

Federal Compliance Audit

Town of Brandon, Vermont

June 30, 2024
Revised April 10, 2025



Proven Expertise & Integrity

TOWN OF BRANDON, VERMONT

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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Brandon
Brandon, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Brandon, 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 Brandon, Vermont's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Brandon, 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.

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.

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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 Brandon, 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brandon, Vermont's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Brandon, Vermont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brandon, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule

of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025 and April 10, 2025 on our consideration of the Town of Brandon, 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 Brandon, 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 Brandon, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 31, 2025
April 10, 2025

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

(UNAUDITED)

The following management's discussion and analysis of the Town of Brandon, Vermont's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2024. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Brandon, Vermont's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Brandon, Vermont are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, recreation, appropriations, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Brandon include the Wastewater Fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Brandon, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Brandon can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Brandon presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, revolving loan funds, the trustees of public funds and equipment and infrastructure fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Brandon maintains one proprietary fund, the Wastewater Fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities decreased by \$547,562 from \$41,651,286 to \$41,103,724. For business-type activities, the Town's total net position increased by \$2,237,536 from \$4,448,715 to \$6,686,251.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for the governmental activities to a balance of \$797,797 at the end of the fiscal year. The business-type activities do not have an unrestricted net position.

Table 1
Town of Brandon, Vermont
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Assets:				
Current Assets	\$ 3,999,824	\$ 3,670,412	\$ 1,381,369	\$ 1,552,769
Noncurrent Assets - Capital Assets	40,003,161	40,458,403	10,907,175	8,010,021
Total Assets	<u>44,002,985</u>	<u>44,128,815</u>	<u>12,288,544</u>	<u>9,562,790</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	422,041	543,073	-	-
Total Deferred Outflows of Resources	<u>422,041</u>	<u>543,073</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	459,492	464,851	356,825	3,525,045
Noncurrent Liabilities	2,227,402	2,536,813	5,245,468	1,589,030
Total Liabilities	<u>2,686,894</u>	<u>3,001,664</u>	<u>5,602,293</u>	<u>5,114,075</u>
Deferred Inflows of Resources:				
Deferred Revenue	550,860	-	-	-
Deferred Inflows Related to Pensions	83,548	18,938	-	-
Total Deferred Inflows of Resources	<u>634,408</u>	<u>18,938</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	38,804,350	39,032,443	5,514,642	6,367,572
Restricted	1,501,577	1,918,746	1,171,609	(1,918,857)
Unrestricted	797,797	700,097	-	-
Total Net Position	<u>\$ 41,103,724</u>	<u>\$ 41,651,286</u>	<u>\$ 6,686,251</u>	<u>\$ 4,448,715</u>

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

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 286,434	\$ 227,579	\$ 823,438	\$ 875,506
Operating grants and contributions	167,149	179,839	2,387,777	130,997
<i>General Revenues:</i>				
Taxes	7,450,138	7,147,568	-	-
Grants and contributions not restricted to specific programs	1,017,674	1,082,087	-	-
Miscellaneous	654,871	563,329	45,508	29,902
Total Revenues	9,576,266	9,200,402	3,256,723	1,036,405
Expenses				
General government	1,317,388	841,078	-	-
Public safety	970,116	756,310	-	-
Public works	1,823,977	2,344,592	-	-
Recreation	240,028	194,780	-	-
Education	4,465,784	4,204,007	-	-
County tax	28,361	27,718	-	-
Appropriations	242,730	217,330	-	-
Interest on long-term debt	48,437	48,437	120,401	69,290
Wastewater fund	-	-	710,635	615,730
Depreciation	-	-	188,151	176,692
Unclassified	987,007	423,199	-	-
Total Expenses	10,123,828	9,057,451	1,019,187	861,712
Change in Net Position	(547,562)	142,951	2,237,536	174,693
Net Position - July 1	41,651,286	41,508,335	4,448,715	4,274,022
Net Position - June 30	\$ 41,103,724	\$ 41,651,286	\$ 6,686,251	\$ 4,448,715

Revenues and Expenses

Revenues for the Town of Brandon's governmental activities increased by 4.09%, while total expenses decreased by 11.77%. The increase in revenues was primarily due to taxes and the increase in expenses was primarily due to general government, public safety, recreation, education and unclassified.

Revenues for the business-type activities increased by 214.23% due to a large grant for a wastewater upgrade. Total expenses increased by 18.27%.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Brandon, Vermont
Fund Balances - Governmental Funds
June 30,

	<u>2024</u>	<u>2023</u> <u>(Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 6,829	\$ 6,725	\$ 104
Restricted	70,963	66,203	4,760
Assigned	106,331	154,262	(47,931)
Unassigned	482,039	564,485	(82,446)
Total General Fund	<u>\$ 666,162</u>	<u>\$ 791,675</u>	<u>\$ (125,513)</u>
Revolving Loan Funds			
Restricted	\$ 61,923	\$ 83,390	\$ (21,467)
Total Revolving Loan Funds	<u>\$ 61,923</u>	<u>\$ 83,390</u>	<u>\$ (21,467)</u>
Trustees of Public Funds:			
Restricted	\$ 867,473	\$ 850,601	\$ 16,872
Total Trustees of Public Funds	<u>\$ 867,473</u>	<u>\$ 850,601</u>	<u>\$ 16,872</u>
Equipment and Infrastructure Fund:			
Unassigned (deficit)	\$ (72,676)	\$ (248,293)	\$ (320,969)
Total Equipment and Infrastructure Fund	<u>\$ (72,676)</u>	<u>\$ (248,293)</u>	<u>\$ (320,969)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 494,389	\$ 911,827	\$ (417,438)
Capital Projects Funds:			
Unassigned (deficit)	(15,672)	(41,741)	26,069
Total Nonmajor Funds	<u>\$ 478,717</u>	<u>\$ 870,086</u>	<u>\$ (391,369)</u>

The changes in total fund balances for the general fund, revolving loan funds, trustees of public funds, equipment and infrastructure funds and the nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The Wastewater Fund had an operating income of \$2,312,578 for the fiscal year versus an operating income of \$86,917 last year.

Budgetary Highlights

The was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$65.952. All revenue categories were receipted above budgeted amounts except for property taxes

The general fund actual expenditures exceeded budgeted amounts by \$91,465. All expenditure categories were within or under budgeted amounts with the exception of public safety, recreation and unclassified.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the Town increased by \$2,441,912 from the prior year. The increase is the result of capital additions of \$3,908,166, less net disposals of \$2,830 and less current year depreciation of \$1,463,424.

Town of Brandon, Vermont Capital Assets (Net of Depreciation) June 30,

	2024	2023
Land	\$ 1,828,793	\$ 1,688,280
Construction in progress	6,871,358	4,163,515
Buildings, building improvements and land improvements	2,706,814	2,685,087
Machinery, equipment and vehicles	1,918,163	2,150,450
Infrastructure	37,585,208	37,781,092
Total	\$ 50,910,336	\$ 48,468,424

Debt

At June 30, 2024, the Town had \$6,591,344 in bonds payable and notes from direct borrowings versus \$3,068,409 last year, an increase of 114.81%. Refer to Note 8 of the Notes to the Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen below a level sufficient to sustain government operations for less than a period of one month. However, the Town continues to maintain significant reserves for future operations, capital and program needs.

The Town noted a subsequent event as a currently known fact. Refer to Note 23 of Notes to the Financial Statements for more detailed information.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 49 Center Street, Brandon, Vermont 05733.

TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,067,955	\$ -	\$ 2,067,955
Investments	830,483	-	830,483
Accounts receivable (net of allowance for uncollectibles):			
Taxes	549,561	-	549,561
Other	19,320	1,200,334	1,219,654
Loans receivable (net of allowance for uncollectibles)	706,711	-	706,711
Prepaid items	6,829	-	6,829
Internal balances	(181,035)	181,035	-
Total current assets	<u>3,999,824</u>	<u>1,381,369</u>	<u>5,381,193</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	2,002,303	6,697,848	8,700,151
Depreciable assets, net of accumulated depreciation	38,000,858	4,209,327	42,210,185
Total noncurrent assets	<u>40,003,161</u>	<u>10,907,175</u>	<u>50,910,336</u>
TOTAL ASSETS	<u>44,002,985</u>	<u>12,288,544</u>	<u>56,291,529</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	422,041	-	422,041
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>422,041</u>	<u>-</u>	<u>422,041</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 44,425,026</u>	<u>\$ 12,288,544</u>	<u>\$ 56,713,570</u>

STATEMENT A (CONTINUED)
TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 185,547	\$ 188,486	\$ 374,033
Accrued expenses	29,326	5,052	34,378
Accrued interest payable	11,834	5,136	16,970
Current portion of long-term obligations	232,785	158,151	390,936
Total current liabilities	<u>459,492</u>	<u>356,825</u>	<u>816,317</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	970,880	4,338,095	5,308,975
Notes from direct borrowings	-	896,841	896,841
Accrued compensated absences	92,219	10,532	102,751
Net pension liability	1,164,303	-	1,164,303
Total noncurrent liabilities	<u>2,227,402</u>	<u>5,245,468</u>	<u>7,472,870</u>
TOTAL LIABILITIES	<u>2,686,894</u>	<u>5,602,293</u>	<u>8,289,187</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	550,860	-	550,860
Deferred inflows related to pensions	83,548	-	83,548
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>634,408</u>	<u>-</u>	<u>634,408</u>
NET POSITION			
Net investment in capital assets	38,804,350	5,514,642	44,318,992
Restricted	1,501,577	1,171,609	2,673,186
Unrestricted	797,797	-	797,797
TOTAL NET POSITION	<u>41,103,724</u>	<u>6,686,251</u>	<u>47,789,975</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 44,425,026</u>	<u>\$ 12,288,544</u>	<u>\$ 56,713,570</u>

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

STATEMENT B

TOWN OF BRANDON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,317,388	\$ 286,434	\$ -	\$ -	\$ (1,030,954)	\$ -	\$ (1,030,954)
Public safety	970,116	-	-	-	(970,116)	-	(970,116)
Public works	1,823,977	-	167,149	-	(1,656,828)	-	(1,656,828)
Recreation	240,028	-	-	-	(240,028)	-	(240,028)
Education	4,465,784	-	-	-	(4,465,784)	-	(4,465,784)
County tax	28,361	-	-	-	(28,361)	-	(28,361)
Appropriations	242,730	-	-	-	(242,730)	-	(242,730)
Interest on long-term debt	48,437	-	-	-	(48,437)	-	(48,437)
Unclassified	987,007	-	-	-	(987,007)	-	(987,007)
Total governmental activities	<u>10,123,828</u>	<u>286,434</u>	<u>167,149</u>	<u>-</u>	<u>(9,670,245)</u>	<u>-</u>	<u>(9,670,245)</u>
Business-type activities:							
Wastewater fund	1,019,187	823,438	2,387,777	-	-	2,192,028	2,192,028
Total business-type activities	<u>1,019,187</u>	<u>823,438</u>	<u>2,387,777</u>	<u>-</u>	<u>-</u>	<u>2,192,028</u>	<u>2,192,028</u>
Total government	<u>\$ 11,143,015</u>	<u>\$ 1,109,872</u>	<u>\$ 2,554,926</u>	<u>\$ -</u>	<u>(9,670,245)</u>	<u>2,192,028</u>	<u>(7,478,217)</u>

STATEMENT B (CONTINUED)
TOWN OF BRANDON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(9,670,245)</u>	<u>2,192,028</u>	<u>(7,478,217)</u>
General revenues:			
Taxes, levied for general purposes	7,450,138	-	7,450,138
Grants and contributions not restricted to specific programs	1,017,674	-	1,017,674
Miscellaneous	654,871	45,508	700,379
Total general revenues and transfers	<u>9,122,683</u>	<u>45,508</u>	<u>9,168,191</u>
Change in net position	(547,562)	2,237,536	1,689,974
NET POSITION - JULY 1	<u>41,651,286</u>	<u>4,448,715</u>	<u>46,100,001</u>
NET POSITION - JUNE 30	<u>\$ 41,103,724</u>	<u>\$ 6,686,251</u>	<u>\$ 47,789,975</u>

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

TOWN OF BRANDON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Revolving Loan Funds	Trustees of Public Funds	Moved from nonmajor fund Equipment and Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,030,965	\$ -	\$ 36,990	\$ -	\$ -	\$ 2,067,955
Investments	-	-	830,483	-	-	830,483
Accounts receivable (net of allowance for uncollectibles):						
Taxes	549,561	-	-	-	-	549,561
Other	9,036	-	-	10,284	-	19,320
Loans receivable (net of allowance for uncollectibles)	-	706,711	-	-	-	706,711
Prepaid items	6,829	-	-	-	-	6,829
Due from other funds	15,072	61,923	-	491,559	503,794	1,072,348
TOTAL ASSETS	\$ 2,611,463	\$ 768,634	\$ 867,473	\$ 501,843	\$ 503,794	\$ 5,253,207
LIABILITIES						
Accounts payable	\$ 151,883	\$ -	\$ -	\$ 23,659	\$ 10,005	\$ 185,547
Accrued expenses	29,326	-	-	-	-	29,326
Due to other funds	1,238,311	-	-	-	15,072	1,253,383
TOTAL LIABILITIES	1,419,520	-	-	23,659	25,077	1,468,256
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	525,781	706,711	-	550,860	-	1,783,352
TOTAL DEFERRED INFLOWS OF RESOURCES	525,781	706,711	-	550,860	-	1,783,352
FUND BALANCES (DEFICITS)						
Nonspendable	6,829	-	-	-	-	6,829
Restricted	70,963	61,923	867,473	-	494,389	1,494,748
Committed	-	-	-	-	-	-
Assigned	106,331	-	-	-	-	106,331
Unassigned (deficit)	482,039	-	-	(72,676)	(15,672)	393,691
TOTAL FUND BALANCES (DEFICITS)	666,162	61,923	867,473	(72,676)	478,717	2,001,599
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 2,611,463	\$ 768,634	\$ 867,473	\$ 501,843	\$ 503,794	\$ 5,253,207

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

TOWN OF BRANDON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,001,599
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, net of accumulated depreciation	40,003,161
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	525,781
Loans receivable	706,711
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	422,041
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,167,390)
Notes from direct borrowings	(31,421)
Accrued compensated absences	(97,073)
Net pension liability	(1,164,303)
Accrued interest payable	(11,834)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(83,548)</u>
Net position of governmental activities	<u>\$ 41,103,724</u>

