,877	41,293	0	0
2027	455,498	40,301	0	0
2028	451,313	29,979	0	0
2029	146,247	23,422	39,490	0
2030-2034	523,582	45,024	88,758	0
2035	5,931	119	0	0
Total	<u>\$ 2,569,861</u>	<u>\$ 247,070</u>	<u>\$ 128,248</u>	<u>\$ 0</u>

K. 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.

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Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements. The Town has a minimum fund balance policy which is to maintain an unassigned fund balance which is no less than thirteen percent (13%) of the prior year's General Fund operating expenditures plus bond payments. The fund balance, as outlined in this policy, on June 30, 2024, was 14.5% of the 2024 operating expenditures plus bond payments.

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

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

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

Major Funds

General Fund:

Nonspendable Deposits	\$ 9,100
Nonspendable Prepaid Items	8,000
Nonspendable Inventories	69,287
Nonspendable Resources from Lease Receivables in Excess of Related Deferred Inflows of Resources	<u>60,641</u>
Total General Fund	<u>147,028</u>

Non-Major Funds

Permanent Fund:

Nonspendable Burnham Memorial Library Fund Principal	<u>2,000</u>
Total Nonspendable Fund Balances	<u>\$149,028</u>

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

Major Funds

Debt Service Fund (Local Option Tax Fund):

Restricted for Capital or Debt Service of Voter-Approved Capital Projects within the Town and Voter-Approved Intermunicipal Financial Support by Charter	<u>\$3,082,265</u>
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TOWN OF COLCHESTER, VERMONT
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Non-Major Funds

Special Revenue Funds:

Restricted for Revolving Loans by Grant Agreements (Source of Revenue is Grant Revenue)	\$ 67,817
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	476
Restricted for Grant Expenses by Grant Agreement (Source of Revenue is Grant Revenue)	9,422
Restricted for Police Expenses by Grant Agreement (Source of Revenue is Grant Revenue)	17,697
Restricted for Cemetery Expenses by Statute (Source of Revenue is Sale of Lots)	<u>163,429</u>
Total Special Revenue Funds	<u>258,841</u>

Capital Projects Funds:

Restricted for Recreation Acquisition and Development Expenditures by Impact Fees (Source of Revenue is Impact Fees)	557,349
Restricted for Severance Corners Gazebo Expenditures by Donations (Source of Revenue is Donations)	<u>20,000</u>
Total Capital Projects Funds	<u>577,349</u>

Permanent Fund:

Burnham Memorial Library Expenses by Trust Agreement – Expendable Portion (Source of Revenue is Donations)	<u>36,571</u>
Total Non-Major Funds	<u>872,761</u>

Total Restricted Fund Balances	<u>\$3,955,026</u>
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The fund balances in the following funds are committed as follows:

Major Funds

General Fund:

Committed for Accrued Leave Time Payments by the Voters	\$ <u>364,827</u>
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Capital Projects Fund:

Committed for Capital Project Expenditures by the Voters	<u>447,066</u>
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Non-Major Funds

Special Revenue Funds:

Committed for Cemetery Capital Improvements by the Voters	<u>35,000</u>
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TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Capital Projects Funds:	
Committed for Fire Capital Equipment Expenditures by the Voters	\$ <u>384,750</u>
Total Non-Major Funds	<u>419,750</u>
Total Committed Fund Balances	<u>\$1,231,643</u>

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

Major Funds

General Fund:	
Assigned to Reduce Property Taxes in Fiscal Year 2025	\$ 351,000
Assigned to Reduce Property Taxes in Fiscal Year 2026	<u>392,000</u>
Total General Fund	<u>743,000</u>
Capital Projects Fund:	
Assigned for Removal and Replanting of Ash Trees	40,000
Assigned for Creek Farm Bridge Expenditures	<u>42,174</u>
Total Capital Projects Fund	<u>82,174</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Cemetery Capital Improvements	<u>35,000</u>
Capital Projects Funds:	
Assigned for Reserve Fund Expenses for Reappraisal, Technology and Public Safety Capital Items	2,093,819
Assigned for Capital Equipment and Facilities Expenditures	388,182
Assigned for Fire Department Capital Expenditures	<u>500,000</u>
Total Capital Projects Funds	<u>2,982,001</u>
Total Non-Major Funds	<u>3,017,001</u>
Total Assigned Fund Balances	<u>\$3,842,175</u>

TOWN OF COLCHESTER, VERMONT
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L. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2024 consisted of the following:

Governmental Activities:

Restricted for Capital or Debt Service of Voter-Approved Capital Projects within the Town and Voter-Approved Intermunicipal Financial Support by Charter	\$3,082,265
Restricted for Community Development by Grant Agreements	476
Restricted for Grant Expenses by Grant Agreements	9,484
Restricted for Law Enforcement by Grant Agreements	17,697
Restricted for Cemetery by Statute	163,429
Restricted for Recreation Acquisition/Development by Impact Fees	557,349
Restricted for Severance Corners Gazebo Expenditures by Donations	20,000
Restricted for Burnham Library by Donations - Non-Expendable Portion	2,000
Restricted for Burnham Library by Donations - Expendable Portion	<u>36,571</u>
 Total Governmental Activities	 <u>\$3,889,271</u>

The designated net position of the Town as of June 30, 2024 consisted of the following:

Business-type Activities:

Wastewater Fund:	
Designated for South Burlington Plant Debt Service	\$150,000
Designated for Severance Corner's Growth Center	<u>44,052</u>
 Total Business-type Activities	 <u>\$194,052</u>

V. 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, 2023, the measurement date selected by the State of Vermont, the retirement system consisted of 357 participating employers.

