

Agenda Summary
March 12, 2025

Agenda Item No. C-2
FY24 Audit Review

Summary: Enclosed is the FY'24 General Fund Audit. The Management Letter indicates no findings or recommendations.

Rick Brigham of Sullivan Powers & Co., from our audit firm, will be on Zoom to review it with you and answer any questions you might have.

Town Plan Impact: N/A

Fiscal Impact: N/A

Recommendation: No action needed.

TOWN OF STOWE, VERMONT

AUDIT REPORT

JUNE 30, 2024

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AUDIT REPORT
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Independent Auditor's Report

Board of Selectmen
Town of Stowe, Vermont
P.O. Box 730
Stowe, VT 05672

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Electric Fund, which is both a major fund and fifty-one percent (51%), forty-one percent (41%) and eighty-two percent (82%), respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Electric Fund, are based solely on the report of the other auditors.

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 Stowe, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Stowe, Vermont’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stowe, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Stowe, 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 on pages 5 through 13, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated February 3, 2025, on our consideration of the Town of Stowe, 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 Stowe, 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 Stowe, Vermont’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

February 3, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Our discussion and analysis of the Town of Stowe, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ending June 30, 2024. The Town of Stowe Electric Fund has been audited separately as of and for the year ended June 30, 2024 and is incorporated into this report. Their financial statements are included in the Town Report.

This document has been prepared pursuant to Statement No. 34 of the Governmental Accounting Standard Board (GASB 34). GASB 34 requires the inclusion of the Government-wide financial statements on a full accrual basis including the cost of capital assets and the related depreciation. These statements are intended to present the Town's financial reports on the same basis as the private sector. Please read it in conjunction with the Town's financial statements, which begin in Exhibit A.

Financial Highlights

Government-Wide (Exhibits A and B)

- The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources on June 30, 2024, by \$81,181,622 (Total Net Position). Of this amount, \$35,068,100 represents governmental activities and \$46,113,522 represents our water, wastewater, and electric departments (business-type activities). Of these amounts, \$4,348,235 governmental activities funds and \$14,674,941 business type activities funds are unrestricted net position and may be used to meet the Town's future obligations.
- The net position of governmental activities increased by \$2,660,832 in FY 24. The increase is due to the continued strength of local option taxes, and investment earnings. The Business-Type activities increased their net position by \$4,048,773, with contributions by Water, \$492,251, Wastewater, \$261,371 and \$3,295,151 by Electric.

Fund Financial Statements (Exhibits C, D, F, and G)

- The General Fund balance increased \$133,331. The General Fund Balance at the end of FY 24 was \$3,557,222, of which \$1,162,711 being either non spendable, restricted, committed, or assigned and not available for current expenditures, leaving an unassigned surplus of \$2,394,511.
- The Capital Fund balance increased by \$657,110 in FY 24. The total amount in this fund at year-end was \$3,906,062 of which \$1,383,772 is restricted for Aerial Fire Truck purchase and future bond payments, \$2,518,540 is committed for capital projects by the town legislative body and \$3,750 is assigned for current projects.
- The Water Fund ended the fiscal year with a net position balance of \$11,306,905, an increase of \$492,251.

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

- The Wastewater Fund ended the fiscal year with a net position balance of \$16,050,577, an increase of \$261,371.
- The Electric Fund ended the fiscal year with a net position balance of \$18,756,040, an increase of \$3,295,151.

Overview of the Town's Financial Statements

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Stowe's finances, in a manner like a private sector business.

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

The *Statement of Activities* presents information showing how the Town's net position changed during the fiscal year. The *Statement of Activities* is on the full accrual basis (i.e. all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows) whereas the *Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds* is on the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position, expenditures are recognized when the related liability is incurred). Thus, in the *Statement of Activities*, revenues and expenses are reported for items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned but unused vacation leave.)

Both government-wide financial statements combine information from governmental funds (which are supported primarily by tax dollars) with information from enterprise funds which are supported by user fees and charges (*business-type activities*). The governmental activities of the Town of Stowe include general government, public works, public safety, community development, cemeteries and culture and recreation.

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town has two types of funds: governmental funds and proprietary funds. The proprietary funds of the Town are Enterprise Funds (business activities). These cover our water, sewer, and electric departments. Fund financial statements can be found in Exhibits C through J of this report.

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Notes to the financial statements. The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This supplementary information includes combining statements for various funds and budgetary comparison statements for funds other than the Town's General Fund. Supplementary information can be found immediately following the notes to the financial statements in schedules 1 through 9.

**Government-wide Financial Analysis
Town of Stowe, Vermont
Statement of Net Position**

	Governmental Activities		Business Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
<u>Assets</u>						
Current & Other Assets	14,327,821	10,686,391	24,008,949	22,751,209	38,336,770	33,437,600
Capital Assets	38,128,420	38,063,038	38,212,875	37,267,964	76,341,295	75,331,002
Total Assets	52,456,241	48,749,429	62,221,824	60,019,173	114,678,065	108,768,602
<u>Deferred Outflows of Resources</u>	1,359,200	1,352,181	73,933	82,194	1,433,133	1,434,375
<u>Liabilities</u>						
Current Liabilities	2,462,353	836,325	2,126,501	2,136,449	4,588,854	2,972,774
Long Term Liabilities	15,465,158	15,901,215	13,955,189	15,762,960	29,420,347	31,664,175
Total Liabilities	17,927,511	16,737,540	16,081,690	17,899,409	34,009,201	34,636,949
<u>Deferred Inflows of Resources</u>	819,830	956,802	100,545	137,209	920,375	1,094,011
<u>Net Position</u>						
Invested in Capital Assets Net of Related Debt	28,664,692	27,564,286	30,839,964	28,325,162	59,504,656	55,889,448
Restricted	2,055,173	1,898,041	598,617	583,381	2,653,790	2,481,422
Unrestricted	4,348,235	2,944,941	14,674,941	13,156,206	19,023,176	16,101,147
Total Net assets	35,068,100	32,407,268	46,113,522	42,064,749	81,181,622	74,472,017

As stated above, total net position was \$81,181,622 at the end of fiscal year 2024. This figure can be used to calculate whether the financial condition of the Town is improving or deteriorating.

