

TOWN OF DERBY, VERMONT

Financial Statements

Year Ended December 31, 2024

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Independent Auditor's Report

To the Select Board
Town of Derby
Derby, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Derby, Vermont as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Derby, Vermont's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Derby, Vermont, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Derby, Vermont ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Derby, 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 substantial doubt about the Town of Derby, 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 benefit information on pages 3-8 and 39-41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2025 on our consideration of the Town of Derby, 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 Derby, 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 Derby, Vermont's internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
April 1, 2025

TOWN OF DERBY, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2024

As management of the Town of Derby, Vermont, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. Other forward-looking indicators will also assist the reader to assess the overall financial health of the Town.

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

The government-wide financial statements consists of the following activities:

- Governmental activities – Most of the Town's basic services are reported here, including general administration, the highway department, recreation, and public safety. Property taxes and state and federal grants finance most of these activities.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: Governmental and Fiduciary Funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of the Governmental Funds is narrower than that of the 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 Fund balance sheet and the Governmental Fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate the comparison between Governmental Funds and governmental activities.

The Town maintains two Governmental Funds. Information is presented separately in the Governmental Fund balance sheet and in the Governmental Fund statement of revenues, expenditures, and changes in fund balance for the General Fund and the Milfoil Fund, both of which are considered major funds.

The General Fund is the only fund which the Town legally adopts a budget. The Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary Funds use the accrual basis of accounting and are reported using the economic resources measurement focus.

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 fund financial statements. The notes provide explanations of the accounting principles followed and include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The required supplementary information can be found immediately after the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$9,340,370 (i.e., net position), a change of \$2,122,372 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue of \$5,363,016, a change of \$1,393,163 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses of \$3,240,644, a change of \$77,076 in comparison to the prior year.
- As of the close of the current fiscal year, the Governmental Funds reported a combined ending fund balance of \$814,496, a change of \$308,175 in comparison to the prior year.
- As of the close of the current fiscal year, the Governmental Funds reported total revenue of \$5,252,142, a change of \$1,312,117 in comparison to the prior year.

- As of the close of the current year, the Governmental Funds reported total expenses of \$4,943,967, a change of \$1,443,561 in comparison to the prior year.
- As of the close of the current year, unassigned fund balance for the General Fund was \$201,571, a change of \$131,271 in comparison to the prior year.
- As of the close of the current year, the Town reported total outstanding long-term indebtedness of \$50,000, a change of \$(70,000) in comparison to the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>Net Position</u>		Percentage Change
	<u>12/31/24</u>	<u>12/31/23</u>	
Assets			
Current assets	\$ 1,354,988	\$ 1,175,316	15.3%
Noncurrent assets	8,576,630	6,894,703	24.4
Total assets	<u>9,931,618</u>	<u>8,070,019</u>	<u>23.1</u>
Deferred outflows of resources			
Pensions	<u>129,424</u>	<u>151,910</u>	<u>-14.8</u>
Total assets and deferred outflows of resources	<u>\$ 10,061,042</u>	<u>\$ 8,221,929</u>	<u>22.4%</u>
Liabilities			
Current liabilities	\$ 110,335	\$ 142,131	-22.4%
Long-term liabilities	361,135	405,681	-11.0
Total liabilities	<u>471,470</u>	<u>547,812</u>	<u>-13.9</u>
Deferred inflows of resources			
Unearned revenue – state aid	134,161	111,568	20.3
Unearned revenue – federal aid	59,026	298,693	-80.2
Taxes paid in advance	41,910	38,904	7.7
Pensions	<u>14,105</u>	<u>6,954</u>	<u>102.8</u>
Total deferred inflows of resources	<u>249,202</u>	<u>456,119</u>	<u>-45.4</u>
Net position			
Net investment in capital assets	8,477,045	6,738,631	25.8
Restricted	612,925	436,021	40.6
Unrestricted	250,400	43,346	477.7
Total net position	<u>9,340,370</u>	<u>7,217,998</u>	<u>29.4</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 10,061,042</u>	<u>\$ 8,221,929</u>	<u>22.4%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$9,340,370, a change of \$2,122,372 from the prior year.

The largest portion of net position, \$8,477,045, reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$612,925, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$250,400 is unrestricted net position, which is the part of net position that may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Change in Net Position

	<u>12/31/24</u>	<u>12/31/23</u>	<u>Percentage Change</u>
Revenues			
Program Revenues			
Charges for services	\$ 119,118	\$ 101,703	17.1%
Operating grants	751,618	928,602	-19.1
Capital grants	519,818	194,976	166.6
General revenues			
Real property taxes	2,834,853	2,510,537	12.9
State sources	20,158	20,150	0.0
Investment earnings	21,774	25,631	-15.1
Miscellaneous	1,095,677	188,254	482.0
Total revenues	<u>5,363,016</u>	<u>3,969,853</u>	<u>35.1</u>
Expenses			
General government	1,041,285	911,787	14.2
Public safety	565,163	667,097	-15.3
Public works	43,243	42,639	1.4
Transportation	1,135,697	1,090,099	4.2
Recreation	96,236	58,976	63.2
Appropriations	345,877	368,813	-6.2
Debt service	13,143	24,157	-45.6
Total expenses	<u>3,240,644</u>	<u>3,163,568</u>	<u>2.4</u>
Change in net position	2,122,372	806,285	163.2
Net position – beginning of year	7,217,998	6,411,713	12.6
Net position – end of year	<u>\$ 9,340,370</u>	<u>\$ 7,217,998</u>	<u>29.4%</u>

Governmental activities

The Town’s total revenues for the 2024 year were \$5,363,016 versus expenses of \$3,240,644 . For the year, the Town’s net position increased by \$2,122,372 to bring the total net position of the primary government to \$9,340,370. The driver of revenues for the year was real property taxes, operating grants, and capital grants. Real property taxes comprised 53% of total revenues. Revenues were up from the prior year by \$1,393,163.