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

TOWN OF COLCHESTER, VERMONT
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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, 2023, the measurement date selected by the State of Vermont, VMERS was funded at 74.01% and had a plan fiduciary net position of \$912,113,032 and a total pension liability of \$1,232,406,785 resulting in a net position liability of \$320,293,753. The Town's proportionate share of this was 2.0703% resulting in a net pension liability of \$6,631,140. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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 2.0703% was an increase of 0.0211 from its proportion measured as of the prior year.

For the year ended June 30, 2024, the Town recognized pension expense of \$1,333,441.

As of June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 415,871	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	754,428	0
Changes of assumptions	216,140	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	127,840	184,193
Town's required employer contributions made subsequent to the measurement date	601,598	0
	\$ <u>2,115,877</u>	\$ <u>184,193</u>

TOWN OF COLCHESTER, VERMONT
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The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$601,598 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2025	\$ 477,225
2026	214,984
2027	653,486
2028	<u>(15,609)</u>
Total	<u>\$1,330,086</u>

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 Groups B, C and D.

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.

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.

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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.

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:

- Group A – 3.75% effective July 1, 2023; 4.00% effective July 1, 2024; 4.25% effective July 1, 2025, and thereafter.
- Group B – 6.125% effective July 1, 2023; 6.375% effective July 1, 2024; 6.625% effective July 1, 2025, and thereafter.
- Group C – 11.25% effective July 1, 2023; 11.50% effective July 1, 2024; 11.75% effective July 1, 2025, and thereafter.
- Group D – 12.60% effective July 1, 2023; 12.85% effective July 1, 2024; 13.10% effective July 1, 2025, and thereafter.

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Employer Contribution Rates:

- Group A – 5.25% effective July 1, 2023; 5.50% effective July 1, 2024; 5.75% effective July 1, 2025, and thereafter.
- Group B – 6.75% effective July 1, 2023; 7.00% effective July 1, 2024; 7.25% effective July 1, 2025, and thereafter.
- Group C – 8.50% effective July 1, 2023; 8.75% effective July 1, 2024; 9.00% effective July 1, 2025, and thereafter.
- Group D – 11.10% effective July 1, 2023; 11.35% effective July 1, 2024; 11.60% effective July 1, 2025, and thereafter.

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, 2024 COLA is expected to be 1.10% for Group A and 1.10% for Groups B, C and D. The January 1, 2023 COLAs were 2.00% for Group A and 3.00% for Groups B, C and D.

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.

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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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equities	44%	5.35%
Private Equity	10%	7.50%
Emerging Market Debt	2%	5.00%
Private and Alternative Credit	10%	5.50%
Non-Core Real Estate	4%	5.50%
Core Fixed Income	19%	1.50%
Core Real Estate	4%	3.25%
US TIPS	2%	1.50%
Infrastructure/Farmland	5%	4.25%

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, 2023, is 3.65%, as published by The Bond Buyer.

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The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023. 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 as of June 30, 2023. 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.

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, 2023, 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>
\$9,980,892	\$6,631,140	\$3,877,775

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.

Defined Contribution Plan

The Town offers a 401(a) pension plan to all full time employees, except police officers who were hired prior to January 1, 2013. The plan provides for 100% vesting after five (5) years of service. This plan qualifies, according to the Internal Revenue Service, as a defined contribution pension plan for governmental organizations exempt from income taxes. The Town contributes 8.5% of each non-union employee's base pay and 7% of each union employee's base pay. Both union and non-union employees contribute 1% of their base pay. The International City/County Management Association administers the Plan. All of the investments are self-directed by each employee. Total covered payroll was \$390,140. Pension expense for the year ended June 30, 2024 was \$30,997.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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. Contingent Liabilities

The Town is a participating member in the Chittenden Solid Waste District (CSWD). The Town could be subject to a portion of the District's debt if the District experiences financial problems.

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

C. Risk Management

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

The Town is also 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.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

D. 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 are collected three (3) times per year. During the tax year ended June 30, 2024, taxes became due and payable on August 15, 2023, November 15, 2023 and March 15, 2024. The Town assesses a 5% penalty on delinquent taxes for the first thirty (30) days and then 8% thereafter. Interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2024 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	0.6100	0.6100
Education	<u>1.5812</u>	<u>1.8941</u>
Total	<u>2.1912</u>	<u>2.5041</u>

E. Local Option Sales Tax

In the fiscal year ending June 30, 2024 the Town had revenue of \$2,275,504 in local option sales tax in the Debt Service Fund. The Town paid out \$451,762 in voter approved capital project debt service for the Bellwood neighborhood drainage project, the Bayside Hazlett Property and the Blakely Road Town Hall Building and Police Station improvements and transferred \$8,768,047 to provide additional funding for the building of the recreation center. The fund balance of the Debt Service Fund is \$3,082,265.