The largest portion of the Town's total net position is in its investment in capital assets \$59,504,656 (73.3%). These assets are used to provide services to its citizens (e.g., land, buildings, equipment, and infrastructure). These assets are not available for future spending.

At the end of fiscal year 2024, the Town of Stowe has positive balances in all four categories of total net position for the entire government and all individual funds, except for the Grant Fund.

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

**Town of Stowe, Vermont
Statement of Activities**

	Governmental Activities		Business Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
<u>Revenues</u>						
<u>Program Revenues</u>						
Charges for Services	1,689,451	1,520,152	21,765,381	20,485,889	23,454,832	22,006,041
Operating Grants & Contributions	1,375,097	383,198	-	-	1,375,097	383,198
Capital Grants & Contributions	220,802	183,410	-	-	220,802	183,410
<u>General Revenues</u>						
Property Taxes	11,373,100	10,837,906	-	-	11,373,100	10,837,906
Penalties & Interest on Delinquent Taxes	244,497	185,299	-	-	244,497	185,299
Local Options Tax	2,864,750	1,506,248	-	-	2,864,750	1,506,248
General State Grants	501,158	485,238	-	-	501,158	485,238
Investment Earnings	916,023	503,249	1,345,541	994,847	2,261,564	1,498,096
Gain on Sale of Assets	-	18,000	-	-	-	18,000
Insurance Proceeds	195,904	124,902	566	-	196,470	124,902
Other Revenue	4,032	3,267	14,997	15,850	19,029	19,117
Total Revenues	19,384,814	15,750,869	23,126,485	21,496,586	42,511,299	37,247,455
<u>Expenditures</u>						
<u>Governmental Activities</u>						
General Government	3,984,030	3,546,059	-	-	3,984,030	3,546,059
Public Safety	4,855,338	4,306,969	-	-	4,855,338	4,306,969
Public Works	4,081,006	4,007,015	-	-	4,081,006	4,007,015
Community Development	350,000	-	-	-	350,000	-
Culture & Recreation	3,096,055	2,682,310	-	-	3,096,055	2,682,310
Cemeteries	37,773	23,584	-	-	37,773	23,584
Interest on Long Term Debt	361,780	404,045	-	-	361,780	404,045
<u>Business Type Activities</u>						
Water	-	-	1,251,359	1,122,755	1,251,359	1,122,755
Sewer	-	-	2,107,372	1,985,406	2,107,372	1,985,406
Electric	-	-	15,676,981	16,219,753	15,676,981	16,219,753
Total Expenditures	16,765,982	14,969,982	19,035,712	19,327,914	35,801,694	34,297,896
Transfers In/(Out)	42,000	42,000	(42,000)	(42,000)	-	-
Changes in Net Position	2,660,832	822,887	4,048,773	2,126,672	6,709,605	2,949,559
Net Position - Beginning of Year	32,407,268	31,584,381	42,064,749	39,938,077	74,472,017	71,522,458
Net Position - End of Year	35,068,100	32,407,268	46,113,522	42,064,749	81,181,622	74,472,017

Governmental activities increased the Town's net position by \$2,660,832 in FY24. The Town increased by \$65,382 its inventory of capital assets net of current year depreciation (funded with \$220,802 of capital contributions and grants). There were no major additions among the other infrastructure improvements and equipment purchases. In addition, investment earnings of \$916,023 and Local Option Rooms, Meals & Alcohol Taxes of \$2,864,750 contributed to the support of the Town's operations and capital funds.

Business-type activities increased the Town's net position by \$4,048,773 in FY24, with contributions by Water \$492,251, Wastewater \$261,371, and Electric \$3,295,151.

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Financial Analysis of Major Funds

General Fund

The General Fund fund balance increased by \$133,331 during the year. The total fund balance at year-end was \$3,557,222. Of this amount, \$379,987 is nonspendable inventory and prepaid items and \$23,105 is restricted for library development expenses. There is \$189,096 committed for annual leave reserves, \$350,000 assigned to reduce property taxes in fiscal year 2024, \$146,584 for library and Mayo Barn damage expenses, leaving \$2,394,511 available for future expenses.

Actual Revenues were higher by \$1,301,265 compared to budgets. Revenues coming in over budget included Administration \$86,478; Arena \$1,167; EMS \$93,604; Fire \$900; Highway \$42,665; Library Donations \$28,771; Listers \$201; Mountain Rescue \$8,719; Public Works \$80,942, Town Clerk \$366,634; Finance \$743; and Zoning \$175,301; and Local Option Sales Taxes \$578,249.

The increase in revenues for the Administration is largely from an increase in collections of interest on delinquent taxes; the EMS increase is from increased billings, Highway from Insurance Claim, Library from support from Stowe Free Library Trustees and Friends of the Stowe Free Library, Mountain Rescue from State Call Outs from Flooding, Public Works from increased support from Town Utilities, Town Clerk is from interest income on cash balances, Zoning is due to high level of activity with application fees, and the inaugural year of collections of Local Option Sales Tax.

Revenue coming in under budget included Cemetery \$520; Parks \$8,555; and Police \$71,098; Recreation \$38,006 and Property Tax \$44,930.

The decrease in revenues can be explained as follows, Parks are reduced due to lower field rentals than expected, Police lower traffic details due to less road construction, Recreation from lower attendance at Summer Camps, and Property taxes due to some specific large properties delaying fourth quarter payments.

Expenditures in total were \$134,256 over budget. Expenditures coming in under budget were in the following departments: Cemetery \$822; Debt Management \$39,992; Elections \$2,083; Emergency Management \$3,056; Fire \$20,728; Library \$60,028; Parks \$10,082; Police \$47,429; Recreation \$24,163; Solid Waste \$6, and Zoning \$96,968.

The explanations for lower expenditures are; Debt Management restructuring of debt on one of the Stowe Arena Bonds, Fire Department lower benefit costs for new employees than budgeted, Library book collection continued use of Insurance claim funds and lower benefit costs for new employees than budgeted, Parks lower benefit costs for new employees than budgeted, Police lower benefit costs for new employees than budgeted, Recreation Summer Camp payroll reduced in alignment with lower revenues collected, Zoning & Planning delayed hire of new Administrative Assistant by 6 months and lower than expected legal expenses.