For expenses transportation and general government made up a majority of the costs of the governmental activities. Total expenses for transportation were \$1,135,697, which included highway salaries, salt, and depreciation. General government total expenses for the year were \$1,041,285. Costs associated with general government included expenses for the clerk/treasure office, listers, Town administrator, zoning administrator, and depreciation.

Governmental Funds

General Fund– the General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance was \$201,571 and the total fund equity was \$811,358. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year, unassigned fund balance represents 4% of total expenditures (including transfers out), while total fund balance was 17% of the same amount. The total fund balance of the Town’s General Fund increased by \$305,246 during the current year.

Milfoil Fund – This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for the Lake Salem Milfoil Prevention. The fund balance of the Milfoil Fund increased by \$2,929 during the current year.

BUDGETARY HIGHLIGHTS

During the year, the Town reallocates funds within the General Fund budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the Town’s original and final General Fund budget amounts compared with actual results is shown on the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund.

There was no difference between the original and final budget for the General Fund.

During the 2024 year, revenues and other financing sources were \$1,964,927 over budget due to receiving \$1,034,364 in Shattuck Hill donations, which were not included in the budget. Expenditures were \$1,531,768 over budget due to spending \$924,824 on Shattuck Hill expenses, which were not included in the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

Total investment in capital assets for governmental activities at year end amounted to \$8,527,045 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, vehicles, monuments, construction in progress, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

<u>Capital Asset Additions</u>	
Welch Park – construction in progress	\$ 352,539
Garage Roof – construction in progress	61,264
2025 Freightliner	250,202
Beebe Road Paving	354,008
Hinman Settler Road Culvert	194,760
Shattuck Hill Land	750,000
Shattuck Hill Land Improvements	174,631

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt

At the end of the current fiscal year, total bonded debt outstanding was \$50,000, all of which was backed by the full faith and credit of the government.

The Town's other long-term liabilities include accrued compensated absences and net pension liability benefits.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town was not aware of any circumstances that could affect its future financial health.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Town Office
Town of Derby, Vermont
124 Main Street
Derby, VT 05829
(802) 766-4906

TOWN OF DERBY, VERMONT
Statement of Net Position
Year Ended December 31, 2024

	Governmental Activities	Component Unit
Assets		
Current assets:		
Cash	\$ 229,717	\$ 84,533
Investments	-	52,922
Delinquent taxes receivable	310,619	-
Grants receivable	702,681	-
Due from other government	108,000	-
Due from other funds	3,971	-
Total current assets	1,354,988	137,455
Noncurrent assets:		
Restricted cash	49,585	-
Capital assets, net	8,527,045	-
Total noncurrent assets	8,576,630	-
Total assets	9,931,618	137,455
Deferred outflows of resources		
Pensions - VMERS	129,424	-
Total assets and deferred outflows of resources	\$ 10,061,042	\$ 137,455
Liabilities		
Current liabilities:		
Accounts payable	\$ 33,992	\$ -
Accrued liabilities	26,343	-
Due to other funds	-	3,971
Notes payable, current	50,000	-
Total current liabilities	110,335	3,971
Long term liabilities:		
Accrued compensated absences	12,805	-
Net pension liability	348,330	-
Total long term liabilities	361,135	-
Total liabilities	471,470	3,971
Deferred inflows of resources		
Unearned revenue - state aid	134,161	-
Unearned revenue - federal aid	59,026	-
Taxes paid in advance	41,910	-
Pensions - VMERS	14,105	-
Total deferred inflows of resources	249,202	-
Net Position		
Net investment in capital assets	8,477,045	-
Restricted	612,925	133,484
Unassigned	250,400	-
Total net position	9,340,370	133,484
Total liabilities, deferred inflows of resources, and net position	\$ 10,061,042	\$ 137,455

The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT
Statement of Activities
Year Ended December 31, 2024

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Component Unit
Governmental activities						
General government	\$ 1,041,285	\$ 94,721	\$ 465,593	\$ -	\$ (480,971)	\$ -
Public safety	565,163	10,851	-	-	(554,312)	-
Public works	43,243	-	-	-	(43,243)	-
Transportation	1,135,697	950	253,421	167,279	(714,047)	-
Recreation	96,236	12,596	32,604	352,539	301,503	-
Appropriations	345,877	-	-	-	(345,877)	-
Debt service	13,143	-	-	-	(13,143)	-
Total governmental activities	3,240,644	119,118	751,618	519,818	(1,850,090)	-
Component unit						
Cemetery fund	47,124	12,510	-	-	-	(34,614)
Total primary government	\$ 3,287,768	\$ 131,628	\$ 751,618	\$ 519,818	(1,850,090)	(34,614)
General revenues						
Real property taxes					2,834,853	20,985
State sources, not restricted to specific programs					20,158	-
Investment earnings					21,774	3,130
Unrealized gain/loss on investments					-	14,410
Miscellaneous					1,095,677	-
Total general revenues					3,972,462	38,525
Change in net position					2,122,372	3,911
Net position - beginning of year					7,217,998	129,573
Net position - end of year					\$ 9,340,370	\$ 133,484