F. Endowment Fund

On May 5, 1997, the Burnham Memorial Library created an endowment at the Vermont Community Foundation. In doing so, the ownership of the funds passed to the Vermont Community Foundation with the stipulation that the Foundation pay to the Library an amount, determined on an annual basis, to be not less than 5% of the value of the funds as of the end of the previous year. Payments are to be made at least semiannually. The endowment is not reflected on the balance sheet of the Town. In fiscal year 2024, the Library contributed another \$9,000 to the Foundation. The balance of the Endowment Fund as of June 30, 2024 is \$178,639.

G. Commitments

At the March, 2022 Town meeting, voters approved borrowing up to \$11,500,000 towards the construction of a sewer system in the Malletts Bay area, with an estimated project cost of \$16,700,000, to be repaid using available grants-in-aid and net revenues derived from the Town's public sewer system over a period not to exceed thirty (30) years.

TOWN OF COLCHESTER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

At the March, 2023 Town meeting, voters approved borrowing up to \$6,907,000 for the construction of a recreation center to be repaid using the local option sales tax over a period not to exceed ten (10) years and use up to \$9,000,000 in previously collected local option sales tax towards the project. On June 14, 2024, the Town obtained a \$6,907,000 line of credit with M&T Bank for the project. Interest is at a variable rate equal to 78% of (1.27% plus the greater of the Secured Overnight Financing Rate or 0%). The line of credit expires on August 13, 2025. The Town did not draw on this line of credit during the year.

TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:			
PROPERTY TAXES	\$ 12,622,189	\$ 12,578,739	\$ (43,450)
VETERAN'S TAX EXEMPTION	(33,000)	(46,402)	(13,402)
INTEREST ON DELINQUENT TAXES	55,000	58,412	3,412
PENALTIES ON DELINQUENT TAXES	77,500	117,451	39,951
RECORDING FEES	160,000	101,875	(58,125)
CLERK FEES	72,300	89,800	17,500
STATE AID TO HIGHWAYS	212,694	219,459	6,765
MISCELLANEOUS PUBLIC WORKS REVENUE	28,100	29,572	1,472
BUILDING/ZONING PERMITS	353,600	495,165	141,565
PLANNING AND ZONING FEES	114,600	126,135	11,535
MISCELLANEOUS POLICE REVENUE	68,500	87,929	19,429
MISCELLANEOUS RECREATION REVENUE	18,000	22,900	4,900
TRANSFER FROM CAPITAL PROJECTS FUND - ARPA	0	5,352,977	5,352,977
TRANSFER FROM WASTEWATER FUND	132,953	95,033	(37,920)
TRANSFER FROM STORMWATER FUND	157,812	157,812	0
GENERAL REVENUE	215,090	632,723	417,633
833 BLAKELY LEASE REVENUE	60,174	58,592	(1,582)
PILOT & CURRENT USE	336,874	378,962	42,088
TOTAL REVENUES	14,652,386	20,557,134	5,904,748
EXPENDITURES:			
SELECTBOARD:			
SALARIES & WAGES	8,500	8,500	0
EMPLOYER TAXES & BENEFITS	650	650	0
SERVICES & UTILITIES	67,500	0	67,500
TOTAL SELECTBOARD	76,650	9,150	67,500
TRANSFERS:			
TRANSFER TO CAPITAL PROJECTS FUND	0	40,000	(40,000)
TRANSFER TO RESERVE FUND	0	30,000	(30,000)
TRANSFER TO CAPITAL EQUIPMENT AND FACILITIES FUND	0	150,000	(150,000)
TRANSFER TO FIRE CAPITAL EQUIPMENT FUND	226,033	726,033	(500,000)
TRANSFER TO WASTEWATER FUND	0	5,352,977	(5,352,977)
TRANSFER TO STORMWATER FUND	0	42,700	(42,700)
TOTAL TRANSFERS	226,033	6,341,710	(6,115,677)
CIVIL BOARD:			
SALARIES & WAGES	25,835	17,528	8,307
EMPLOYER TAXES & BENEFITS	7,424	2,772	4,652
SERVICES & UTILITIES	2,500	1,670	830
EQUIPMENT	600	0	600
MISCELLANEOUS	4,000	1,560	2,440
TOTAL CIVIL BOARD	40,359	23,530	16,829
MANAGER:			
SALARIES & WAGES	501,798	550,675	(48,877)
EMPLOYER TAXES & BENEFITS	213,768	188,692	25,076
SERVICES & UTILITIES	134,800	105,696	29,104
SUPPLIES & PARTS	7,000	4,213	2,787
MISCELLANEOUS	26,000	49,878	(23,878)
TOTAL MANAGER	883,366	899,154	(15,788)