Expenditures coming in over budget were in the following departments: Accounting \$1,259; Administration \$38,724; Arena \$63,257; Buildings & Facilities \$2,365; Community Affairs \$1,910; EMS \$38,945; General Govt. \$9,147; Highway \$209,265; Information Technology \$17,732; Insurance \$14,161; Listers \$206; Mountain Rescue \$13,813; Public Works \$1,590; and Town Clerk \$27,339.

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

The reasons include, for Administration the legal costs associated with Short Term Rentals, \$26K and Public Records Request \$24K; Arena staff change in benefit status \$16K, replacement of ice controller \$20K, and exterior light fixtures \$13K; EMS staff overtime coverage due to lower than expected Per Diem payroll and utilization of full time Fire staff for EMS shift coverage \$20K, billing fees increase in alignment with additional revenue \$10K; General Government Lamoille County Court increase 11% versus 9% or \$7K; Highway budget absorbed \$265K of June 2024 Storm damage, which will be included in the FEMA claim; Information Technology increases for computer replacements \$10K, Akeley Server relocation to vault \$5K, Communications network upgrades for Public Safety building \$5K; Insurance increase in the Property & General Liability Insurance \$17K due to history of claims; Mountain Rescue higher levels of rescue call outs and training sessions \$8K; Town Clerk staff benefit status change \$28K.

Capital Fund

The Capital Fund ended with a balance of \$3,906,062. This Fund Balance increased \$657,110 and was funded with local option taxes \$1,586,501, Grants \$4,000, and interest of \$139,751. The capital expenditures were \$517,456 for continued work on public works & IT projects, \$350,000 for the arena debt payment and \$205,686 for the underground utility relocation debt payment.

Water Fund

The Water Fund had operating income of \$279,626, non-operating revenue connection fees of \$171,576, interest expense of \$11,304 and investment income of \$79,586, PFAS Response Expenses \$27,799, Insurance Proceeds \$566, resulting in an increase in net position of \$492,251.

Wastewater Fund

The Wastewater Fund had an operating loss of \$38,352, which when added to non-operating revenues of connection fees of \$135,624, plus investment income of \$164,099, resulted in an increase to net position of \$261,371.

Electric Fund

The Electric Fund had an operating income of \$2,587,590. Operating revenues were up \$1,182,299, and expenditures were up \$559,585 between FY 24 and FY 23, which increased operating income by \$1,736,793. Non-operating revenues and expenses increased the net position by \$749,561, less the transfer of \$42,000 between Electric Fund and General Fund, to an overall increase in net position of \$3,295,151.

Other Non-Major Governmental Funds

Police DEA Fund	\$ 55,432
Appraisal Fund	131,531
Records Preservation Fund	71,430
Grant Fund	(136,396)
Equipment Fund	722,356
Cemetery Fund	673,961
Library Endowment Fund	1,231,245
Total	<u>\$ 2,749,559</u>

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Capital Asset Administration

The Town of Stowe's investment in capital assets for its governmental activities as of June 30, 2024, totaled \$38,128,420 (net of depreciation) and \$38,212,875 for the business type activities. These assets include land, buildings and building improvements, roads and bridges, vehicles, machinery, equipment, antiques and furniture, and utility distribution and collection systems.

Major general fund capital asset transactions during the year included the following additions:

Building - Highway Garage New Heating System

Equipment - Arena Sweeper Scrubber

Equipment - Arena Ice Controller Replacement

Equipment - EMS Ambulance Defibrillator

Equipment - Fire Hot water Heater

Equipment - Highway Fisher Plow for Truck

Equipment - Highway Trailer

Equipment - Parks 60" Mower

Equipment - Parks Tilt Trailer

Vehicle - 2024 Highway Dump Truck

Vehicle - 2024 Parks F-250 Pickup Truck

Vehicle - 2022 Police Patrol SUV

Vehicle - 2023 Police Patrol SUV

Vehicle - 2023 Police Patrol SUV

General Fund capital assets disposed of during the year included the following deletions:

2012 Highway F350 Pickup Truck

2003 Highway Intl 7600-6-Wheeler

2008 Public Works Toyota 4-Runner

2015 Parks Ford F250 Pickup Truck

2016 Police Ford Explorer

2017 Police Ford Explorer

2017 EMS Monitor Defibrillator

1997 Highway On road trailer

The Water Fund had a change of \$82,609 to capital assets, which includes \$66,711 for equipment, \$175,612 for distribution & collection infrastructure, and a decrease of \$159,714 for projects under construction. Work continues with the Water Main Replacement AIG, Security Fence Enclosure, Water Plant Capacity Expansion.

Major water fund capital asset transactions during the year included the following additions:

Equipment - Auto Meter Project

Distribution System - Telemetry System Upgrade

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

The Wastewater Fund had a change of \$238,940 to capital assets, which includes \$395,377 for equipment, no change for distribution & collection infrastructure, and a decrease of \$156,437 for projects under construction. Work continues with the Lower Village Pump Station and Mountain Road Sewer Replacement.

Major wastewater fund capital asset transactions during the year included the following additions:

Equipment - Wastewater AMI Auto Meters

Equipment - Wastewater Control Panel for SBR

Equipment - Wastewater Telemetry System Upgrade

Equipment - Wastewater Centrifuge Feed Pump & Assembly

Equipment - Wastewater Methane Gas Monitor

The Electric Fund had an increase in capital assets of \$2,166,136. For the fiscal year ending June 30, 2024, the Stowe Electric Department spent amounts on capital assets which resulted in an increase of \$1,910 for buildings, an increase of \$451,076 for equipment, an increase of \$103,955 for distribution improvements, an increase of \$6,485 for distribution infrastructure, an increase \$726,856 for transmission infrastructure, and an increase of \$875,854 for projects under construction.

Debt Administration

As of June 30, 2024, long-term debt of governmental activities of the Town of Stowe was \$10,847,500. As of June 30, 2023, long-term debt of governmental activities of the Town of Stowe was \$11,813,250. During the year, the Town paid \$965,750 older bonds and notes and issued no new bonds.

The Business type activities had bonds and notes outstanding with a total principal debt as of June 30, 2024, of \$13,442,463. At the beginning of the fiscal year there was outstanding debt of \$15,260,378. During the year, the Town paid \$1,817,915 older bonds and notes and issued no new bonds.