The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT
Balance Sheet - Governmental Funds
Year Ended December 31, 2024

	General	Milfoil Prevention	Total Governmental Funds
Assets			
Cash - unrestricted	\$ 229,717	\$ -	\$ 229,717
Cash - restricted	49,585	-	49,585
Delinquent taxes and fees receivable	310,619	-	310,619
Grants receivable	684,072	18,609	702,681
Due from other government	108,000	-	108,000
Due from other funds	12,534	-	12,534
Total assets	\$ 1,394,527	\$ 18,609	\$ 1,413,136
Liabilities			
Accounts payable	\$ 27,084	\$ 6,908	\$ 33,992
Accrued liabilities	26,343	-	26,343
Due to other funds	-	8,563	8,563
Total liabilities	53,427	15,471	68,898
Deferred inflows of resources			
Unavailable revenue - property taxes	294,645	-	294,645
Unearned revenue - state aid	134,161	-	134,161
Unearned revenue - federal aid	59,026	-	59,026
Taxes paid in advance	41,910	-	41,910
Total deferred inflows of resources	529,742	-	529,742
Fund balance			
Restricted	535,905	3,138	539,043
Committed	73,882	-	73,882
Unassigned	201,571	-	201,571
Total fund balance	811,358	3,138	814,496
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,394,527	\$ 18,609	\$ 1,413,136

The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
Year Ended December 31, 2024

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassification and Elimination	Statement of Net Position
Assets				
Current assets				
Cash - unrestricted	\$ 229,717	\$ -	\$ -	\$ 229,717
Cash - restricted	49,585	-	-	49,585
Delinquent taxes and fees receivable	310,619	-	-	310,619
Grants receivable	702,681	-	-	702,681
Due from other government	108,000	-	-	108,000
Due from other funds	12,534	-	(8,563)	3,971
Noncurrent assets				
Capital assets, net	-	8,527,045	-	8,527,045
Total assets	1,413,136	8,527,045	(8,563)	9,931,618
Deferred outflows of resources				
Pensions	-	129,424	-	129,424
Total assets and deferred outflows of resources	\$ 1,413,136	\$ 8,656,469	\$ (8,563)	\$ 10,061,042
Liabilities				
Current liabilities				
Accounts payable	\$ 33,992	\$ -	\$ -	\$ 33,992
Accrued liabilities	26,343	-	-	26,343
Due to other funds	8,563	-	(8,563)	-
Long-term liabilities				
Notes payable	-	50,000	-	50,000
Accrued compensated absences	-	12,805	-	12,805
Net pension liability	-	348,330	-	348,330
Total liabilities	68,898	411,135	(8,563)	471,470
Deferred inflows of resources				
Unavailable revenue - property taxes	294,645	(294,645)	-	-
Unearned revenue - state aid	134,161	-	-	134,161
Unearned revenue - federal aid	59,026	-	-	59,026
Taxes paid in advance	41,910	-	-	41,910
Pensions	-	14,105	-	14,105
Total deferred inflows of resources	529,742	(280,540)	-	249,202
Fund balance/net position				
Total fund balance/net position	814,496	8,525,874	-	9,340,370
Total liabilities, deferred inflows of resources and fund balance/net position	\$ 1,413,136	\$ 8,656,469	\$ (8,563)	\$ 10,061,042

The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Governmental Funds
Year Ended December 31, 2024

	<u>General</u>	<u>Milfoil Prevention</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 2,708,979	\$ 15,000	\$ 2,723,979
Intergovernmental revenue	1,258,989	32,605	1,291,594
Licenses and permits	38,614	-	38,614
Fees and charges for services	75,794	-	75,794
Investment income	21,774	-	21,774
Local fines	4,710	-	4,710
Shattuck Hill Donations	1,034,654	-	1,034,654
Miscellaneous	61,023	-	61,023
Total revenues	<u>5,204,537</u>	<u>47,605</u>	<u>5,252,142</u>
Expenditures			
General government	986,880	-	986,880
Public safety	449,338	-	449,338
Public works	42,178	-	42,178
Transportation	1,681,231	-	1,681,231
Recreation	1,310,644	44,676	1,355,320
Appropriations	345,877	-	345,877
Debt service	83,143	-	83,143
Total expenditures	<u>4,899,291</u>	<u>44,676</u>	<u>4,943,967</u>
Excess of revenues over expenditures	305,246	2,929	308,175
Fund balance - beginning of year	<u>506,112</u>	<u>209</u>	<u>506,321</u>
Fund balance - end of year	<u>\$ 811,358</u>	<u>\$ 3,138</u>	<u>\$ 814,496</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended December 31, 2024

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Funds</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Activities Totals</u>
Revenues					
Property taxes	\$ 2,723,979	\$ 110,874	\$ -	\$ -	\$ 2,834,853
Intergovernmental revenue	1,291,594	-	-	-	1,291,594
Licenses and permits	38,614	-	-	-	38,614
Fees and charges for services	75,794	-	-	-	75,794
Investment income	21,774	-	-	-	21,774
Local fines	4,710	-	-	-	4,710
Shattuck Hill Donations	1,034,654	-	-	-	1,034,654
Miscellaneous	61,023	-	-	-	61,023
Total revenues	<u>5,252,142</u>	<u>110,874</u>	<u>-</u>	<u>-</u>	<u>5,363,016</u>
Expenditures					
General government	986,880	54,405	-	-	1,041,285
Public safety	449,338	115,825	-	-	565,163
Public works	42,178	1,065	-	-	43,243
Transportation	1,681,231	314,700	(860,234)	-	1,135,697
Recreation	1,355,320	18,086	(1,277,170)	-	96,236
Appropriations	345,877	-	-	-	345,877
Debt service	83,143	-	-	(70,000)	13,143
Total expenditures	<u>4,943,967</u>	<u>504,081</u>	<u>(2,137,404)</u>	<u>(70,000)</u>	<u>3,240,644</u>
Net change for the year	<u>\$ 308,175</u>	<u>\$ (393,207)</u>	<u>\$ 2,137,404</u>	<u>\$ 70,000</u>	<u>\$ 2,122,372</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT
Balance Sheet - Cemetery Fund
Year Ended December 31, 2024