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
ECONOMIC DEVELOPMENT:			
SALARIES & WAGES	\$ 87,076	\$ 92,688	\$ (5,612)
EMPLOYER TAXES & BENEFITS	45,964	37,175	8,789
SERVICES & UTILITIES	14,500	6,985	7,515
TOTAL ECONOMIC DEVELOPMENT	147,540	136,848	10,692
FINANCE:			
SALARIES & WAGES	279,966	274,924	5,042
EMPLOYER TAXES & BENEFITS	119,305	127,399	(8,094)
SERVICES & UTILITIES	84,700	81,969	2,731
SUPPLIES & PARTS	3,000	3,790	(790)
TOTAL FINANCE	486,971	488,082	(1,111)
ASSESSOR:			
SALARIES & WAGES	124,324	125,600	(1,276)
EMPLOYER TAXES & BENEFITS	58,620	56,469	2,151
SERVICES & UTILITIES	41,500	30,289	11,211
SUPPLIES & PARTS	500	0	500
TOTAL ASSESSOR	224,944	212,358	12,586
TOWN CLERK/TREASURER:			
SALARIES & WAGES	244,826	269,109	(24,283)
EMPLOYER TAXES & BENEFITS	120,306	112,178	8,128
SERVICES & UTILITIES	22,250	20,449	1,801
SUPPLIES & PARTS	14,000	16,181	(2,181)
MISCELLANEOUS	600	1,090	(490)
TOTAL TOWN CLERK/TREASURER	401,982	419,007	(17,025)
PLANNING/ZONING:			
SALARIES & WAGES	297,843	273,511	24,332
EMPLOYER TAXES & BENEFITS	148,654	116,665	31,989
SERVICES & UTILITIES	76,100	57,650	18,450
SUPPLIES & PARTS	3,500	3,462	38
TOTAL PLANNING/ZONING	526,097	451,288	74,809
INFORMATION TECHNOLOGY:			
SALARIES & WAGES	130,285	143,896	(13,611)
EMPLOYER TAXES & BENEFITS	51,871	51,451	420
SERVICES & UTILITIES	124,267	109,153	15,114
EQUIPMENT	5,000	6,895	(1,895)
SUPPLIES & PARTS	100	0	100
TOTAL INFORMATION TECHNOLOGY	311,523	311,395	128
POLICE ENFORCEMENT:			
SALARIES & WAGES	2,813,678	2,335,165	478,513
EMPLOYER TAXES & BENEFITS	1,409,693	1,099,419	310,274
SERVICES & UTILITIES	418,549	528,424	(109,875)
EQUIPMENT	75,000	130,051	(55,051)
SUPPLIES & PARTS	11,000	15,091	(4,091)
MISCELLANEOUS	30,000	97,860	(67,860)
TOTAL POLICE ENFORCEMENT	4,757,920	4,206,010	551,910

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TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
PUBLIC SAFETY DISPATCH:			
SALARIES & WAGES	\$ 389,313	\$ 358,599	\$ 30,714
EMPLOYER TAXES & BENEFITS	163,258	158,173	5,085
SERVICES & UTILITIES	4,500	0	4,500
EQUIPMENT	1,000	0	1,000
TOTAL PUBLIC SAFETY DISPATCH	<u>558,071</u>	<u>516,772</u>	<u>41,299</u>
FIRE:			
SALARIES & WAGES	416,618	449,598	(32,980)
EMPLOYER TAXES & BENEFITS	213,157	173,165	39,992
SERVICES & UTILITIES	137,100	136,617	483
EQUIPMENT	164,609	123,788	40,821
SUPPLIES & PARTS	107,000	93,862	13,138
MISCELLANEOUS	7,400	10,607	(3,207)
TOTAL FIRE	<u>1,045,884</u>	<u>987,637</u>	<u>58,247</u>
TRANSFER TO RESCUE FUND:	<u>108,911</u>	<u>108,911</u>	<u>0</u>
TECHNICAL RESCUE:			
SALARIES & WAGES	9,000	7,988	1,012
EMPLOYER TAXES & BENEFITS	2,325	1,957	368
SERVICES & UTILITIES	27,000	19,227	7,773
EQUIPMENT	4,000	0	4,000
SUPPLIES & PARTS	300	0	300
TOTAL TECHNICAL RESCUE	<u>42,625</u>	<u>29,172</u>	<u>13,453</u>
PUBLIC WORKS - ADMINISTRATION:			
SALARIES & WAGES	506,952	637,836	(130,884)
EMPLOYER TAXES & BENEFITS	193,677	208,509	(14,832)
SERVICES & UTILITIES	45,672	51,044	(5,372)
SUPPLIES & PARTS	1,450	2,103	(653)
MISCELLANEOUS	0	98	(98)
TOTAL PUBLIC WORKS - ADMINISTRATION	<u>747,751</u>	<u>899,590</u>	<u>(151,839)</u>
HIGHWAY DEPARTMENT:			
SALARIES & WAGES	591,624	441,349	150,275
EMPLOYER TAXES & BENEFITS	384,392	322,626	61,766
SERVICES & UTILITIES	191,390	205,568	(14,178)
SUPPLIES & PARTS	402,962	379,171	23,791
MISCELLANEOUS	0	68,667	(68,667)
TOTAL HIGHWAY DEPARTMENT	<u>1,570,368</u>	<u>1,417,381</u>	<u>152,987</u>
MAINTENANCE FACILITY:			
SALARIES & WAGES	257,940	262,796	(4,856)
EMPLOYER TAXES & BENEFITS	115,216	99,129	16,087
SERVICES & UTILITIES	49,482	62,532	(13,050)
EQUIPMENT	5,000	6,448	(1,448)
SUPPLIES & PARTS	46,150	37,205	8,945
MISCELLANEOUS	0	13,176	(13,176)
TOTAL MAINTENANCE FACILITY	<u>473,788</u>	<u>481,286</u>	<u>(7,498)</u>