Economic Factors and FY 25 Budgets and Rates

- The Town of Stowe growth for the Grand List has averaged 2.11% over the last 5 years. The 2024 Grand List growth was estimated to be 3.00%. For the 2025 Grand List, we are estimating a growth rate of 3.00%.
- Employees who fall under the Personnel Regulations, and the IBEW Agreement are scheduled to receive a 2.7% cost of living pay increase, plus any step increase for which they may be eligible. The Police Association Agreement includes a maximum 3% cost of living pay increase, but will receive 2.7%, plus any step increase for which they may be eligible.
- Health insurance rates have been budgeted to increase around 4.80% for Blue Cross VHP plan and 5.40% for Blue Cross VFP plan for first half of FY25 and second half of FY25 is based on 5.47% increase, based five-year premium changes. All employees pay a portion of the health care premiums, 10% for Blue Cross Blue Shield VHP plan or 5% for VFP plan.

TOWN OF STOWE, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

- Dental insurance is budgeted with a 0.00% increase. All employees contribute 5% toward their dental coverage.
- The worker's compensation loss modification rate increased from 1.04 to 1.16 for CY 2024. Rates for Emergency Services are the highest and impact on the budget by \$103,000 of the \$130,000 overall. This is due to higher rates for merged EMS/FIRE staff, higher payroll, and new hires from the Emergency Services Department. The Administrative Staff rate also increased to 64%, which is reflected in many Departments.
- Short Term/Long Term disability insurance are not expected to increase from FY24 rates.
- Unemployment Insurance – The premium rate decreased going from 1.86% to 1.74% of gross payroll up to \$14,300 gross wages per year, up from \$13,500 gross wages per year in FY'24. Minimal impact on budget.
- Prices for #2 fuel oil, diesel fuel, liquid and gasoline were estimated using CPI-Northeast for Oil and Gas 5-year average prices on September 31st. The prices below include a \$.02 per gallon tax on off road diesel, liquid propane, and heating oil for funding the weatherizing homes for low-moderate income Vermonters.

These factors were taken into consideration in preparing the fiscal year 2025 budgets. The General Fund expense for FY 25 is \$16,773,363, an increase of 1.17%. Non-Tax Revenues have been budgeted at \$3,678,619, an increase of 10.45%, and we used surplus carryforward from the General fund of \$350,000, along with the new local option sales tax collections estimated at \$1,055,752, leaving an amount to be raised by taxation of \$11,688,992, a net increase of 2.68%.

The Town of Stowe continues to attract visitors with Stowe as their vacation destination and those just passing through to spend a day around our town. In addition, construction of new homes and second homes continue to fuel our economy. The demand for increased level of services to the Town of Stowe's municipal government continues to impact staffing capacity. To help meet the continuing demand for services the voters approved the addition of a local option sales tax as a source of new revenue in FY 2024, helping offset the tax burden. Federal and State Regulations on Stormwater, Water, and Zoning have been rolled out with a significant impact on staff time spent on these complex issues and to town finances. The ramifications on the supply chain sourcing of equipment and supplies from COVID shutdowns continue to put upward pressure on expenditures.

Selectboard meetings are offered via ZOOM online attendance and on-site participation at the Akeley Memorial Building.

This financial report is designed to provide a general overview of the Town of Stowe, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Manager's office or the Finance Office.

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

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 13,890,713	\$ 4,160,768	\$ 18,051,481
Restricted Cash and Cash Equivalents	1,404,505	4,226,815	5,631,320
Investments	1,789,902	0	1,789,902
Deposits with Insurance Company	3,600	0	3,600
Receivables (Net of Allowance for Uncollectibles)	1,946,976	3,019,322	4,966,298
Loans Receivable (Net of Allowance for Uncollectibles)	0	337,657	337,657
Lease Receivables	607,222	96,675	703,897
Internal Balances	(5,695,084)	5,695,084	0
Prepaid Expenses	117,591	82,049	199,640
Inventory	262,396	635,629	898,025
Investment in Associated Companies	0	5,735,542	5,735,542
Deferred Charges	0	19,408	19,408
Capital Assets:			
Land and Easements	6,568,362	52,525	6,620,887
Construction in Progress	1,113,270	1,729,947	2,843,217
Antiques	80,000	0	80,000
Other Capital Assets, (Net of Accumulated Depreciation)	30,366,788	36,430,403	66,797,191
Total Assets	<u>52,456,241</u>	<u>62,221,824</u>	<u>114,678,065</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>1,359,200</u>	<u>73,933</u>	<u>1,433,133</u>
Total Deferred Outflows of Resources	<u>1,359,200</u>	<u>73,933</u>	<u>1,433,133</u>
<u>LIABILITIES</u>			
Accounts Payable	1,126,019	1,088,392	2,214,411
Accrued Payroll and Benefits Payable	193,869	100,802	294,671
Other Accrued Expenses	0	233,298	233,298
Unearned Revenue	140,696	0	140,696
Tax Sale Overpayments	918,097	0	918,097
Customer Deposits	0	631,975	631,975
Due to Others	0	7,842	7,842
Due to Fiduciary Funds	28,571	0	28,571
Accrued Interest Payable	55,101	64,192	119,293
Noncurrent Liabilities:			
Due within One Year	965,750	1,782,356	2,748,106
Due in More than One Year	14,499,408	12,172,833	26,672,241
Total Liabilities	<u>17,927,511</u>	<u>16,081,690</u>	<u>34,009,201</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	188,311	0	188,311
Lease Receivables	560,378	96,675	657,053
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>71,141</u>	<u>3,870</u>	<u>75,011</u>
Total Deferred Inflows of Resources	<u>819,830</u>	<u>100,545</u>	<u>920,375</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	28,664,692	30,839,964	59,504,656
Restricted:			
Non-Expendable:			
Culture and Recreation	35,295	0	35,295
Cemetery	215,000	0	215,000
Expendable:			
Culture and Recreation	1,219,055	0	1,219,055
Cemetery	458,961	0	458,961
Other	126,862	0	126,862
Electric Department	0	598,617	598,617
Unrestricted	<u>4,348,235</u>	<u>14,674,941</u>	<u>19,023,176</u>
Total Net Position	<u>\$ 35,068,100</u>	<u>\$ 46,113,522</u>	<u>\$ 81,181,622</u>