Assets	
Cash	\$ 84,533
Investments	52,922
Due from other funds	<u>-</u>
Total assets	\$ <u>137,455</u>
Liabilities	
Due to other funds	\$ <u>3,971</u>
Fund balance	
Restricted	<u>133,484</u>
Total liabilities and fund balance	\$ <u>137,455</u>

TOWN OF DERBY, VERMONT
Reconciliation of the Balance Sheet to the Statement of Net Position
Cemetery Fund
Year Ended December 31, 2024

Total fund balance	\$ 133,484
Capital assets used in the discretely presented component unit are not financial resources and therefore are not reported in the balance sheet.	31,300
Accumulated depreciation has not been included in the balance sheet.	<u>(31,300)</u>
Net position of the discretely presented component unit	\$ <u>133,484</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT
Statement of Revenues, Expenditures and Changes in Fund Balance
Cemetery Fund
Year Ended December 31, 2024

Revenues	
Property taxes	\$ 20,985
Fees and charges for services	5,160
Interest and dividends	3,130
Sale of plots	<u>7,350</u>
Total revenues	<u>36,625</u>
Expenditures	
Cemetery	<u>45,829</u>
Excess of expenditures over revenues	<u>(9,204)</u>
Other financing uses	
Unrealized gain on investments	<u>14,410</u>
Change in fund balance	5,206
Fund balance - beginning of year	<u>128,278</u>
Fund balance - end of year	<u>\$ 133,484</u>

TOWN OF DERBY, VERMONT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities - Cemetery Fund
Year Ended December 31, 2024

Total net change in fund balance	\$ 5,206
Depreciation is not recognized as an expense since it does not require the use of current financial resources. The effect of the current year depreciation is to decrease net position.	<u>(1,295)</u>
Change in net position of the Cemetery Fund	<u>\$ 3,911</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT
Statement of Net Position
Fiduciary Fund
Year Ended December 31, 2024

Assets

Cash and cash equivalents	\$ 279
Investments - certificates of deposit	<u>2,000</u>
Total assets	<u><u>\$ 2,279</u></u>

Net Position

Held in Trust	<u><u>\$ 2,279</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

The Town of Derby, Vermont (“the Town”) is organized according to Vermont State Law and Town Charter, under the governance of a five member Selectboard to provide the following services for the Town of Derby: public health and safety, highways and streets, culture and recreation, public improvements, planning and zoning, and general administration.

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Town are described below:

a) Reporting Entity

This report includes all of the funds of the Town. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based on these criteria, the Cemetery Fund is combined with the financial statements of the Town.

b) Basis of Presentation

Government-Wide Statements

The Town’s basic financial statements include government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). The Town’s General Fund and Milfoil Fund are classified as governmental.

The Statement of Net Position and the Statement of Activities present financial information about the Town’s governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Adjustments have been made to minimize the effect of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the Town at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Town uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the Town's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major Governmental Funds, each displayed in a separate column. All remaining Governmental Funds are aggregated and reported as non-major funds.

The Town reports the following major Governmental Funds:

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

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Lake Salem Milfoil Prevention Fund is a Special Revenue Fund.

The Town reports on the following fiduciary funds:

Fiduciary Fund - Fiduciary activities are those which the Town acts as trustee or agent for resources that belong to others. These activities are not included in the Town-wide financial statements because their resources do not belong to the Town and are not available to be used.

c) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and Fiduciary Fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activities (between or within funds).

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Measurement Focus and Basis of Accounting (continued)

The Governmental Fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers property taxes to be available if they are collected 60 days after the end of the fiscal year. A 60 day availability period is used for recognition of all other Governmental Funds revenues.

In the Governmental Fund statements, expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences and pensions, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under lease liabilities are reported as other financing sources.

d) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town's policy concerning which to apply first varies with the intended use and with associated legal requirements, many of which are described elsewhere in these Notes.

e) Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The Town may loan resources between funds for the purpose of providing cash flow. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide financial statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent the amount due between different fund types. Eliminations have been made for all interfund receivables and payables between funds.