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TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
STORMWATER:			
SERVICES & UTILITIES	\$ 151,940	\$ 148,892	\$ 3,048
TOTAL STORMWATER	151,940	148,892	3,048
BUILDINGS:			
SALARIES & WAGES	80,000	48,528	31,472
EMPLOYER TAXES & BENEFITS	38,966	32,370	6,596
SERVICES & UTILITIES	86,150	132,729	(46,579)
SUPPLIES & PARTS	3,500	38	3,462
MISCELLANEOUS	700	424	276
TOTAL BUILDINGS	209,316	214,089	(4,773)
HEALTH SERVICES:			
VISITING NURSE ASSOCIATION	36,000	36,000	0
STEPS TO END DOMESTIC VIOLENCE	550	550	0
AGE WELL	1,000	1,000	0
ANIMAL CONTROL CONTRACT	21,890	25,320	(3,430)
ANIMAL CONTROL FEES	6,500	1,275	5,225
TOTAL HEALTH SERVICES	65,940	64,145	1,795
PARKS:			
SALARIES & WAGES	242,351	248,365	(6,014)
EMPLOYER TAXES & BENEFITS	90,396	81,924	8,472
SERVICES & UTILITIES	139,581	157,003	(17,422)
EQUIPMENT	5,000	4,374	626
SUPPLIES & PARTS	17,000	15,647	1,353
MISCELLANEOUS	0	31,246	(31,246)
TOTAL PARKS	494,328	538,559	(44,231)
RECREATION:			
SALARIES & WAGES	162,743	158,313	4,430
EMPLOYER TAXES & BENEFITS	58,280	56,268	2,012
SERVICES & UTILITIES	59,000	55,017	3,983
SUPPLIES & PARTS	3,500	4,247	(747)
MISCELLANEOUS	0	100	(100)
TOTAL RECREATION	283,523	273,945	9,578
LIBRARY:			
SALARIES & WAGES	452,035	465,867	(13,832)
EMPLOYER TAXES & BENEFITS	219,430	223,922	(4,492)
SERVICES & UTILITIES	160,477	143,052	17,425
SUPPLIES & PARTS	5,200	5,359	(159)
MISCELLANEOUS	0	6	(6)
TOTAL LIBRARY	837,142	838,206	(1,064)

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TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
INTERGOVERNMENTAL EXPENDITURES:			
CHAMBER OF COMMERCE	\$ 1,500	\$ 1,500	\$ 0
VT COUNCIL ON WORLD AFFAIRS	500	500	0
GBIC	3,000	3,000	0
CHITTENDEN COUNTY REGIONAL PLANNING	28,044	28,044	0
WINOOSKI VALLEY PARK DISTRICT	55,143	55,143	0
VLCT	24,227	24,227	0
CCTA & GMT ADA/GMT ROUTES (RT 15 & RT 7)	80,000	96,911	(16,911)
SPECIAL SERVICES TRANSPORTATION AGENCY	48,000	35,072	12,928
COUNTY TAX	112,000	115,650	(3,650)
CONSERVATION COMMISSION	<u>3,000</u>	<u>3,000</u>	<u>0</u>
TOTAL INTERGOVERNMENTAL EXPENDITURES	<u>355,414</u>	<u>363,047</u>	<u>(7,633)</u>
TOTAL EXPENDITURES	<u>15,028,386</u>	<u>20,380,164</u>	<u>(5,351,778)</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ <u>(376,000)</u>	176,970	\$ <u>552,970</u>
ADJUSTMENTS TO RECONCILE FROM THE BUDGETARY BASIS OF ACCOUNTING TO THE MODIFIED ACCRUAL BASIS OF ACCOUNTING:			
ACCRUED LEAVE TIME FUND INCOME		<u>11,013</u>	
NET CHANGE IN FUND BALANCE		187,983	
FUND BALANCE - JULY 1, 2023		<u>3,137,630</u>	
FUND BALANCE - JUNE 30, 2024		<u>\$ 3,325,613</u>	

THE RECONCILING ITEM IS DUE TO COMBINING ONE (1) FUND, THE ACCRUED LEAVE TIME FUND,
WITH THE GENERAL FUND IN ORDER TO COMPLY WITH GASB STATEMENT NO. 54.

TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 320,293,753	\$ 303,371,956	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	2.0703%	2.0492%	2.1870%	2.0515%	2.1725%	2.2137%	2.2780%	2.2541%	2.2404%	1.9500%
Town's Proportionate Share of the Net Pension Liability	\$ 6,631,140	\$ 6,216,756	\$ 3,218,968	\$ 5,189,879	\$ 3,769,193	\$ 3,114,054	\$ 2,759,940	\$ 2,900,916	\$ 1,727,252	\$ 177,972
Town's Covered Employee Payroll	\$ 7,449,473	\$ 6,764,015	\$ 6,552,782	\$ 5,975,822	\$ 5,976,336	\$ 5,650,565	\$ 5,412,857	\$ 4,972,437	\$ 4,566,655	\$ 4,298,381
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	89.0149%	91.9093%	49.1237%	86.8480%	63.0686%	55.1105%	50.9886%	58.3399%	37.8231%	4.1404%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: Effective for the June 30, 2023 actuarial valuation, the following assumptions were updated:

- Assumed rates of salary increase were adjusted, generally increased, based on plan experience.
- Mortality assumptions changed as follows:

Pre-Retirement:

- Groups A/B - Changed from 40% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Employee Amount-Weighted (sex specific) tables to 60% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 40% of PubG-2010 General Employee Amount-Weighted (sex-specific) tables.
- Group C - Changed from 40% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Employee Amount-Weighted (sex specific) tables to PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables.
- Group D - Changed from PubG-2010 General Employee Amount-Weighted Above Median (sex specific) tables to PubS-2010 Public Safety Employee Amount-Weighted Below Median (sex specific) tables.