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

STATEMENT E

TOWN OF BRANDON, VERMONT

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

	General Fund	Revolving Loan Funds	Trustees of Public Funds	Moved from nonmajor fund Equipment and Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 7,350,693	\$ -	\$ -	\$ -	\$ -	\$ 7,350,693
Intergovernmental	222,270	-	-	934,369	28,184	1,184,823
Charges for services	286,214	220	-	-	-	286,434
Investment income, net of realized/unrealized gains/(losses)	-	7,947	97,157	-	13,375	118,479
Miscellaneous revenues	161,155	43,366	-	472	300,526	505,519
TOTAL REVENUES	8,020,332	51,533	97,157	934,841	342,085	9,445,948
EXPENDITURES						
Current:						
General government	1,156,938	-	-	-	-	1,156,938
Public safety	925,838	-	-	-	-	925,838
Public works	798,561	-	-	-	-	798,561
Recreation	239,592	-	-	-	-	239,592
Education	4,465,784	-	-	-	-	4,465,784
County tax	28,361	-	-	-	-	28,361
Appropriations	242,730	-	-	-	-	242,730
Unclassified	47,679	73,000	80,285	99,370	686,673	987,007
Debt service:						
Principal	187,209	-	-	-	-	187,209
Interest	48,437	-	-	-	-	48,437
Capital outlay	-	-	-	711,351	-	711,351
TOTAL EXPENDITURES	8,141,129	73,000	80,285	810,721	686,673	9,791,808
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(120,797)	(21,467)	16,872	124,120	(344,588)	(345,860)
OTHER FINANCING SOURCES (USES)						
Transfers in	284	-	-	51,781	29,453	81,518
Transfers (out)	(5,000)	-	-	(284)	(76,234)	(81,518)
TOTAL OTHER FINANCING SOURCES (USES)	(4,716)	-	-	51,497	(46,781)	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(125,513)	(21,467)	16,872	175,617	(391,369)	(345,860)
FUND BALANCE - JULY 1, AS PREVIOUSLY REPORTED	791,675	83,390	850,601	-	621,793	2,347,459
CHANGE WITHIN FINANCIAL REPORTING ENTITY (NONMAJOR TO MAJOR FUND) (DEFICITS)	-	-	-	(248,293)	248,293	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	791,675	83,390	850,601	(248,293)	870,086	2,347,459
FUND BALANCES (DEFICITS) - JUNE 30	\$ 666,162	\$ 61,923	\$ 867,473	\$ (72,676)	\$ 478,717	\$ 2,001,599

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

TOWN OF BRANDON, VERMONT

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (345,860)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	822,860
Capital asset disposals	(2,830)
Depreciation expense	<u>(1,275,272)</u>
	<u>(455,242)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	99,445
Loans receivable	<u>30,873</u>
	<u>130,318</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(121,032)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>227,149</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(64,610)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	4,697
Net pension liability	<u>77,018</u>
	<u>81,715</u>
Change in net position of governmental activities (Statement B)	<u>\$ (547,562)</u>

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

TOWN OF BRANDON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

	<u>Enterprise Funds</u> <u>Wastewater</u> <u>Fund</u>
ASSETS	
Current assets:	
Accounts receivable (net of allowance for uncollectibles)	\$ 1,200,334
Due from other funds	181,035
Total current assets	<u>1,381,369</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	6,697,848
Buildings and improvements	2,121,498
Equipment	1,947,072
Sewer lines	2,834,600
Less: accumulated depreciation	<u>(2,693,843)</u>
Total noncurrent assets	<u>10,907,175</u>
TOTAL ASSETS	<u><u>\$ 12,288,544</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	188,486
Accrued expenses	5,052
Accrued interest payable	5,136
Current portion of long-term obligations	158,151
Total current liabilities	<u>356,825</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	4,338,095
Notes from direct borrowings	896,841
Accrued compensated absences	<u>10,532</u>
Total noncurrent liabilities	<u>5,245,468</u>
TOTAL LIABILITIES	<u>5,602,293</u>
NET POSITION	
Net investment in capital assets	5,514,642
Restricted	<u>1,171,609</u>
TOTAL NET POSITION	<u>6,686,251</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 12,288,544</u></u>

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

TOWN OF BRANDON, VERMONT

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

	<u>Enterprise Funds</u> <u>Wastewater</u> <u>Fund</u>
OPERATING REVENUES	
Intergovernmental	\$ 2,387,777
Charges for services	823,438
Other	149
TOTAL OPERATING REVENUES	<u>3,211,364</u>
OPERATING EXPENSES	
Wages and benefits	245,247
Professional services	45,189
Supplies	6,128
Equipment	8,229
Maintenance and repairs	101,601
Chemicals	143,413
Operations	109,695
Administration	30,000
Insurance	21,133
Depreciation	188,151
TOTAL OPERATING EXPENSES	<u>898,786</u>
OPERATING INCOME (LOSS)	<u>2,312,578</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	45,359
Interest expense	<u>(120,401)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(75,042)</u>
CHANGE IN NET POSITION	2,237,536
NET POSITION - JULY 1	<u>4,448,715</u>
NET POSITION - JUNE 30	<u>\$ 6,686,251</u>

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

TOWN OF BRANDON, VERMONT

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

	<u>Enterprise Funds</u>
	Wastewater
	Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 229,196
Other receipts	2,387,926
Internal activity - receipts (payments) from/to other funds	765,642
Payments to employees	(241,622)
Payments to suppliers	(436,941)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,704,201</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest paid on long-term debt	(120,401)
Debt proceeds	3,858,877
Bond anticipation note proceeds	(3,293,938)
Capital asset additions	(3,085,306)
Principal payments on long-term debt	(108,793)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,749,561)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	45,360
Net cash provided (used) by investing activities	<u>45,360</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	-
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 2,312,578
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	188,151
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(594,242)
(Increase) decrease in due from other funds	765,642
Increase (decrease) in accounts payable	25,513
Increase (decrease) in accrued liabilities	2,934
Increase (decrease) in accrued compensated absences	3,625
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,704,201</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 120,401</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Brandon was incorporated under the laws of the State of Vermont. The Town operates under the Selectboard-manager form of government and provides the following services: general government, public safety, public works, recreation, appropriations, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Wastewater Fund is categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Revolving Loan Funds are used to account for financial resources used in community development programs. Revenue sources are interest and principal payments from community borrowers.
- c. The Trustees of Public Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.
- d. Equipment and Infrastructure Fund is comprised of two funds which include the Capital Equipment fund (#51), and the Capital Infrastructure Activity Fund (#56). The Capital Equipment fund reserves and allocates funds for capital equipment. Revenues are either budgeted annually or voted by appropriation. The Capital Infrastructure fund receives revenues from grant sources and are used for FEMA projects and road repairs.

Nonmajor funds:

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- f. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, infrastructure and/or equipment.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e., interest income. The following is a description of the proprietary funds of the Town:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

1. Accrual

Governmental activities in the government-wide financial statements and proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. In the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A Town meeting of the residents of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due for loans receivable and Enterprise funds primarily. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2024. Accounts receivable and loans receivable netted with allowances for uncollectible accounts were \$1,926,365 for the year ended June 30, 2024.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town is currently working on completing its fixed asset inventory.

Estimated useful lives are as follows:

Land improvements	10 - 50 years
Buildings and improvements	10 - 50 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 25 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term debt consists of bonds payable, notes from direct borrowings, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by the taxpayers and is expressed by the Selectboard.

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Pensions

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Deferred

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on July 15, 2023 on the assessed value listed as of April 1, annually, for all real property located in the Town. Taxes were due in four installments on August 15, November 15, February 15 and May 15. Interest accrues at 1% per month until three months following the final payment at which point 1½% per month for each month thereafter. An 8% penalty fee is added to the entire unpaid principal tax balance after May 15.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets,

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town’s investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2024, the Town’s cash and cash equivalents balance of \$2,067,955 was comprised of bank deposits and cash equivalents amounting to \$2,179,102. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town’s cash and cash equivalents balance. All of these deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Account Type	Bank Balance
Checking accounts	\$ 46,359
ICS accounts	2,117,730
Money market accounts	8,188
Cash equivalents	6,825
	\$ 2,179,102

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2024, the Town's investments of \$830,483 were comprised of exchange-traded funds, closed end funds and open-end mutual funds. Of this amount, \$500,000 was insured by the Securities Investor Protection Corporation and consequently not exposed to custodial risk. The remaining investments of \$330,483 were uncollateralized and uninsured.