The Governmental Funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Town's practice to settle these amounts at a net balance based upon the right of legal offset. Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenue activity.

f) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including potential contingent liabilities, net pension liability, and useful lives of long-lived assets.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

g) Cash and Cash Equivalents

The Town’s cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

h) Investments

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

i) Delinquent Taxes Receivable

Delinquent taxes receivable represents property taxes in arrears as of December 31, 2024. The Town has the legal right to force sale of the property to recover these taxes. The value of the properties exceeds the amount of delinquent taxes, therefore, no allowance for doubtful accounts has been recognized.

j) Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Land and construction in progress are not capitalized. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the Government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Vehicles and Machinery	\$ 2,500	Straight line	5-15 years
Land Improvements	\$ 12,500	Straight line	40 years
Buildings and Building Improvements	\$ 25,000	Straight line	40 years
Infrastructure	\$ 100,000	Straight line	20-40 years

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

k) Deferred Outflows Resources

In addition to assets, the financial statements will sometimes 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

The Town has one items that qualify for reporting in this category. This item is related to pensions reported in the government-wide statement of net position. This represents the effect of the net change in the Town’s proportion of the collective net pension asset or liability and difference during the measurement period between the Town’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included in this item is the Town’s contribution to the pension systems (VMERS) subsequent to the measurement date.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

l) Deferred Inflows Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has three items that qualify for reporting in this category. The first is related to unavailable revenues. The Town reports unavailable revenues on its Governmental Funds balance sheets. Unavailable revenues consist of property taxes which are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item is related to unearned revenue. Unearned revenue arises when resources are received by the Town before it has legal claim to them, as when grant monies or property taxes are received prior to incurrence of qualifying expenditures. The Town reports property taxes collected in advance and unearned federal or state funds on its Governmental Funds balance sheet and Statements of Net Position as a deferral related to a future period.

The third item is related to pensions reported in the government-wide and statements of net position. This represents the effect of the net change in the Town's proportion of the collective net pension liability (VMERS) and differences during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension system not included in the pension expense.

m) Pensions

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

n) Other Benefits

Eligible Town employees participate in the Vermont Municipal Employees' Retirement System.

All full-time employees of the Town accumulate vacation and sick leave during the calendar year. All full-time employees are entitled to three days of sick leave per year. Sick leave may be accumulated indefinitely; however, upon termination of employment voluntary, involuntary, or upon retirement, no compensation shall be granted for any unused portion of sick leave remaining. Vacation leave is based upon the number of years employed with the Town. A maximum of fifteen days accrued vacation may be carried over.

o) Short-term Debt

The Town may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

o) Short-term Debt (continued)

The Town may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds.

p) Long-Term Liabilities

Long-term liabilities include bonds and notes payable and other obligations such as net pension liability. Long-term liabilities are reported in the government-wide financial statements. Governmental Fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheets.

In the government-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financial sources while discounts on debt issued are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

q) Net Position/Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted net position – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Town.

Fund statements:

In the fund basis statements there are five classifications of fund balance:

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

q) Net Position/Fund Balance (continued)

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority, i.e., the Town voters. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance - Includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned fund balance - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town and could report a surplus or deficit. In the funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Net Position/Fund Balance

Net position flow assumption: Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted – net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund balance flow assumption: Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to be reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Order of use of fund balance – The Town’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignment of fund balance cannot cause a negative unassigned fund balance.

r) Implementation of New Accounting Standards

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2024, the Town implemented the following new standards issued by GASB.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ended December 31, 2024.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 2. Explanation of Certain Differences Between Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. Total fund balances of the Town's Governmental Funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting on capital assets and long-term liabilities, including pensions.

Explanation of difference between Governmental Fund Balance and Government-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	814,496
Capital assets, net of related depreciation		8,527,045
Deferred outflows of resources:		
Pensions		129,424
Liabilities:		
Long term notes payable		(50,000)
Compensated Absences		(12,805)
Net pension liability – proportionate share		(348,330)
Deferred inflows of resources:		
Unavailable property taxes		294,645
Pensions		(14,105)
Ending net position reported in Statement of Net Position for governmental activities	\$	9,340,370

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four categories. The amounts shown below represent:

- i) Long-term revenue and expenses differences:
Long-term revenue differences arise because Governmental Funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because Governmental Funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

- ii) Capital related differences:
Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 2. Explanation of Certain Differences Between Fund Statements and Government-wide Statements (continued)

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

Pension differences occur as a result of changes in the Town's proportion of the collective net pension liability and difference between the Town's contributions and its proportionate share of the total contributions to the pension system.

Explanation of Differences Between Governmental Funds Operating Statements and the Government-wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$	5,252,142
Revenue in the statement of activities that do not provide current financial resources (property taxes not collected within 60 days of fiscal year end) are not reported as revenue in the funds. This amount represents an increase in deferred property taxes.		110,874
Total revenues of governmental activities in the Statement of Activities	\$	5,363,016
Total expenditures reported in Governmental Funds	\$	4,943,967
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earning during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned were more than the amount used during the year.		5,236
Governmental Funds report Town pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		29,855
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(2,137,403)
Expenditures for capital outlays		468,989
Current year depreciation		
Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(70,000)
Repayment of principal		
Total expenses of governmental activities in the Statement of Activities	\$	3,240,644

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 3. Stewardship, Compliance, and Accountability

Budgetary Information

The General Fund is the only fund with a legally approved budget for the fiscal year ended December 31, 2024.

At the annual meeting, the Select Board presents a General Fund budget for the proposed expenditures of the fiscal year commencing the following January 1. The budgets, as enacted by town meeting establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to the budgetary data.

Note 4. Cash and Cash Equivalents

For financial statement reporting purposes, cash and cash equivalent are defined as all bank deposits with original maturities of three months or less. The Town authorizes the treasurer to invest cash in bank accounts and obligations of the U.S. Treasury. The Town has adopted a formal deposit policy.

The Town's policy is as follows:

Credit risk will be minimized by diversifying the Town's investment portfolio so that the impact of potential losses from any one type of investment will be minimized. Interest rate risk will be minimized by investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools, and limiting the average maturity of the Town's investment portfolio.

At December 31, 2024, the carrying amount of the Town's deposits was \$366,114 and the bank balance was \$519,342. The bank balances are covered by Federal Depository Insurance to the limit of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts per bank.