Healthy Post-Retirement - Retirees:

- Groups A/B - Changed from 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables with 90% and 87% adjustments for males and females, respectively.
- Group C - Changed from 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables.
- Group D - Changed from PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubS-2010 Public Safety Retiree Amount-Weighted Below Median (sex-specific) tables.

Healthy Post-Retirement - Beneficiaries:

- Groups A/B/C - Changed from 70% of the Pub-2010 Contingent Survivor Amount-Weighted Below Median (sex-specific) tables and 30% of the Pub-2010 Contingent Survivor Amount-Weighted (sex-specific) tables to Pub-2010 Contingent Survivor Amount-Weighted Below-Median (sex-specific) tables.
- Group D - Changed from Pub-2010 Contingent Survivor Amount-Weighted (sex-specific) tables to Pub-2010 Contingent Survivor Amount-Weighted Below-Median (sex-specific) tables.

Disabled Retirees:

- Group D - Changed from PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted (sex-specific) tables to PubS-2010 Safety Disabled Retiree Amount-Weighted (sex-specific) tables.

Mortality improvement scale was changed from generational projection using scale MP-2019 to generational projection using scale MP-2021 for all assumptions.

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

TOWN OF COLCHESTER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 601,598	\$ 590,118	\$ 512,711	\$ 486,252	\$ 424,904	\$ 417,422	\$ 387,735	\$ 372,020	\$ 342,586	\$ 313,173
Contributions in Relation to the Actuarially Determined Contributions	<u>601,598</u>	<u>590,118</u>	<u>512,711</u>	<u>486,252</u>	<u>424,904</u>	<u>417,422</u>	<u>387,735</u>	<u>372,020</u>	<u>342,586</u>	<u>313,173</u>
Contribution Excess/(Deficiency)	<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>\$ 0</u>
Town's Covered Employee Payroll	\$ 7,459,601	\$ 7,449,473	\$ 6,764,015	\$ 6,552,782	\$ 5,975,822	\$ 5,976,336	\$ 5,650,565	\$ 5,412,857	\$ 4,972,437	\$ 4,566,655
Contributions as a Percentage of Town's Covered Employee Payroll	8.065%	7.922%	7.580%	7.421%	7.110%	6.985%	6.862%	6.873%	6.890%	6.858%

Notes to Schedule

Valuation Date: June 30, 2023

TOWN OF COLCHESTER, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Burnham Memorial Library Fund	Total
<u>ASSETS</u>				
Cash	\$ 52,668	\$ 0	\$ 43,604	\$ 96,272
Receivables	5,262	0	0	5,262
Loans Receivable (Net of Allowance for Uncollectibles)	24,561	0	0	24,561
Due from Other Funds	<u>274,743</u>	<u>3,957,322</u>	<u>0</u>	<u>4,232,065</u>
Total Assets	\$ <u>357,234</u>	\$ <u>3,957,322</u>	\$ <u>43,604</u>	\$ <u>4,358,160</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 29	\$ 13,222	\$ 19	\$ 13,270
Due to Other Funds	0	0	5,014	5,014
Unearned Revenue	<u>3,741</u>	<u>0</u>	<u>0</u>	<u>3,741</u>
Total Liabilities	<u>3,770</u>	<u>13,222</u>	<u>5,033</u>	<u>22,025</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	62	0	0	62
Unavailable Loans Receivable	<u>24,561</u>	<u>0</u>	<u>0</u>	<u>24,561</u>
Total Deferred Inflows of Resources	<u>24,623</u>	<u>0</u>	<u>0</u>	<u>24,623</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	2,000	2,000
Restricted	258,841	577,349	36,571	872,761
Committed	35,000	384,750	0	419,750
Assigned	<u>35,000</u>	<u>2,982,001</u>	<u>0</u>	<u>3,017,001</u>
Total Fund Balances	<u>328,841</u>	<u>3,944,100</u>	<u>38,571</u>	<u>4,311,512</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>357,234</u>	\$ <u>3,957,322</u>	\$ <u>43,604</u>	\$ <u>4,358,160</u>