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

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 3,984,030	\$ 649,699	\$ 45,073	\$ 0	\$ (3,289,258)	\$ 0	\$ (3,289,258)
Public Safety	4,855,338	456,693	45,892	0	(4,352,753)	0	(4,352,753)
Public Works	4,081,006	9,352	895,926	220,802	(2,954,926)	0	(2,954,926)
Culture and Recreation	3,096,055	556,362	38,106	0	(2,501,587)	0	(2,501,587)
Community Development	350,000	0	350,000	0	0	0	0
Cemetery	37,773	17,345	100	0	(20,328)	0	(20,328)
Interest on Long-term Debt	361,780	0	0	0	(361,780)	0	(361,780)
Total Governmental Activities	16,765,982	1,689,451	1,375,097	220,802	(13,480,632)	0	(13,480,632)
Business-type Activities:							
Water	1,251,359	1,663,458	0	0	0	412,099	412,099
Sewer	2,107,372	2,204,644	0	0	0	97,272	97,272
Electric	15,676,981	17,897,279	0	0	0	2,220,298	2,220,298
Total Business-type Activities	19,035,712	21,765,381	0	0	0	2,729,669	2,729,669
Total Primary Government	\$ 35,801,694	\$ 23,454,832	\$ 1,375,097	\$ 220,802	(13,480,632)	2,729,669	(10,750,963)
General Revenues:							
Property Taxes					11,373,100	0	11,373,100
Interest on Delinquent Taxes					244,497	0	244,497
Local Option Sales Taxes					2,864,750	0	2,864,750
General State Grants					501,158	0	501,158
Unrestricted Investment Earnings					916,023	1,345,541	2,261,564
Insurance Proceeds					195,904	566	196,470
Other Revenues					4,032	14,997	19,029
Transfers:					42,000	(42,000)	0
Total General Revenues and Transfers					16,141,464	1,319,104	17,460,568
Change in Net Position					2,660,832	4,048,773	6,709,605
Net Position - July 1, 2023					32,407,268	42,064,749	74,472,017
Net Position - June 30, 2024					\$ 35,068,100	\$ 46,113,522	\$ 81,181,622

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

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

	General Fund	Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 13,775,409	\$ 0	\$ 115,304	\$ 13,890,713
Restricted Cash Equivalents	0	1,404,505	0	1,404,505
Investments	0	0	1,789,902	1,789,902
Deposits with Insurance Company	3,600	0	0	3,600
Receivables (Net of Allowance for Uncollectibles)	1,777,599	0	169,377	1,946,976
Lease Receivables	607,222	0	0	607,222
Due from Other Funds	0	2,523,755	983,111	3,506,866
Prepaid Items	117,591	0	0	117,591
Inventory	262,396	0	0	262,396
Total Assets	\$ 16,543,817	\$ 3,928,260	\$ 3,057,694	\$ 23,529,771
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,103,518	\$ 22,198	\$ 303	\$ 1,126,019
Accrued Payroll and Benefits Payable	191,810	0	2,059	193,869
Due to Other Funds	9,062,077	0	168,444	9,230,521
Unearned Revenue	136,781	0	3,915	140,696
Tax Sale Overpayments	918,097	0	0	918,097
Total Liabilities	11,412,283	22,198	174,721	11,609,202
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Prepaid Property Taxes	188,311	0	0	188,311
Lease Receivables	560,378	0	0	560,378
Unavailable Property Taxes and Interest	382,900	0	0	382,900
Unavailable Ambulance Fees	56,000	0	0	56,000
Unavailable Grants	383,875	0	133,414	517,289
Unavailable Miscellaneous Revenue	2,848	0	0	2,848
Total Deferred Inflows of Resources	1,574,312	0	133,414	1,707,726
<u>FUND BALANCES</u>				
Nonspendable	426,831	0	250,295	677,126
Restricted	23,105	1,383,772	1,781,773	3,188,650
Committed	189,096	2,518,540	722,356	3,429,992
Assigned	523,679	3,750	131,531	658,960
Unassigned/(Deficit)	2,394,511	0	(136,396)	2,258,115
Total Fund Balances	3,557,222	3,906,062	2,749,559	10,212,843
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,543,817	\$ 3,928,260	\$ 3,057,694	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:				
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.				38,128,420
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.				959,037
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.				(15,520,259)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.				1,288,059
Net Position of Governmental Activities				\$ 35,068,100

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

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

	General Fund	Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 11,339,300	\$ 0	\$ 0	\$ 11,339,300
Interest on Delinquent Taxes	244,497	0	0	244,497
Local Option Sales Taxes	1,278,249	1,586,501	0	2,864,750
Intergovernmental	771,608	4,000	608,315	1,383,923
Charges for Services	1,425,939	0	16,665	1,442,604
Permits, Licenses and Fees	411,313	0	8,889	420,202
Fines and Forfeits	25,386	0	0	25,386
Investment Income	556,754	139,751	219,518	916,023
Donations	31,698	0	100	31,798
Other	4,633	0	0	4,633
Total Revenues	<u>16,089,377</u>	<u>1,730,252</u>	<u>853,487</u>	<u>18,673,116</u>
Expenditures:				
General Government	3,677,796	70,501	152,097	3,900,394
Public Safety	4,208,073	2,245	9,859	4,220,177
Public Works	2,613,149	61,221	277,529	2,951,899
Culture and Recreation	2,475,253	76,214	3,196	2,554,663
Community Development	0	0	350,000	350,000
Cemetery	19,978	0	15,329	35,307
Capital Outlay:				
General Government	0	194	0	194
Public Safety	84,755	80,909	204,889	370,553
Public Works	1,001,106	226,172	270,046	1,497,324
Culture and Recreation	30,175	0	98,125	128,300
Debt Service:				
Principal	965,750	0	0	965,750
Interest	365,315	0	0	365,315
Total Expenditures	<u>15,441,350</u>	<u>517,456</u>	<u>1,381,070</u>	<u>17,339,876</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>648,027</u>	<u>1,212,796</u>	<u>(527,583)</u>	<u>1,333,240</u>
Other Financing Sources/(Uses):				
Insurance Proceeds	195,904	0	0	195,904
Transfers In	614,400	0	1,325,000	1,939,400
Transfers Out	<u>(1,325,000)</u>	<u>(555,686)</u>	<u>(16,714)</u>	<u>(1,897,400)</u>
Total Other Financing Sources/(Uses)	<u>(514,696)</u>	<u>(555,686)</u>	<u>1,308,286</u>	<u>237,904</u>
Net Change in Fund Balances	133,331	657,110	780,703	1,571,144
Fund Balances - July 1, 2023	<u>3,423,891</u>	<u>3,248,952</u>	<u>1,968,856</u>	<u>8,641,699</u>
Fund Balances - June 30, 2024	<u>\$ 3,557,222</u>	<u>\$ 3,906,062</u>	<u>\$ 2,749,559</u>	<u>\$ 10,212,843</u>