At December 31, 2024, the Town's deposits did not exceed the Federal Depository Insurance coverage. However, the Town has an irrevocable stand-by letter of credit with the Federal Home Loan Bank of Boston which covered the excess deposits to \$500,000.

At December 31, 2024, the Town had \$49,585 in restricted cash balances. These balances were restricted for the following purposes:

Record restoration	\$	49,585
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Note 5. Investments

All investments held in the name of the Town are stated at market value. At December 31, 2024, investments in corporate stock had a cost basis of \$200. The investments had an unrealized gain of \$14,410 for the year ended December 31, 2024.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 6. Fair Value Measurements – Investments

U.S GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the Town’s investments are valued based on Level 1 of the hierarchy.

Investments	Level 1	Level 2	Level 3	Total
Canadian Imperial Bank of Commerce stock	\$ 52,922	\$ -	\$ -	\$ 52,922

Note 7. Interfund Balances and Activity

Interfund balances and activity at December 31, 2024 and for the year then ended, were as follows:

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenses
General Fund	\$ 12,534	\$ -	\$ -	\$ -
Lake Salem Milfoil Prevention	-	8,563	-	-
Cemetery – Component Unit	-	3,971	-	-
	<u>\$ 12,534</u>	<u>\$ 12,534</u>	<u>\$ -</u>	<u>\$ -</u>

The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 8. Capital Assets

Property, vehicles, and equipment used by the Town are as follows:

	12/31/23 Balance	Additions	Retirement	12/31/24 Balance
Capital assets that are not depreciated:				
Land	\$ 210,684	\$ 750,000	\$ -	\$ 960,684
Construction in progress	8,420	413,802	-	422,222
Total	219,104	1,163,802	-	1,382,906
Capital assets that are depreciated:				
Equipment:				
Highway	1,873,011	250,202	122,960	2,000,253
General	177,348	-	-	177,348
Fire	1,370,154	-	-	1,370,154
Infrastructure	5,392,313	548,767	-	5,941,080
Recreation	205,287	174,631	-	379,918
Buildings	2,302,161	-	-	2,302,161
	11,320,274	973,600	122,960	12,170,914
Component Unit	31,300	-	-	31,300
Total	11,351,574	973,600	122,960	12,202,214
Less accumulated depreciation:				
Equipment:				
Highway	1,183,034	76,385	122,960	1,136,459
General	169,098	3,300	-	172,398
Fire	839,643	87,193	-	926,836
Infrastructure	1,158,267	233,690	-	1,391,957
Recreation	18,962	16,369	-	35,331
Buildings	1,311,742	52,052	-	1,363,794
	4,680,746	468,989	122,960	5,149,735
Component Unit	30,005	1,295	-	31,300
Total	4,710,751	470,284	122,960	5,058,075
 Total capital assets - net	 \$ 6,859,927	 \$ 1,667,118	 \$ -	 \$ 8,527,045

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 19,315
Public safety	115,825
Recreation	18,086
Transportation	314,700
Health and welfare	1,063
	\$ 468,989

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 9. Indebtedness

Short-term debt

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	12/31/2024	-	\$ -	\$ 636,618	\$ 636,618	\$ -

Interest paid on short-term debt for the year ended December 31, 2024 was \$13,992.

Long-term debt

During the year ended December 31, 2024, the following changes occurred in the long-term liabilities:

	<u>12/31/23 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/24 Balance</u>
Governmental Activities				
Notes payable	\$ 120,000	\$ -	\$ 70,000	\$ 50,000
Compensated absences	7,569	5,236	-	12,805
Net pension liability	348,112	218	-	348,330
Total long-term liabilities	\$ <u>475,681</u>	\$ <u>5,454</u>	\$ <u>70,000</u>	\$ <u>411,135</u>

Long-term notes payable consists of the following at December 31, 2024:

Note payable, Vermont Municipal Bond Bank, payable December 1 of each year, yearly principal payment of \$50,000, interest due semi-annually at 4.28% to 4.58%, final payment due December 2025. Original amount of note \$1,035,000.	\$ 50,000
Less current portion:	(50,000)
	\$ -

Scheduled maturities of notes and bonds payable are as follows as December 31, 2024:

<u>Years ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 50,000	\$ 820	\$ 50,820

Note 10. Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied in July and are payable on October 16th and become delinquent on October 17th. Property taxes are recognized as revenue in the period for which they levied, which is the fiscal year during which tax payments are due, provided the taxes are received within sixty (60) days after year-end. The remaining receivables are reported as unearned revenue.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 10. Property Taxes (continued)

The tax rates for fiscal year 2024 were:

Education tax rate - residential	\$	1.4551
Education tax rate - nonresidential		1.7808
Local agreement		0.0051
Voted appropriations		0.0597
Cemetery		0.0039
Road		0.2046
General		0.2140

Note 11. Fund Balance/Net Position

The fund balance/net position of the Town are categorized as follows:

	Governmental Funds	Governmental Activities
Restricted:		
General Fund– Highway	\$ 262,306	\$ 262,306
General Fund– Hydro-seeder	3,709	3,709
General Fund– Land records	46,010	46,010
General Fund– Shattuck Hill donations	222,180	222,180
General Fund– Gazebo	1,700	1,700
Milfoil Fund - Milfoil grant	3,138	3,138
General Fund– Salem Beach House	-	667
General Fund– Veterans Memorial	-	6,880
General Fund– Dog Park	-	18,718
General Fund- Recreation	-	47,617
	539,043	612,925
Committed:		
General Fund– Salem Beach House	667	-
General Fund– Veterans Memorial	6,880	-
General Fund– Dog Park	18,718	-
General Fund- Recreation	47,617	-
	73,882	-
Unassigned (governmental funds)		
General Fund	201,571	-
Unrestricted		
Governmental Activities	-	250,400
Invested in capital assets, net of related debt		
	-	8,477,045
Total fund balance/net position	\$ 814,496	\$ 9,340,370

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 12. Pensions

Vermont Municipal Employees' Retirement System (VMERS)

Plan description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple- employer defined benefit pension plan administered by the State Treasurer and its Board of Trustees. It is designed for Towns and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2023, the retirement plan consisted of 357 participating employers.