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Exchange-traded and closed-end funds	\$ 278,809	\$ 278,809	\$ -	\$ -
Mutual funds - equities	248,707	\$ 248,707		
Mutual funds - fixed income	302,967	302,967	-	-
	\$ 830,483	\$ 830,483	\$ -	\$ -

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2024:

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2024 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Exchange-traded and closed-end funds	\$ 278,809	\$ 278,809	\$ -	\$ -
Mutual funds - equities	248,707	248,707	-	-
Mutual funds - fixed income	302,967	302,967	-	-
Total equity securities	<u>830,483</u>	<u>830,483</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	830,483	<u>\$ 830,483</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	6,825			
Total cash equivalents measured at the NAV	<u>6,825</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 837,308</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Town has no Level II or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2024 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 15,072	\$ 1,238,311
Revolving Loans Fund	61,923	-
Equipment and Infrastructure Fund	491,559	
Nonmajor Capital Projects Funds	-	15,072
Nonmajor Special Revenue Funds	503,794	-
Wastewater Fund	181,035	-
	<u>\$ 1,253,383</u>	<u>\$ 1,253,383</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2024 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 5,000	\$ 284
Equipment and Infrastructure Fund	284	51,781
Nonmajor Special Revenue Funds	76,234	5,000
Nonmajor Capital Projects Funds	-	24,453
	<u>\$ 81,518</u>	<u>\$ 81,518</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 5 - LOANS RECEIVABLE

The Town, through various federal programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as loans receivable in the governmental funds. Until repaid, loans of federal awards are offset by deferred revenue, which is taken into operating revenue as payments are received. Upon receipt, the repayment of these loans is placed in the Town's Grant Fund and is available for future loans.

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

NOTE 5 - LOANS RECEIVABLE (CONTINUED)

The following is a description of the loans receivable for the year ended June 30, 2024:

Borrower	Principal	Interest Rate	Terms
Delilah's Hair Studio	\$ 5,411	1.25%	\$172 received monthly through February of 2027.
Swan & Stone, LLC	2,426	3.00%	\$402 received monthly through December 2024.
Olivia's Crouton, LLC	42,665	1.75%	\$442 received monthly through January of 2027 with a balloon payment of \$25,843 in February of 2027.
Common Ground 2024	25,000	6.50%	\$371 paid monthly starting September 2024, with a balloon payment of \$8704.70 in August 2029.
Rutland County Community Land Trust Grant Fund	391,000	1.00%	\$1,278 received monthly beginning July 10, 2030 through July of 2060 and secured by a mortgage.
Red Clover Ale Company, LLC	29,673	2.75%	\$275 received monthly through September of 2025 with a balloon payment of \$23,964 due in October of 2025
Brandon Florist Shoppe, LLC	18,294	2.75%	\$170 received monthly through September of 2025 with a balloon payment of \$14,775 due
Junction Store, LLC	20,387	3.00%	\$248 received monthly through January of 2026 with a balloon payment of \$14,069 due
Isaiah 6:8. LLC	24,114	3.50%	\$357 paid monthly through May of 2023 with a balloon payment of \$39,471 due June 1, 2023.

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

NOTE 5 - LOANS RECEIVABLE (CONTINUED)

Borrower	Principal	Interest Rate	Terms
Ripton Mountain Distillery, Inc.	22,749	3.00%	\$311 received monthly through October of 2022 with a balloon payment of \$15,979 due November of 2022.
HSK LLC	48,000	6.50%	\$713 paid monthly starting September 2024, with a balloon payment of \$16,713.66 in August 2029
Safer Society Foundation	9,843	3.00%	First six months interest only payments of \$71 received between January 2020 and June 2020, beginning July 2020 monthly payments of \$560 through December of 2024.
Foley's Taco & Bean LLC	16,497	3.00%	\$396 received monthly through January of 2024 with a balloon payment of \$14,027 due February of 2024.
Mae's Place	11,470	3.00%	\$264 received monthly through February of 2025 with a balloon payment of \$6,413 due March of 2025.
Brandon Bakery & Pizza LLC	39,182	6.25%	\$343 received monthly through January 2029 with a balloon payment of \$30,889 due January of 2029.
Total	<u>\$ 706,711</u>		

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - CAPITAL ASSETS

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

	Balance, 7/1/23	Additions	Disposals	Balance, 6/30/24
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,688,280	\$ 140,513	\$ -	\$ 1,828,793
Construction in progress	515,901	66,800	(409,191)	173,510
	<u>2,204,181</u>	<u>207,313</u>	<u>(409,191)</u>	<u>2,002,303</u>
Depreciated assets:				
Land improvements	82,049	-	-	82,049
Buildings and building improvements	2,505,173	93,951	-	2,599,124
Vehicles	1,354,502	-	(9,224)	1,345,278
Machinery and equipment	1,060,257	28,081	(55,904)	1,032,434
Infrastructure	40,760,929	902,706	-	41,663,635
	<u>45,762,910</u>	<u>1,024,738</u>	<u>(65,128)</u>	<u>46,722,520</u>
Less: accumulated depreciation	(7,508,688)	(1,275,272)	62,298	(8,721,662)
	<u>38,254,222</u>	<u>(250,534)</u>	<u>(2,830)</u>	<u>38,000,858</u>
Net governmental capital assets	<u>40,458,403</u>	<u>\$ (43,221)</u>	<u>\$ (412,021)</u>	<u>\$ 40,003,161</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 3,647,614	\$ 3,050,234	\$ -	\$ 6,697,848
	<u>3,647,614</u>	<u>3,050,234</u>	<u>-</u>	<u>6,697,848</u>
Depreciated assets:				
Buildings and improvements	\$ 2,121,498	\$ -	\$ -	\$ 2,121,498
Equipment	1,912,000	35,072	-	1,947,072
Sewer lines	2,834,600	-	-	2,834,600
	<u>6,868,098</u>	<u>35,072</u>	<u>-</u>	<u>6,903,170</u>
Less: accumulated depreciation	(2,505,691)	(188,152)	-	(2,693,843)
	<u>4,362,407</u>	<u>(153,080)</u>	<u>-</u>	<u>4,209,327</u>
Net business-type capital assets	<u>\$ 8,010,021</u>	<u>\$ 2,897,154</u>	<u>\$ -</u>	<u>\$ 10,907,175</u>
Current year depreciation:				
<u>Governmental activities</u>				
General government				\$ 53,693
Public safety				44,278
Public works				1,176,865
Recreation				436
Total governmental activities depreciation expense				<u>\$ 1,275,272</u>
<u>Business-type activities</u>				
Wastewater fund				\$ 188,152
Total business-type activities depreciation expense				<u>\$ 188,152</u>

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

NOTE 7 - SHORT-TERM DEBT

The following is a description of short-term debt for the year ended June 30, 2024:

On May 9, 2022, the Town of Brandon issued a Bond Anticipation Note through Bar Harbor Bank & Trust, to meet obligations for wastewater facility improvements. The note allowed principal draws up to \$1,000,000 at 5.80% interest per annum with a maturity date of October 30, 2023.

On August 11, 2022, the Town of Brandon issued a Bond Anticipation Note through Bar Harbor Bank & Trust, to meet obligations for wastewater facility improvements. The note allowed principal draws up to \$2,780,000 at 5.80% interest per annum with a maturity date of October 30, 2023. The Town refinanced the Note with a USDA bond payable in October 2023.