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

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

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

Net change in fund balances - total government funds (Exhibit D)	\$ 1,571,144
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,996,371) is allocated over their estimated useful lives and reported as depreciation expense (\$1,960,468). This is the amount by which capital outlays exceeded depreciation in the current period.	35,903
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.	(191,323)
The effect of donations of capital assets is to increase net position. The State of Vermont is currently constructing bridges for the Town.	220,802
The issuance of long-term debt (\$0-) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$965,750) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	965,750
Governmental funds report employer pension contributions as expenditures (\$421,248). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$793,411) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(372,163)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year.	522,034
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net difference in the treatment of these items from the previous year.	<u>(91,315)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 2,660,832</u>

The General Fund charges the Water Fund and Sewer Fund for administrative expenses. These charges totaling \$227,042 have been eliminated from the Governmental Activities on the Statement of Activities

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

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

	Water Fund	Sewer Fund	Electric Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 0	\$ 0	\$ 4,160,768	\$ 4,160,768
Restricted Cash	0	0	4,226,815	4,226,815
Receivables (Net of Allowance for Uncollectibles)	111,818	164,738	1,020,523	1,297,079
Unbilled Receivables	116,060	148,455	1,283,149	1,547,664
Accrued Interest Receivable	0	0	174,579	174,579
Loans Receivable - Current Portion	3,657	127,429	0	131,086
Lease Receivables - Current Portion	0	0	34,851	34,851
Due from Other Funds	2,051,745	3,794,544	0	5,846,289
Prepaid Expenses	0	0	82,049	82,049
Inventory	42,676	57,367	535,586	635,629
Total Current Assets	2,325,956	4,292,533	11,518,320	18,136,809
Noncurrent Assets:				
Loans Receivable - Noncurrent Portion	10,692	195,879	0	206,571
Lease Receivables - Noncurrent Portion	0	0	61,824	61,824
Investment in Associated Companies	0	0	5,735,542	5,735,542
Deferred Charges	0	0	19,408	19,408
Capital Assets:				
Land	8,647	43,878	0	52,525
Construction in Progress	74,404	279,498	1,376,045	1,729,947
Land Improvements	0	7,787	0	7,787
Buildings and Building Improvements	0	15,584,232	3,761,212	19,345,444
Machinery and Equipment	579,019	1,537,962	2,483,148	4,600,129
Distribution and Collection Systems	13,459,817	10,916,682	16,872,830	41,249,329
Less: Accumulated Depreciation	(4,866,219)	(13,892,274)	(10,013,793)	(28,772,286)
Total Noncurrent Assets	9,266,360	14,673,644	20,296,216	44,236,220
Total Assets	11,592,316	18,966,177	31,814,536	62,373,029
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows of Resources Related to the Town's Participation in VMERS	54,151	19,782	0	73,933
Total Deferred Outflows of Resources	54,151	19,782	0	73,933
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	22,487	55,516	1,010,389	1,088,392
Accrued Payroll and Benefits Payable	7,767	10,415	82,620	100,802
Other Accrued Expenses	0	0	233,298	233,298
Due to Other Funds	0	0	151,205	151,205
Customer Deposits	0	0	631,975	631,975
Due to Others	7,842	0	0	7,842
Accrued Interest Payable	81	0	64,111	64,192
Notes Payable - Current Portion	0	0	615,360	615,360
General Obligation Bonds Payable - Current Portion	13,233	691,683	462,080	1,166,996
Total Current Liabilities	51,410	757,614	3,251,038	4,060,062
Noncurrent Liabilities:				
Compensated Absences Payable	24,475	46,249	234,719	305,443
Net Pension Liability	151,847	55,436	0	207,283
Notes Payable - Noncurrent Portion	0	0	2,067,784	2,067,784
General Obligation Bonds Payable - Noncurrent Portion	108,995	2,075,048	7,408,280	9,592,323
Total Noncurrent Liabilities	285,317	2,176,733	9,710,783	12,172,833
Total Liabilities	336,727	2,934,347	12,961,821	16,232,895
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Lease Receivables	0	0	96,675	96,675
Deferred Inflows of Resources Related to the Town's Participation in VMERS	2,835	1,035	0	3,870
Total Deferred Inflows of Resources	2,835	1,035	96,675	100,545
<u>NET POSITION</u>				
Net Investment in Capital Assets	9,133,440	11,711,034	9,995,490	30,839,964
Restricted	0	0	598,617	598,617
Unrestricted	2,173,465	4,339,543	8,161,933	14,674,941
Total Net Position	\$ 11,306,905	\$ 16,050,577	\$ 18,756,040	\$ 46,113,522