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

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

Summary of system provisions

Membership	Full-time employees of participating municipalities. Municipality elects coverage under Group A, B, C, or D provisions.
Creditable Service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Group B and C – average annual compensation during highest 3 consecutive years. Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance	
Eligibility	Group A – the earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – the earlier of age 62 with 5 years of service or age 55 with 30 years of service. Group C and D – age 55 with 5 years of service.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 12. Pensions (continued)

Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.

Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B, or C member x AFC. Maximum benefit is 60% of AFC for Group A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance

Eligibility Age 55 with 5 years of service for Group A and B; age 50 with 20 years of service for Group D.

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

Vested Retirement Allowance

Eligibility 5 years of service.

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

Disability Retirement Allowance

Eligibility 5 years of service and disability as determined by Retirement Board.

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

Death Benefits

Eligibility Death after 5 years of service.

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

Optional Benefit and Death After Retirement

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

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 12. Pensions (continued)

Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but no more than 2% for Group A and 3% for Group B, C, and D.
Retirement Stipend	\$25 per month payable at the option of the Board of Trustees.
Member Contributions	Group A – 3.75% Group B – 6.125% Group C – 11.25% Group D – 12.60%
Employer Contributions	Group A – 5.25% Group B – 6.75% Group C – 8.50% Group D – 11.10%

Significant actuarial assumptions and methods

Investment rate of return: 7.00%, net of pension plan investment expenses, including inflation.

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

Mortality:

Pre-retirement: Groups A and B - 60% PubG-2010 General Employee Amount-Weighted Below-Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021.

Group C - PubG-2010 General Healthy Retiree Amount- Weighted Table, with generational projection using scale MP- 2021.

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

Beneficiaries

Groups A, B, C, and D - Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 12. Pensions (continued)

Healthy post-retirement:

Retiree

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

Group D – PubG-2010 general healthy retirees, with generational projection using scale MP-2019.

Beneficiaries

Group A, B, and C – 70% PubG-2010 contingent survivor below-median and 30% of PubG-2010 contingent survivor, with generational projection using scale MP-2019.

Group D – PubG-2010 contingent survivor, with generational projection using scale MP-2019.

Disabled post-retirement:

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

Group D - PubS-2010 Safety Disabled Retiree Amount- Weighted Table with generational projection using Scale MP- 2021.

Spouse's age:

Females three years younger than males.

Cost-of-living adjustments:

1.10% per annum for Group A members and 1.20% per annum for Groups B, C, and D members. The January 1, 2024, COLA is expected to be 1.10% for Group A and 1.10% for Groups B, C, and D. The January 1, 2023, COLAs were 2.00% for Group A and 3.00% for Groups B, C, and D.

Inflation:

2.30%

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

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

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 12. Pension Plans (continued)

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 class included in the pension plan's target asset allocation at June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected
Global Equities	44.00%	5.35%
Private Equity	10.00	7.50
Emerging Market Debt	2.00	5.00
Private & 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
U.S. TIPS	2.00	1.50
Infrastructure/Farmland	5.00	4.25
Total	100.00%	

Discount rate: The long-term expected rate of return on pension plan assets is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closes date prior to the valuation date of June 30, 2023, is 3.65%, as published by the Bond Buyer. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Projected employer contributions that are intended to fund the service cost of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
\$ 524,291	\$ 348,330	\$ 203,697

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 12. Pension Plans (continued)

Pension liability, pension expense, and deferred outflow of resources and deferred inflows of resources related to pensions

As of June 30, 2023, the measurement date selected by the State of Vermont, VMERS was funded at 74.01% and has a plan fiduciary net position of \$912,113,032 and a total pension liability of \$1,232,406,785 resulting in a net position pension liability of \$320,296,753. As of June 30, 2024, the Town's proportionate share of this was 0.10875% resulting in a net pension liability of \$348,330.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.10875% was a decrease of 0.006% from its proportion measured as of the prior year. For the year ended June 30, 2024, the Town recognized pension expense of \$67,464.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 21,845	\$ -
Changes of assumptions	11,354	-
Difference between projected and actual investment earnings	39,630	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	1,528	14,105
Town's contributions subsequent to the measurement date	55,067	-
Total	\$ 129,424	\$ 14,105

The \$55,067 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended:		
2024	\$	22,413
2025		5,482
2026		33,176
2027		(820)

TOWN OF DERBY, VERMONT

Notes to the Financial Statements

Note 12. Pension Plans (continued)

Employer contribution history for the Town as of June 30, 2024 is as follows:

FY 23	\$	30,999
FY 22		28,710
FY 21		24,495

Additional Information

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

Note 13. Risk Management

The Town is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. The Town of Derby, Vermont maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

Note 14. Contingencies

Federal and State Grants

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of such audits is not likely to have a material adverse effect on the Town's funds.