Short-term debt activity for the year ended June 30, 2024 was as follows:

	Balance, 7/1/23	Additions	Repayments	Balance, 6/30/24
Bond anticipation note	\$ 3,293,938	\$ 486,062	\$(3,780,000)	\$ -

NOTE 8 - LONG-TERM DEBT

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

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,363,900	\$ -	\$ (196,510)	\$ 1,167,390	\$ 196,510
Notes from direct borrowings payable	62,060	-	(30,639)	31,421	31,421
Totals	<u>\$ 1,425,960</u>	<u>\$ -</u>	<u>\$ (227,149)</u>	<u>\$ 1,198,811</u>	<u>\$ 227,931</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 778,584	\$ 3,780,000	\$ (84,980)	\$ 4,473,604	\$ 135,509
Notes from direct borrowings payable	863,865	78,877	(23,813)	918,929	22,088
Totals	<u>\$ 1,642,449</u>	<u>\$ 3,858,877</u>	<u>\$ (108,793)</u>	<u>\$ 5,392,533</u>	<u>\$ 157,597</u>

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

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings:

Governmental activities bonds payable:

\$395,000, 2012 Series 4 & 5 Bond for public safety building improvements, due in annual principal payments of \$19,750 through December 1, 2032. Interest due bi-annually at a net fixed rate of 3.148% per annum.	\$ 177,750
\$2,750,000, 2006 Series 1 Bond for paving improvements, refunded \$1,770,000, 2014 Series 4 Bond due in annual principal payments of \$135,000 through November 15, 2026. Interest due bi-annually at a net fixed rate of 4.674% per annum.	405,000
\$835,200, 2017 Series 3 Bond for capital improvements, due in annual principal payments of \$41,760 through November 2037. Interest is due bi-annually at a net fixed rate of 3.30% per annum.	<u>584,640</u>
Total governmental activities bonds payable	<u>\$ 1,167,390</u>

Governmental activities notes from direct borrowings:

The Town leases a Caterpillar motor grader with Caterpillar Financial Services Corp. under a non-cancelable lease agreement dated February 26, 2016. The term of the lease is for a nine year period expiring February of 2025. Annual principal and interests payments are \$32,408. Interest is at a fixed rate of 2.75% per annum.	<u>\$ 31,421</u>
Total governmental activities notes from direct borrowings	<u>\$ 31,421</u>

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

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Business-type activities bonds payable:

\$499,000, USDA Bond for sewer system improvements, due in annual principal payments of \$11,482 through February 1, 2048. Net interest rate is 2.25% per annum.	\$ 423,865
\$478,343, VMBB 2012 Series 4 & 5 Bond for sewer system improvements, due in varying annual principal payments and semi-annual interest payments through December 2036. Net interest rate is 3.52% per annum.	309,098
\$48,063, VMBB 2012 Series 4 & 5 Bond for sewer system improvements, due in varying annual principal payments and semi-annual interest payments through December 2025. Net interest rate of 3.42% per annum.	8,927
\$3,780,000, VMBB 2024 Series 1 Bond for sewer system improvements. Principal and interest payable in 60 equal and consecutive semi-annual installments of \$81,270 each on April 13 and October 13 through 2053. Interest rate is 1.75% per annum.	<u>3,731,714</u>
Total business-type activities bonds payable	<u>\$ 4,473,604</u>

Business-type activities notes from direct borrowings:

\$97,000 RF1-223-1.2 Note payable to Vermont Municipal Bond Bank was refinanced to \$408,900, RF1-223-2.0 for sewer system improvements, \$151,450 is to be forgiven prior to commencement of principal payments beginning in December 2026. Annual principal installments of \$25,745 beginning December of 2026 due through December of 2035. Interest is charged at a fixed rate of 0%.	\$ 476,903
\$540,000, RF1-214-3.0 Note payable to Vermont Municipal Bond Bank, paid in twenty annual principal installments of \$32,232, which includes a 2% administration fee beginning one year after project completion. Interest is charged at a fixed rate of 0%. \$12,962 of the note will be forgiven.	<u>442,026</u>
Total business type activities notes from direct borrowings	<u>\$ 918,929</u>

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the fiscal years ending June 30:

	Governmental Activities				
	Bonds		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2025	\$ 196,510	\$ 34,736	\$ 31,421	\$ 987	\$ 263,654
2026	196,510	24,311	-	-	220,821
2027	196,510	21,050	-	-	217,560
2028	61,510	18,772	-	-	80,282
2029	61,510	16,826	-	-	78,336
2030-2034	287,800	53,894	-	-	341,694
2035-2039	167,040	12,290	-	-	179,330
	<u>\$ 1,167,390</u>	<u>\$ 181,879</u>	<u>\$ 31,421</u>	<u>\$ 987</u>	<u>\$ 1,381,677</u>
	Business-type Activities				
	Bonds		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2025	\$ 135,509	\$ 121,481	\$ 22,088	\$ 8,841	\$ 287,919
2026	138,419	146,453	22,530	8,399	315,801
2027	136,691	115,880	499,883	7,948	760,402
2028	139,571	105,709	23,440	7,489	276,209
2029	142,517	99,682	23,909	7,020	273,128
2030-2034	759,259	404,508	126,911	27,732	1,318,410
2035-2039	763,642	261,719	140,120	14,523	1,180,004
2040-2044	755,639	171,880	60,048	1,807	989,374
2045-2049	803,689	100,531	-	-	904,220
2050-2054	698,668	30,863	-	-	729,531
	<u>\$ 4,473,604</u>	<u>\$ 1,558,706</u>	<u>\$ 918,929</u>	<u>\$ 83,759</u>	<u>\$ 7,034,998</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for business-type activities for the year ended June 30, 2024 was \$120,401.

All bonds and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town or for business-type activities from user fees.

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

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 101,770	\$ -	\$ (4,697)	\$ 97,073	\$ 4,854
Net pension liability	1,241,321	227,151	(304,169)	1,164,303	-
	<u>\$ 1,343,091</u>	<u>\$ 227,151</u>	<u>\$ (308,866)</u>	<u>\$ 1,261,376</u>	<u>\$ 4,854</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 7,461	\$ 3,625	\$ -	\$ 11,086	\$ 554

Please see Notes 16 and 19 for detailed information on the other long-term obligations.

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 48,724,823	\$ 13,601,018
Accumulated depreciation	(8,721,662)	(2,693,843)
Outstanding capital related debt	(1,198,811)	(5,392,533)
	<u>\$ 38,804,350</u>	<u>\$ 5,514,642</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2024, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 6,829</u>

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

NOTE 12 - RESTRICTED NET POSITION

At June 30, 2024, the Town had the following restricted net position balances:

General fund:	
Record preservation	\$ 44,100
Recreation	26,863
Prepaid items	6,829
Revolving loan funds	61,923
Trustee of public funds	867,473
Special revenue funds:	
Reappraisal reserve	176,171
Town farm fund	19,103
Public safety fund	14,156
Other grant programs	206
Local option tax fund	284,753
Wastewater fund	1,171,609
	<u>\$ 2,673,186</u>

NOTE 13 - RESTRICTED FUND BALANCES

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

General fund:	
Record preservation	\$ 44,100
Recreation	26,863
Revolving loan funds	61,923
Trustee of public funds	867,473
Nonmajor special revenue funds (Schedule E)	494,389
	<u>\$ 1,494,748</u>

NOTE 14 - ASSIGNED FUND BALANCES

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

General fund:	
Winter sand	\$ 10,000
PD Police Dog	803
Tree removal	7,000
Energy Committee	2,000
Office equipment	1,000
Paving	85,528
	<u>\$ 106,331</u>

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - DEFICIT FUND BALANCE

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

Equipment and infrastructure fund	\$ 72,676
Transportation grant funds	<u>15,672</u>
	<u>\$ 88,348</u>

NOTE 16 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation time permits employees to accumulate vacation time. The Town's policies also permit employees to accumulate earned but unused comp time and sick leave, but these are not paid out upon termination. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2024, the Town's liability for compensated absences is \$108,159.

NOTE 17 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year and amounts of settlements have not exceeded insurance coverage in the past three years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

In addition, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up two insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Employment Resource Benefits Trust (VERB) for unemployment, life, disability and other ancillary coverage. PACIF and VERB are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability. Members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - RISK MANAGEMENT (CONTINUED)

event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

To provide unemployment insurance coverage, VERB has established a self-funded fully insured program. Contributions fund unemployment claims and are based on payroll expense and the claim experience from the best four years out of the last five. Other benefits available include dental insurance, vision plans, flexible spending accounts, life insurance, disability insurance and long-term care insurance. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VERB is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset 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.