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

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

	Water Fund	Sewer Fund	Electric Fund	Total
Operating Revenues:				
Charges for Services	\$ 1,491,882	\$ 2,069,020	\$ 17,897,279	\$ 21,458,181
Total Operating Revenues	<u>1,491,882</u>	<u>2,069,020</u>	<u>17,897,279</u>	<u>21,458,181</u>
Operating Expenses:				
Administrative	178,880	167,321	2,460,735	2,806,936
Power	0	0	10,235,211	10,235,211
Distribution and Collection	732,120	1,393,521	1,727,354	3,852,995
Taxes	0	0	165,884	165,884
Depreciation and Amortization	<u>301,256</u>	<u>546,530</u>	<u>720,505</u>	<u>1,568,291</u>
Total Operating Expenses	<u>1,212,256</u>	<u>2,107,372</u>	<u>15,309,689</u>	<u>18,629,317</u>
Operating Income/(Loss)	<u>279,626</u>	<u>(38,352)</u>	<u>2,587,590</u>	<u>2,828,864</u>
Non-Operating Revenues/(Expenses):				
Connection Fees and Related Interest	171,576	135,624	0	307,200
Insurance Proceeds	566	0	0	566
Other Income	0	0	14,997	14,997
PFAS Response Expenses	(27,799)	0	0	(27,799)
Investment Income	79,586	164,099	1,101,856	1,345,541
Interest Expense	<u>(11,304)</u>	<u>0</u>	<u>(367,292)</u>	<u>(378,596)</u>
Total Non-Operating Revenues/(Expenses)	<u>212,625</u>	<u>299,723</u>	<u>749,561</u>	<u>1,261,909</u>
Net Income Before Transfers	<u>492,251</u>	<u>261,371</u>	<u>3,337,151</u>	<u>4,090,773</u>
Transfers:				
Transfers Out	<u>0</u>	<u>0</u>	<u>(42,000)</u>	<u>(42,000)</u>
Total Transfers	<u>0</u>	<u>0</u>	<u>(42,000)</u>	<u>(42,000)</u>
Change in Net Position	492,251	261,371	3,295,151	4,048,773
Net Position - July 1, 2023	<u>10,814,654</u>	<u>15,789,206</u>	<u>15,460,889</u>	<u>42,064,749</u>
Net Position - June 30, 2024	<u>\$ 11,306,905</u>	<u>\$ 16,050,577</u>	<u>\$ 18,756,040</u>	<u>\$ 46,113,522</u>

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

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

	Water Fund	Sewer Fund	Electric Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 1,465,283	\$ 2,013,327	\$ 17,991,684	\$ 21,470,294
Payments for Purchased Power	0	0	(9,841,990)	(9,841,990)
Payments for Goods and Services	(400,649)	(864,560)	(2,285,579)	(3,550,788)
Payments for Interfund Services	(121,544)	(121,498)	0	(243,042)
Payments for Wages and Benefits	(388,107)	(583,176)	(2,286,248)	(3,257,531)
Net Cash Provided by Operating Activities	554,983	444,093	3,577,867	4,576,943
Cash Flows From Noncapital Financing Activities:				
Insurance Proceeds	566	0	0	566
Other Receipts	0	0	14,997	14,997
PFAS Response Expenses	(25,299)	0	0	(25,299)
Decrease/(Increase) in Due from Other Funds	(354,857)	139,150	0	(215,707)
(Decrease)/Increase in Due to Other Funds	0	0	(20,740)	(20,740)
Transfers Paid to Other Funds	0	0	(42,000)	(42,000)
Net Cash Provided/(Used) by Noncapital Financing Activities	(379,590)	139,150	(47,743)	(288,183)
Cash Flows From Capital and Related Financing Activities:				
Payments Received on Loans Receivable and Connection Fees	175,233	264,058	0	439,291
Acquisition and Construction of Capital Assets	(122,446)	(319,717)	(2,190,515)	(2,632,678)
Principal Paid on General Obligation Bonds Payable	(296,361)	(691,683)	(462,080)	(1,450,124)
Principal Paid on Notes Payable	0	0	(367,791)	(367,791)
Interest Paid on General Obligation Bonds Payable	(11,405)	0	(246,780)	(258,185)
Interest Paid on Notes Payable	0	0	(121,919)	(121,919)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(254,979)	(747,342)	(3,389,085)	(4,391,406)
Cash Flows From Investing Activities:				
Receipt of Interest and Dividends	79,586	164,099	1,095,524	1,339,209
Net Cash Provided by Investing Activities	79,586	164,099	1,095,524	1,339,209
Net Increase in Cash	0	0	1,236,563	1,236,563
Cash - July 1, 2023	0	0	7,151,020	7,151,020
Cash - June 30, 2024	\$ 0	\$ 0	\$ 8,387,583	\$ 8,387,583
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	\$ 279,626	\$ (38,352)	\$ 2,587,590	\$ 2,828,864
Depreciation and Amortization	301,256	546,530	720,505	1,568,291
(Increase)/Decrease in Receivables	(26,599)	(55,693)	94,405	12,113
(Increase)/Decrease in Prepaid Expenses	0	0	41,533	41,533
(Increase)/Decrease in Inventory	4,986	(2,991)	(94)	1,901
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	5,503	2,758	0	8,261
Increase/(Decrease) in Accounts Payable	(6,792)	7,192	450,563	450,963
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(2,063)	(8,562)	44,640	34,015
Increase/(Decrease) in Other Accrued Expenses	0	0	59	59
Increase/(Decrease) in Unearned Revenue	0	0	(194,959)	(194,959)
Increase/(Decrease) in Customer Deposits	0	0	(180,404)	(180,404)
Increase/(Decrease) in Compensated Absences Payable	(1,086)	(4,940)	14,029	8,003
Increase/(Decrease) in Net Pension Liability	2,913	(772)	0	2,141
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	(2,761)	(1,077)	0	(3,838)
Net Cash Provided by Operating Activities	\$ 554,983	\$ 444,093	\$ 3,577,867	\$ 4,576,943

There was \$39,837 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2023.

There was \$86,363 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2023.

There was \$5,586 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2024.

The Electric Fund traded-in capital assets with a cost and accumulated depreciation of \$26,748 and \$24,379, respectively.