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Burnham Memorial Library Fund	Total
Revenues:				
Property Taxes	\$ 0	\$ 494,709	\$ 0	\$ 494,709
Intergovernmental	45,671	154,639	0	200,310
Charges for Services	8,000	0	0	8,000
Permits, Licenses and Fees	0	236,129	3,237	239,366
Loan Repayments	5,002	0	0	5,002
Loan Interest Income	610	0	0	610
Investment Income	10,618	147,559	0	158,177
Donations	0	2,885	14,938	17,823
Other	0	7,113	173	7,286
Total Revenues	69,901	1,043,034	18,348	1,131,283
Expenditures:				
General Government	9,720	131,692	0	141,412
Public Safety	7,822	49,411	0	57,233
Culture and Recreation	2,936	29,025	10,835	42,796
Capital Outlay:				
General Government	24,138	317,388	0	341,526
Public Safety	6,082	468,516	0	474,598
Public Works	0	294,862	0	294,862
Culture and Recreation	0	193,041	0	193,041
Debt Service:				
Principal	17,424	99,396	0	116,820
Interest	2,419	17,524	0	19,943
Total Expenditures	70,541	1,600,855	10,835	1,682,231
Excess/(Deficiency) of Revenues Over Expenditures	(640)	(557,821)	7,513	(550,948)
Other Financing Sources/(Uses):				
Proceeds from Sale of Equipment	0	1,246	0	1,246
Proceeds from Sale of Vehicles	0	14,990	0	14,990
Transfers In	0	919,033	0	919,033
Transfers Out	(35,343)	(162,695)	0	(198,038)
Total Other Financing Sources/(Uses)	(35,343)	772,574	0	737,231
Net Change in Fund Balances	(35,983)	214,753	7,513	186,283
Fund Balances - July 1, 2023	364,824	3,729,347	31,058	4,125,229
Fund Balances - June 30, 2024	\$ 328,841	\$ 3,944,100	\$ 38,571	\$ 4,311,512

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TOWN OF COLCHESTER, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2024

	Revolving Loan Fund	Community Development Fund	Grant Fund	Police Special Revenue Fund	Cemetery Fund	Total
<u>ASSETS</u>						
Cash	\$ 35,011	\$ 0	\$ 0	\$ 17,657	\$ 0	\$ 52,668
Receivables	0	0	5,262	0	0	5,262
Loans Receivable (Net of Allowance for Uncollectibles)	24,561	0	0	0	0	24,561
Due from Other Funds	<u>32,806</u>	<u>476</u>	<u>7,963</u>	<u>40</u>	<u>233,458</u>	<u>274,743</u>
Total Assets	<u>\$ 92,378</u>	<u>\$ 476</u>	<u>\$ 13,225</u>	<u>\$ 17,697</u>	<u>\$ 233,458</u>	<u>\$ 357,234</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29	\$ 29
Unearned Revenue	<u>0</u>	<u>0</u>	<u>3,741</u>	<u>0</u>	<u>0</u>	<u>3,741</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>3,741</u>	<u>0</u>	<u>29</u>	<u>3,770</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Grants	0	0	62	0	0	62
Unavailable Loans Receivable	<u>24,561</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,561</u>
Total Deferred Inflows of Resources	<u>24,561</u>	<u>0</u>	<u>62</u>	<u>0</u>	<u>0</u>	<u>24,623</u>
<u>FUND BALANCES</u>						
Restricted	67,817	476	9,422	17,697	163,429	258,841
Committed	0	0	0	0	35,000	35,000
Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35,000</u>	<u>35,000</u>
Total Fund Balances	<u>67,817</u>	<u>476</u>	<u>9,422</u>	<u>17,697</u>	<u>233,429</u>	<u>328,841</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 92,378</u>	<u>\$ 476</u>	<u>\$ 13,225</u>	<u>\$ 17,697</u>	<u>\$ 233,458</u>	<u>\$ 357,234</u>

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Revolving Loan Fund	Community Development Fund	Grant Fund	Police Special Revenue Fund	Cemetery Fund	Total
Revenues:						
Intergovernmental	\$ 35,343	\$ 0	\$ 8,136	\$ 2,192	\$ 0	\$ 45,671
Charges for Services	0	0	0	0	8,000	8,000
Loan Repayments	5,002	0	0	0	0	5,002
Loan Interest Income	610	0	0	0	0	610
Investment Income	0	0	326	456	9,836	10,618
Total Revenues	40,955	0	8,462	2,648	17,836	69,901
Expenditures:						
General Government	0	0	0	0	9,720	9,720
Public Safety	0	0	5,262	2,560	0	7,822
Culture and Recreation	0	0	2,936	0	0	2,936
Capital Outlay:						
General Government	0	0	0	0	24,138	24,138
Public Safety	0	0	0	6,082	0	6,082
Debt Service:						
Principal	17,424	0	0	0	0	17,424
Interest	2,419	0	0	0	0	2,419
Total Expenditures	19,843	0	8,198	8,642	33,858	70,541
Excess/(Deficiency) of Revenues Over Expenditures	21,112	0	264	(5,994)	(16,022)	(640)
Other Financing Sources/(Uses):						
Transfers Out	(35,343)	0	0	0	0	(35,343)
Total Other Financing Sources/(Uses)	(35,343)	0	0	0	0	(35,343)
Net Change in Fund Balances	(14,231)	0	264	(5,994)	(16,022)	(35,983)
Fund Balances - July 1, 2023	82,048	476	9,158	23,691	249,451	364,824
Fund Balances - June 30, 2024	\$ 67,817	\$ 476	\$ 9,422	\$ 17,697	\$ 233,429	\$ 328,841

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TOWN OF COLCHESTER, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2024