NOTE 18 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2022 (the most recent data available), the retirement system consisted of 17,253 participating members.

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

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

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

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

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

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula - Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

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

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2023 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.750% of gross salary	6.125% of gross salary	11.250% of gross salary	12.600% of gross salary
Employer Contributions	5.250% of gross salary	6.750% of gross salary	8.500% of gross salary	11.100% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2024 totaled \$149,669. The Town contributed \$118,527 for the year ended June 30, 2024. The Town's total payroll for the year ended June 30, 2024 for all employees covered under this plan was \$1,474,065.

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

At June 30, 2024, the Town reported a liability of \$1,164,303 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2022. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2023, the Town's proportion was 0.36351% for VMERS, which was A decrease of 0.04401% from its proportion measured as of June 30, 2022 for VMERS.

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

For the year ended June 30, 2024, the Town recognized pension expense of \$108,624 for the VMERS plan. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,019	\$ -
Changes of assumptions	37,950	-
Net difference between projected and actual earnings on pension plan investments	132,463	-
Changes in proportion and differences between contributions and proportionate share of contributions	60,082	83,548
Contributions subsequent to the measurement date	118,527	-
Total	\$ 422,041	\$ 83,548

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$118,527 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		VMERS Plan
Plan year ended June 30:		
2024	\$	80,878
2025		25,233
2026		116,597
2027		(2,742)
2028		-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2023 measurement date was determined by rolling forward the total pension liability as of June 30, 2022 to June 30, 2023. The total pension liability was calculated using the following actuarial assumptions:

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

Inflation: 2.30%

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

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pre-Retirement:

- Groups A/B/C - 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021.
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2021.

Healthy Post-Retirement - Retirees:

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2021.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2021.

Healthy Post-Retirement - Beneficiaries:

- Groups A/B/C - 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2021.
- Group D - Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2021.

Disabled Post-Retirement:

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

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2024, COLA is expected to be 1.10% for Groups A, B, C and D. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

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

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

The *long-term expected rate of return* on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equities	44.00%	5.35%
Private Equity	10.00%	7.50%
Emerging Markets Debt	2.00%	5.00%
Private and Alternative Credit	10.00%	5.50%
Non-Core Real Estate	4.00%	5.50%
Core Fixed Income	19.00%	1.50%
Core Real Estate	4.00%	3.25%
US TIPS	2.00%	1.50%
Infrastructure/Farmland	5.00%	4.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town’s proportionate share of the net pension liability	\$ 1,752,457	\$ 1,164,303	\$ 680,864

TOWN OF BRANDON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 20 - EXPENDITURES OVER APPROPRIATIONS

The Town was noncompliant with the legally adopted budget, overspending the entire allowed appropriation of \$8,054,664 by \$91,465 at June 30, 2024.

NOTE 21 - RESTATEMENTS

In 2024, there was a change within the reporting entity to present the equipment and infrastructure fund as a major fund which was presented as a nonmajor capital project fund in prior years.

	6/30/2023 As Previously Reported	Change from Nonmajor to Major Fund	6/30/2023 As Restated
Government-Wide			
Governmental Activities	<u>\$ 41,651,286</u>	<u>\$ -</u>	<u>\$ 41,651,286</u>
Major Funds:			
General Fund	\$ 791,675	\$ -	\$ 791,675
Revolving Loan Fund	83,390	-	83,390
Trustee of Public Funds	850,601	-	850,601
Equipment and Infrastructure Fund	-	(249,293)	(249,293)
Nonmajor Special Revenue Funds	911,827	-	911,827
Nonmajor Capital Projects Funds	(290,034)	249,293	(40,741)
Total Governmental Funds	<u>\$ 2,347,459</u>	<u>\$ -</u>	<u>\$ 2,347,459</u>

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

NOTE 22 – REVISION TO FINANCIAL STATEMENTS AFTER ISSUEANCE

The financial statements were revised to amend the Schedule of Expenditures of Federal Awards for a direct award, There were no changes to the financial statement amounts or to the amounts reported on the Schedule of Expenditures of Federal Awards.

NOTE 23 - SUBSEQUENT EVENT

In November of 2024 the Town entered into a note payable for \$100,000 with the National Bank of Middlebury to purchase a truck. Principal payments of \$10,000 begin December 2024 through 2029. Interest is 4.50% per annum.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF BRANDON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 791,675	\$ 791,675	\$ 791,675	\$ -
Resources (Inflows):				
Property taxes	7,445,774	7,445,774	7,350,693	(95,081)
Intergovernmental	212,500	212,500	222,270	9,770
Charges for services	206,390	206,390	286,214	79,824
Miscellaneous revenues	90,000	90,000	161,155	71,155
Transfers from other funds	-	-	284	284
Amounts Available for Appropriation	<u>8,746,339</u>	<u>8,746,339</u>	<u>8,812,291</u>	<u>65,952</u>
Charges to Appropriations (Outflows):				
General government	1,157,425	1,157,425	1,156,938	487
Public safety	864,915	864,915	925,838	(60,923)
Public works	824,520	824,520	798,561	25,959
Recreation	177,780	177,780	239,592	(61,812)
Education	4,465,784	4,465,784	4,465,784	-
County tax	30,000	30,000	28,361	1,639
Appropriations	242,730	242,730	242,730	-
Debt service:				
Principal	190,750	190,750	187,209	3,541
Interest	48,500	48,500	48,437	63
Unclassified	47,260	47,260	47,679	(419)
Transfers to other funds	5,000	5,000	5,000	-
Total Charges to Appropriations	<u>8,054,664</u>	<u>8,054,664</u>	<u>8,146,129</u>	<u>(91,465)</u>
Budgetary Fund Balance, June 30	<u>\$ 691,675</u>	<u>\$ 691,675</u>	<u>\$ 666,162</u>	<u>\$ (25,513)</u>
Utilization of Unassigned Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>

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

TOWN OF BRANDON, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>										
Proportion of the net pension liability	0.36%	0.41%	0.36%	0.37%	0.36%	0.36%	0.38%	0.36%	0.34%	0.00%
Proportionate share of the net pension liability	\$1,164,303	\$ 1,236,321	\$ 524,573	\$ 946,612	\$ 624,321	\$ 509,726	\$ 465,228	\$ 459,489	\$ 263,484	\$ 33,210
Covered payroll	\$1,330,951	\$ 1,348,686	\$ 1,176,816	\$ 1,191,211	\$ 1,183,593	\$ 1,118,217	\$ 1,136,033	\$ 986,618	\$ 865,453	\$ 594,130
Proportionate share of the net pension liability as a percentage of its covered payroll	87.48%	91.67%	44.58%	79.47%	52.75%	45.58%	40.95%	46.57%	30.44%	5.59%
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%

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

TOWN OF BRANDON, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>										
Contractually required contribution	\$118,527	\$103,614	\$ 101,962	\$ 79,241	\$ 77,553	\$ 69,141	\$ 63,467	\$ 62,709	\$ 54,264	\$ 47,773
Contributions in relation to the contractually required contribution	(118,527)	(103,614)	(101,962)	(79,241)	(77,553)	(69,141)	(63,467)	(62,709)	(54,264)	(47,773)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$1,474,065	\$1,330,951	\$ 1,348,686	\$ 1,176,816	\$ 1,191,211	\$ 1,183,593	\$ 1,118,217	\$ 1,136,033	\$ 986,618	\$ 865,453
Contributions as a percentage of covered payroll	8.04%	7.78%	7.56%	6.73%	6.51%	5.84%	5.68%	5.52%	5.50%	5.52%

* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF BRANDON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Changes of Assumptions

VMERS Pension Plan:

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

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF BRANDON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 7,445,774	\$ 7,445,774	\$ 7,350,693	\$ (95,081)
Intergovernmental revenues:				
State aid - highways	160,000	160,000	167,149	7,149
PILOT	52,500	52,500	55,121	2,621
Charges for services:				
Fees and fines	250	250	1,150	900
Licenses and permits	19,335	19,335	14,328	(5,007)
Clerk revenue	93,855	93,855	81,753	(12,102)
Zoning revenue	200	200	-	(200)
Police revenue	10,600	10,600	23,430	12,830
Recreation revenue	69,750	69,750	129,638	59,888
Solid waste revenue	11,000	11,000	22,744	11,744
Public works	1,400	1,400	13,171	11,771
Other income:				
Interest and penalties	84,000	84,000	81,077	(2,923)
Interest income	2,500	2,500	27,741	25,241
Other income	3,500	3,500	52,337	48,837
Transfers from other funds	-	-	284	284
TOTAL REVENUES	<u>\$ 7,954,664</u>	<u>\$ 7,954,664</u>	<u>\$ 8,020,616</u>	<u>\$ 65,952</u>

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

TOWN OF BRANDON, VERMONT

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 432,340	\$ -	\$ 432,340	\$ 410,017	\$ 22,323
Assessor	20,450	-	20,450	20,140	310
Code enforcement	43,625	-	43,625	39,722	3,903
Town clerk	218,615	-	218,615	212,028	6,587
Insurance	163,325	-	163,325	143,576	19,749
Economic development	53,280	-	53,280	46,846	6,434
Town buildings and maintenance	225,790	-	225,790	284,609	(58,819)
	<u>1,157,425</u>	<u>-</u>	<u>1,157,425</u>	<u>1,156,938</u>	<u>487</u>
Public safety:					
Public safety	864,915	-	864,915	925,838	(60,923)
	<u>864,915</u>	<u>-</u>	<u>864,915</u>	<u>925,838</u>	<u>(60,923)</u>
Public works:					
Administration	422,320	-	422,320	360,392	61,928
Professional services	4,000	-	4,000	855	3,145
Supplies and equipment	11,500	-	11,500	12,076	(576)
Winter roads	115,000	-	115,000	84,945	30,055
Summer roads	139,500	-	139,500	190,068	(50,568)
Vehicle repairs and maintenance	99,200	-	99,200	117,817	(18,617)
Leased equipment	33,000	-	33,000	32,408	592
	<u>824,520</u>	<u>-</u>	<u>824,520</u>	<u>798,561</u>	<u>25,959</u>
Recreation	<u>177,780</u>	<u>-</u>	<u>177,780</u>	<u>239,592</u>	<u>(61,812)</u>
Education	<u>4,465,784</u>	<u>-</u>	<u>4,465,784</u>	<u>4,465,784</u>	<u>-</u>
County tax	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>28,361</u>	<u>1,639</u>

SCHEDULE B (CONTINUED)
TOWN OF BRANDON, VERMONT

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	190,750	-	190,750	187,209	3,541
Interest	48,500	-	48,500	48,437	63
	<u>239,250</u>	<u>-</u>	<u>239,250</u>	<u>235,646</u>	<u>3,604</u>
Appropriations:					
BIDCC - 4th of July	7,000	-	7,000	7,000	-
Brandon rescue squad	82,580	-	82,580	82,580	-
Chamber of Commerce	1,000	-	1,000	1,000	-
Charter House Coalition	3,000	-	3,000	3,000	-
Open Door Clinic - Middlebury	1,000	-	1,000	1,000	-
RSVP	550	-	550	550	-
SW VT Council on Aging	2,900	-	2,900	2,900	-
RAVNA	10,200	-	10,200	10,200	-
American Legion Post #55	25,000	-	25,000	25,000	-
Stephen A. Douglas Inc.	2,500	-	2,500	2,500	-
Brandon Library	92,000	-	92,000	92,000	-
Senior Citizen Center	13,500	-	13,500	13,500	-
Rutland Co Humane Society	1,500	-	1,500	1,500	-
	<u>242,730</u>	<u>-</u>	<u>242,730</u>	<u>242,730</u>	<u>-</u>
Unclassified:					
Rutland Regional Commission	1,000	-	1,000	1,000	-
Green-up Day	300	-	300	969	(669)
Public transit	3,500	-	3,500	3,500	-
REDC	500	-	500	500	-
Rut Nat Resources Conservation	250	-	250	-	250
Mosquito control	41,710	-	41,710	41,710	-
	<u>47,260</u>	<u>-</u>	<u>47,260</u>	<u>47,679</u>	<u>(419)</u>
Transfers to other funds	5,000	-	5,000	5,000	-
Total Departmental Operations	<u>\$ 8,054,664</u>	<u>\$ -</u>	<u>\$ 8,054,664</u>	<u>\$ 8,146,129</u>	<u>\$ (91,465)</u>

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

TOWN OF BRANDON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Due from other funds	\$ 503,794	\$ -	\$ 503,794
TOTAL ASSETS	\$ 503,794	\$ -	\$ 503,794
LIABILITIES			
Accounts payable	\$ 9,405	\$ 600	\$ 10,005
Due to other funds	-	15,072	15,072
TOTAL LIABILITIES	9,405	15,672	25,077
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	494,389	-	494,389
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(15,672)	(15,672)
TOTAL FUND BALANCES (DEFICITS)	494,389	(15,672)	478,717
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 503,794	\$ -	\$ 503,794

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

TOWN OF BRANDON, VERMONT

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ 28,184	\$ 28,184
Investment income, net of realized/unrealized gains/(losses)	13,375	-	13,375
Other	300,443	83	300,526
TOTAL REVENUES	<u>313,818</u>	<u>28,267</u>	<u>342,085</u>
EXPENDITURES			
Program expenses	660,022	26,651	686,673
TOTAL EXPENDITURES	<u>660,022</u>	<u>26,651</u>	<u>686,673</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(346,204)</u>	<u>1,616</u>	<u>(344,588)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	24,453	29,453
Transfers (out)	(76,234)	-	(76,234)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(71,234)</u>	<u>24,453</u>	<u>(46,781)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(417,438)</u>	<u>26,069</u>	<u>(391,369)</u>
FUND BALANCE (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	911,827	(290,034)	621,793
CHANGE WITHIN FINANCIAL REPORTING ENTITY (NONMAJOR TO MAJOR FUND)	<u>-</u>	<u>248,293</u>	<u>248,293</u>
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	<u>911,827</u>	<u>(41,741)</u>	<u>870,086</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 494,389</u>	<u>\$ (15,672)</u>	<u>\$ 478,717</u>

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF BRANDON, VERMONT

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

	Reappraisal Reserve	ARPA Funds	Town Farm Fund	Public Safety Funds	Other Grant Programs	Local Option Tax Fund	Total
ASSETS							
Due from other funds	\$ 176,171	\$ -	\$ 19,103	\$ 14,156	\$ 206	\$ 294,158	\$ 503,794
TOTAL ASSETS	\$ 176,171	\$ -	\$ 19,103	\$ 14,156	\$ 206	\$ 294,158	\$ 503,794
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,405	\$ 9,405
TOTAL LIABILITIES	-	-	-	-	-	9,405	9,405
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	176,171	-	19,103	14,156	206	284,753	494,389
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	176,171	-	19,103	14,156	206	284,753	494,389
TOTAL LIABILITIES AND FUND BALANCES	\$ 176,171	\$ -	\$ 19,103	\$ 14,156	\$ 206	\$ 294,158	\$ 503,794