Note 15. Subsequent Events

Management has subsequently evaluated events and transactions that occurred between December 31, 2024 and April 1, 2025, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

TOWN OF DERBY, VERMONT
Statement of Revenues and Expenditures
Budget and Actual - General Fund
Year Ended December 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 2,737,050	\$ 2,708,979	\$ (28,071)
Permits and licenses	73,260	94,000	20,740
Investment income	15,000	21,774	6,774
Other revenue	414,300	2,379,784	1,965,484
Total revenues	<u>3,239,610</u>	<u>5,204,537</u>	<u>1,964,927</u>
Expenditures			
Select board	14,823	16,035	(1,212)
Election unit	8,230	10,705	(2,475)
Town clerk's office	253,664	250,313	3,351
Listers	110,444	101,640	8,804
Delinquent tax collector	5,000	4,302	698
Town administrator	53,207	48,473	4,734
Zoning administrator	61,220	62,721	(1,501)
Development review board	2,138	2,045	93
Planning	2,138	538	1,600
Auditors	17,105	17,005	100
Constable	1,607	955	652
Health Officer	2,384	1,107	1,277
Board of civil authority	2,177	974	1,203
Municipal buildings and grounds	29,748	33,971	(4,223)
Operation and maintenance	25,718	30,099	(4,381)
Recycling	43,421	41,071	2,350
Public safety	338,758	336,835	1,923
Recreation	20,406	1,308,258	(1,287,852)
Fire department	212,587	150,855	61,732
General obligations	342,543	440,666	(98,123)
Highway department	1,464,952	1,681,232	(216,280)
Animal control officer	9,376	13,614	(4,238)
Appropriations	345,877	345,877	-
Total expenditures	<u>3,367,523</u>	<u>4,899,291</u>	<u>(1,531,768)</u>
Change in fund balance	<u>\$ (127,913)</u>	<u>305,246</u>	<u>\$ 433,159</u>

See the independent auditor's report.

TOWN OF DERBY, VERMONT
Schedule of Proportionate Share of the Net Pension Liabilities
Year Ended December 31, 2024

VMERS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Town's proportion of the net pension liability	0.10875%	0.11475%	0.11467%	0.12103%	0.11569%	0.11750%	0.11847%
Town's proportionate share of the net pension liability \$	348,330 \$	348,112 \$	168,773 \$	306,183 \$	200,718 \$	165,282 \$	143,534
Town's covered-employee payroll \$	547,553 \$	507,273 \$	467,568 \$	439,138 \$	419,270 \$	420,781 \$	397,402
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.62%	68.62%	36.10%	69.72%	47.87%	39.28%	36.12%
Plan fiduciary net position as a percentage of the total pension liability	74.01%	73.60%	86.29%	74.50%	80.35%	82.60%	83.64%

See the independent auditor's report.

TOWN OF DERBY, VERMONT
Schedule of Contributions
Year Ended December 31, 2024

VMERS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 37,609	\$ 48,456	\$ 29,793	\$ 26,899	\$ 23,918	\$ 23,948	\$ 22,103
Contributions in relation to the contractually required contribution	<u>37,609</u>	<u>48,456</u>	<u>29,793</u>	<u>26,899</u>	<u>23,918</u>	<u>23,948</u>	<u>22,103</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered-employee payroll	\$ 547,553	\$ 507,273	\$ 467,568	\$ 439,138	\$ 419,270	\$ 420,781	\$ 397,402
Contributions as a percentage of covered-employee payroll	6.87%	9.55%	6.37%	6.13%	5.70%	5.69%	5.56%

See the independent auditor's report.

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 *Governmental Auditing Standards*

To the Select Board
Town of Derby
Derby, 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 Town of Derby, Vermont, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Derby, Vermont’s basic financial statements, and have issued our report thereon dated April 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Derby, 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 Derby, Vermont’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Derby, Vermont’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and deficiencies in internal control as item 2024-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Derby, Vermont’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Derby, Vermont’s response to the findings identified in our audit and described in the accompanying schedule of findings and deficiencies in internal control. The Town of Derby, Vermont’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
April 1, 2025

TOWN OF DERBY, VERMONT
Schedule of Findings and Deficiencies in Internal Control
December 31, 2024

SECTION I – FINANCIAL STATEMENT FINDINGS

Type of Finding – Material Weakness

2024-001 Reconciliation of Account Balances

Criteria: Internal controls should be in place to ensure that all account balances are reconciled to supporting documentation at year end closing prior to the audit.

Condition: Management did not perform adequate procedures to close the general ledger activity completely in a timely manner. A number of the Town's balances sheet accounts were not reconciled to actual balances at year end.

Context: During the course of our audit, we recommended material adjusting entries to accounts receivable, investments, accounts payable, accrued liabilities, unearned revenue, and equity.

Cause: Unknown.

Effect: The Town's account balances may not report the true position of the Town at year end.

Recommendation: Accounts should be reconciled to supporting documentation monthly in order to detect and correct misstatements whether due to error or fraud on a timely basis.

Management's response: See attached.

TOWN OF DERBY, VERMONT
Response to Findings
December 31, 2024

2024-001 Reconciliation of Balance Sheet Accounts

Summary of finding: Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documents on a monthly basis in order to detect and correct errors in account balances. A number of the Town's balance sheet accounts were not reconciled to the actual balances at year end.

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

Management's response: We agree with the findings of the independent auditor. The Town will work on updating its procedures to reconcile balance sheet accounts monthly.