	Reserve Fund	Recreation Acquisition and Development Fund	Capital Equipment and Facilities Fund	Fire Capital Equipment Fund	Total
<u>ASSETS</u>					
Due from Other Funds	\$ 2,102,991	\$ 557,349	\$ 412,232	\$ 884,750	\$ 3,957,322
Total Assets	\$ 2,102,991	\$ 557,349	\$ 412,232	\$ 884,750	\$ 3,957,322
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 9,172	\$ 0	\$ 4,050	\$ 0	\$ 13,222
Total Liabilities	9,172	0	4,050	0	13,222
Fund Balances:					
Restricted	0	557,349	20,000	0	577,349
Committed	0	0	0	384,750	384,750
Assigned	2,093,819	0	388,182	500,000	2,982,001
Total Fund Balances	2,093,819	557,349	408,182	884,750	3,944,100
Total Liabilities and Fund Balances	\$ 2,102,991	\$ 557,349	\$ 412,232	\$ 884,750	\$ 3,957,322

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Reserve Fund	Recreation Acquisition and Development Fund	Capital Equipment and Facilities Fund	Fire Capital Equipment Fund	Total
Revenues:					
Property Taxes	\$ 80,500	\$ 0	\$ 414,209	\$ 0	\$ 494,709
Intergovernmental	82,508	0	58,926	13,205	154,639
Permits, Licenses and Fees	37,292	198,837	0	0	236,129
Investment Income	85,006	18,099	23,412	21,042	147,559
Donations	2,885	0	0	0	2,885
Other	7,113	0	0	0	7,113
Total Revenues	295,304	216,936	496,547	34,247	1,043,034
Expenditures:					
General Government	123,305	0	8,387	0	131,692
Public Safety	3,520	0	22,049	23,842	49,411
Culture and Recreation	0	0	29,025	0	29,025
Capital Outlay:					
General Government	36,906	0	280,482	0	317,388
Public Safety	16,350	0	163,226	288,940	468,516
Public Works	0	0	294,862	0	294,862
Culture and Recreation	6,650	0	186,391	0	193,041
Debt Service:					
Principal	0	0	0	99,396	99,396
Interest	0	0	0	17,524	17,524
Total Expenditures	186,731	0	984,422	429,702	1,600,855
Excess/(Deficiency) of Revenues Over Expenditures	108,573	216,936	(487,875)	(395,455)	(557,821)
Other Financing Sources/(Uses):					
Proceeds from Sale of Equipment	0	0	1,246	0	1,246
Proceeds from Sale of Vehicles	0	0	14,990	0	14,990
Transfers In	38,000	5,000	150,000	726,033	919,033
Transfers Out	0	(17,840)	(144,855)	0	(162,695)
Total Other Financing Sources/(Uses)	38,000	(12,840)	21,381	726,033	772,574
Net Change in Fund Balances	146,573	204,096	(466,494)	330,578	214,753
Fund Balances - July 1, 2023	1,947,246	353,253	874,676	554,172	3,729,347
Fund Balances - June 30, 2024	\$ 2,093,819	\$ 557,349	\$ 408,182	\$ 884,750	\$ 3,944,100

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2024

	Education Tax Fund	School District Impact Fees Fund	Total
<u>ASSETS</u>			
Due from Other Funds	\$ 0	\$ 22,292	\$ 22,292
Total Assets	<u>0</u>	<u>22,292</u>	<u>22,292</u>
<u>LIABILITIES</u>			
Liabilities:	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET POSITION</u>			
Restricted	<u>0</u>	<u>22,292</u>	<u>22,292</u>
Total Net Position	\$ <u><u>0</u></u>	\$ <u><u>22,292</u></u>	\$ <u><u>22,292</u></u>

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TOWN OF COLCHESTER, VERMONT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Education Tax Fund	School District Impact Fees Fund	Total
<u>ADDITIONS</u>			
Education Taxes Collected for Other Governments	\$ 34,744,703	\$ 0	\$ 34,744,703
Impact Fees Collected for the School District	0	132,000	132,000
Investment Income Collected for the School District	<u>0</u>	<u>4,140</u>	<u>4,140</u>
Total Additions	<u>34,744,703</u>	<u>136,140</u>	<u>34,880,843</u>
<u>DEDUCTIONS</u>			
Education Taxes Distributed to Other Governments	34,744,703	0	34,744,703
Impact Fees Distributed to the School District	<u>0</u>	<u>125,000</u>	<u>125,000</u>
Total Deductions	<u>34,744,703</u>	<u>125,000</u>	<u>34,869,703</u>
Change in Net Position	0	11,140	11,140
Net Position - July 1, 2023	<u>0</u>	<u>11,152</u>	<u>11,152</u>
Net Position - June 30, 2024	\$ <u><u>0</u></u>	\$ <u><u>22,292</u></u>	\$ <u><u>22,292</u></u>

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

Selectboard
Town of Colchester, Vermont
781 Blakely Road
Colchester, Vermont 05446

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 Colchester, Vermont, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Colchester, Vermont's basic financial statements, and have issued our report thereon dated February 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Colchester, 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 Colchester, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Colchester, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Colchester, 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".

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

February 5, 2025
Montpelier, Vermont
VT Lic. #92-000180