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

SCHEDULE F

TOWN OF BRANDON, VERMONT

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

	Reappraisal Reserve	ARPA Funds	Town Farm Fund	Public Safety Funds	Other Grant Programs	Local Option Tax Fund	Total
REVENUES							
Interest income	\$ -	\$ 9,178	\$ 413	\$ -	\$ 3	\$ 3,781	\$ 13,375
Other income	19,939	-	-	3,529	-	276,975	300,443
TOTAL REVENUES	<u>19,939</u>	<u>9,178</u>	<u>413</u>	<u>3,529</u>	<u>3</u>	<u>280,756</u>	<u>313,818</u>
EXPENDITURES							
Other	-	645,022	-	-	-	15,000	660,022
TOTAL EXPENDITURES	<u>-</u>	<u>645,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>660,022</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>19,939</u>	<u>(635,844)</u>	<u>413</u>	<u>3,529</u>	<u>3</u>	<u>265,756</u>	<u>(346,204)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	-	-	-	-	-	5,000
Transfers (out)	-	(51,781)	-	-	-	(24,453)	(76,234)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>(51,781)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,453)</u>	<u>(71,234)</u>
NET CHANGE IN FUND BALANCES	24,939	(687,625)	413	3,529	3	241,303	(417,438)
FUND BALANCES - JULY 1	<u>151,232</u>	<u>687,625</u>	<u>18,690</u>	<u>10,627</u>	<u>203</u>	<u>43,450</u>	<u>911,827</u>
FUND BALANCES - JUNE 30	<u>\$ 176,171</u>	<u>\$ -</u>	<u>\$ 19,103</u>	<u>\$ 14,156</u>	<u>\$ 206</u>	<u>\$ 284,753</u>	<u>\$ 494,389</u>

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

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF BRANDON, VERMONT

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

	Transportation Grant Funds	<i>Moved to Major Fund</i> Equipment and Infrastructure Fund	Total
ASSETS			
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 600	\$ -	\$ 600
Due to other funds	15,072	-	15,072
TOTAL LIABILITIES	<u>15,672</u>	<u>-</u>	<u>15,672</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	(15,672)	-	(15,672)
TOTAL FUND BALANCES (DEFICITS)	<u>(15,672)</u>	<u>-</u>	<u>(15,672)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF BRANDON, VERMONT

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

	Transportation Grant Funds	<i>Moved to Major Fund</i> Equipment and Infrastructure Fund	Total
REVENUES			
Intergovernmental	\$ 28,184	\$ -	\$ 28,184
Other income	83	-	83
TOTAL REVENUES	<u>28,267</u>	<u>-</u>	<u>28,267</u>
EXPENDITURES			
Program expenses	26,651	-	26,651
TOTAL EXPENDITURES	<u>26,651</u>	<u>-</u>	<u>26,651</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,616</u>	<u>-</u>	<u>1,616</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	24,453	-	24,453
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,453</u>	<u>-</u>	<u>24,453</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>26,069</u>	<u>-</u>	<u>26,069</u>
FUND BALANCE (DEFICIT) - JULY 1, AS PREVIOUSLY REPORTED	(41,741)	(248,294)	(290,035)
CHANGE WITHIN FINANCIAL REPORTING ENTITY (NONMAJOR TO MAJOR FUND)	<u>-</u>	<u>248,294</u>	<u>248,294</u>
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	<u>(41,741)</u>	<u>-</u>	<u>(41,741)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (15,672)</u>	<u>\$ -</u>	<u>\$ (15,672)</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF BRANDON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2024

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 1,823,121	\$ 1,839,048	\$ 121,483	\$ -	\$ 3,783,652
Public safety	-	588,449	318,590	-	907,039
Public works	176,782	83,957	1,876,840	41,663,635	43,801,214
Recreation	2,400	169,719	60,799	-	232,918
Wastewater fund	6,697,848	2,121,498	1,947,072	2,834,600	13,601,018
Total General Capital Assets	8,700,151	4,802,671	4,324,784	44,498,235	62,325,841
Less: Accumulated Depreciation	-	(2,095,857)	(2,406,621)	(6,913,027)	(11,415,505)
Net General Capital Assets	<u>\$ 8,700,151</u>	<u>\$ 2,706,814</u>	<u>\$ 1,918,163</u>	<u>\$ 37,585,208</u>	<u>\$ 50,910,336</u>

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

TOWN OF BRANDON, VERMONT

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

	General Capital Assets 7/1/23	Additions	Deletions	General Capital Assets 6/30/24
General government	\$ 3,549,187	\$ 234,465	\$ -	\$ 3,783,652
Public safety	922,440	6,674	(22,075)	907,039
Public works	43,253,321	990,912	(443,019)	43,801,214
Recreation	242,143	-	(9,225)	232,918
Wastewater fund	10,515,712	3,085,306	-	13,601,018
Total General Capital Assets	58,482,803	4,317,357	(474,319)	62,325,841
Less: Accumulated Depreciation	(10,014,379)	(1,463,424)	62,298	(11,415,505)
Net General Capital Assets	<u>\$ 48,468,424</u>	<u>\$ 2,853,933</u>	<u>\$ (412,021)</u>	<u>\$ 50,910,336</u>

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

Federal Compliance Description

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

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF BRANDON, VERMONT

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

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal AL Number	Pass Through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture Direct award Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 2,723,346	\$ -
Total U.S. Department of Agriculture			<u>2,723,346</u>	<u>-</u>
U.S. Department of Housing and Urban Development, passed through State Vermont Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Community Development Block Grant (CDBG)	14.228	07110-AM-2022 Brandon-02	100,000	100,000
Total U.S. Department of Housing and Urban Development			<u>100,000</u>	<u>100,000</u>
U.S. Department of Justice: Direct award Bulletproof Vest Partnership Program	16.607	N/A	567	-
Total U.S. Department of Justice			<u>567</u>	<u>-</u>
U.S. Department of Transportation, passed through State of Vermont Department of Transportation:				
Highway Planning and Construction	20.205	08100-CA0673	12,464	-
Highway Planning and Construction	20.205	08100-CA0759	1,829	-
			<u>14,293</u>	<u>-</u>
Highway Safety Cluster State and Community Highway Safety	20.600	08100-GR1656	4,180	-
Vermont Department of Public Safety National Priority Safety Programs	20.616	02140-NH23405C-702C	6,674	-
Total Highway Safety Cluster			<u>10,854</u>	<u>-</u>
Total U.S. Department of Transportation			<u>25,147</u>	<u>-</u>
U.S. Treasury Department, passed through the State of Vermont Department of Administration:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRF-VT0028	169,781	100,000
Vermont Department of Environmental Conservation Coronavirus State and Local Fiscal Recovery Funds	21.027	06140-2022 ARPA-CWB-02	36,264	-
			<u>206,045</u>	<u>100,000</u>
Total U.S. Treasury Department			<u>206,045</u>	<u>100,000</u>
U.S. Department of Homeland Security, passed through State of Vermont Agency of Public Safety:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84720-018	176,473	-
Hazard Mitigation Grant	97.039	02140-34445-003	124,643	-
Hazard Mitigation Grant	97.039	21040-34532-002	495	-
Building Resilient Infrastructure and Communities	97.047	02140-31237-003	11,217	-
			<u>312,828</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>312,828</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 3,367,933</u>	<u>\$ 200,000</u>

TOWN OF BRANDON, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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

3. Expenditures to Subrecipients

AL Number	Subrecipient	Total
14.228	Brandon Free Public Library	\$ 100,000
21.027	Brandon Free Public Library	100,000
		<u>\$ 200,000</u>



Proven Expertise & Integrity

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 Brandon
Brandon, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Brandon, 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 Brandon, Vermont's basic financial statements and have issued our report thereon dated March 31, 2025 and April 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Brandon, 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 Brandon, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brandon, 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 organization's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brandon, 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*. We noted certain other matters that we reported to management of the Town of Brandon, Vermont in a separate letter dated March 31, 2025 and April 10, 2025.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 31, 2025
April 10, 2025



Proven Expertise & Integrity

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

Selectboard
Town of Brandon, Vermont
Brandon, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of Town of Brandon, Vermont and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Brandon, Vermont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Brandon, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Brandon, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are

appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Brandon, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
March 31, 2025
April 10, 2025

TOWN OF BRANDON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

• *Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
In accordance with section OMB Compliance Supplement? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None