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

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

	Private-Purpose Trust Fund <u>Recreation Scholarship Fund</u>	<u>Custodial Fund Education Tax Fund</u>
<u>ASSETS</u>		
Cash	\$ 778	\$ 0
Investments	62,739	0
Due from Other Funds	<u>28,571</u>	<u>0</u>
Total Assets	\$ <u><u>92,088</u></u>	\$ <u><u>0</u></u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:	\$ <u>0</u>	\$ <u>0</u>
Net Position:		
Restricted:		
Held in Trust for Individuals	<u>92,088</u>	<u>0</u>
Total Liabilities and Net Position	\$ <u><u>92,088</u></u>	\$ <u><u>0</u></u>

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

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

	Private-Purpose Trust Fund	
	Recreation Scholarship Fund	Custodial Fund Education Tax Fund
Additions:		
Investment Income	\$ 2,107	\$ 0
Donations	6,006	0
Miscellaneous	5,500	0
Education Taxes Collected for Other Governments	<u>0</u>	<u>48,294,517</u>
Total Additions	<u>13,613</u>	<u>48,294,517</u>
Deductions:		
Scholarships	5,460	0
Education Taxes Distributed to Other Governments	<u>0</u>	<u>48,294,517</u>
Total Deductions	<u>5,460</u>	<u>48,294,517</u>
Change in Net Position	8,153	0
Net Position - July 1, 2023	<u>83,935</u>	<u>0</u>
Net Position - June 30, 2024	<u>\$ 92,088</u>	<u>\$ 0</u>

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

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

The Town of Stowe, Vermont, (herein the "Town") operates under a Manager/Board of Selectmen form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, community/economic development, culture and recreation, public improvements, planning and zoning, water, sewer, electric and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

B. Basis of Presentation

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

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

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

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

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

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

The Town reports on the following major governmental funds:

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

Capital Fund – This fund accounts for the general capital expenditures of the Town.

The Town reports on the following major enterprise funds:

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

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

Electric Fund – This fund accounts for the operations of the Electric Department. The Electric Department is a municipally-owned utility providing electric power to the Town and surrounding communities.

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

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

Additionally, the Town reports the following fund types:

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

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

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

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

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

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

The Electric Department is under the jurisdiction of the Federal Energy Regulatory Commission (FERC) and the Vermont Public Service Board (VPSB) with respect to rates and accounting practices. In accordance with Statement of Financial Accounting Standards No. 71 “Accounting for the Effects of Certain Types of Regulations,” the Electric Department records certain assets and liabilities in accordance with the economic effect of the rate making process. As such, regulators may permit incurred costs or benefits, typically treated as expenses or income by unregulated entities, to be deferred and expensed or benefited in future periods. Costs are deferred as regulatory assets when the Electric Department concludes that future revenue will be provided to permit recovery of the previously incurred cost. Revenue may also be deferred as regulatory liabilities that would be returned to customers by reducing future revenue requirements. The Electric Department analyzes the evidence supporting deferral, including provisions for recovery in regulatory orders, regulatory precedent, other regulatory correspondence and legal representations.

E. Use of Estimates

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

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

F. New Pronouncement – Accounting Changes and Error Corrections

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

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

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The exception to this is that the Electric Fund and Library Endowment Fund collect and invest cash. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

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

2. Investments

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

3. Receivables

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

4. Unbilled Receivables and Revenue Recognition

The Electric Department does all the billing for the Water, Sewer and Electric Funds. The Department reads approximately half of the meters on the 6th of the month and the balance on the 21st. Revenues have been recognized through the end of the accounting period by providing for unbilled revenues from the reading date through the end of the accounting period.

5. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due from/to other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

6. Inventories and Prepaid Expenses/Items

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventory is recorded as an expenditure or in certain cases, for the Electric Fund, capitalized at the time the individual item is utilized. Inventories in the governmental funds consist of gravel and materials. Inventories in the proprietary funds consist of fuel, materials and parts held by the individual departments for repairs and additions to equipment and utility plant.

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

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

7. Deferred Outflows/Inflows of Resources

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

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

8. Leases

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

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

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

9. Capital Assets

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

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

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

	Capitalization Threshold	Estimated Service Life
Land and Easements	\$ 1,000	Not Depreciated
Antiques	1,000	Not Depreciated
Land Improvements	5,000	25-50 Years
Buildings and Building Improvements	5,000	40-50 Years
Machinery and Equipment	5,000	4-30 Years
Infrastructure	15,000	15-50 Years
Water, Wastewater and Electric Distribution and Collection Systems	15,000	50-100 Years

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

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.

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

10. Investments in Associated Companies

The Stowe Electric Department (SED) recognizes income from its affiliates in which SED has ownership interests. This ownership includes investment in common and preferred stock of Vermont Electric Power Company, Inc. (VELCO) and membership units of VT Transco, LLC (Transco). These investments are recorded at cost and, because these are not publicly traded, market values are not readily determinable.

11. Pensions

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

12. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused annual leave up to eight hundred (800) hours and up to forty (40) hours of comp time for hourly employees. These amounts are pro-rated for part-time employees. Police officers can accumulate up to one thousand forty (1,040) of hours of annual leave and up to one hundred twenty (120) hours of comp-time. The accrual for unused compensated absences, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences in the governmental funds are recorded as expenditures in the year they are paid.

The Electric Department allows employees to accumulate earned but unused vacation and sick pay benefits. Employees may, depending upon level and length of service, be paid for various amounts of their unused leave upon termination or retirement.

13. Long-term Liabilities

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

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

14. Fund Equity

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

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

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

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

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

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

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

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The budget presented herein is for the Town's "General Fund" only and does not include the Annual Leave Fund, the Library Operations Fund and the Insurance Claims Fund activity that is included with the General Fund.

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$1,165,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2024 expenditures in the General Fund exceeded appropriations by \$134,256. These over-expenditures were funded by excess revenues.

D. Separate Financial Statements

The Town has issued separate financial statements for the Electric Fund. Additional disclosures pertaining to this fund can be found in the separately issued financial statements.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

Restricted Cash and Cash Equivalents:	
Deposits with Financial Institutions	\$ 4,226,815
Money Market Mutual Funds	<u>1,404,505</u>
Total Restricted Cash and Cash Equivalents	<u>5,631,320</u>
Unrestricted Cash and Cash Equivalents:	
Deposits with Financial Institutions	17,989,707
Deposits with Investment Company	36,700
Money Market Mutual Funds	21,579
Cash on Hand	<u>4,273</u>
Total Unrestricted Cash and Cash Equivalents	<u>18,052,259</u>
Total Cash and Cash Equivalents	<u>23,683,579</u>

TOWN OF STOWE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Investments:

Certificates of Deposit	\$ 5,997
Common Stock	82,655
Municipal Bond	14,701
Exchange-Traded Funds	510,446
Mutual Funds – Mixed Holdings	<u>1,238,842</u>
Total Investments	<u>1,852,641</u>

Total Cash, Cash Equivalents and Investments	<u>\$25,536,220</u>
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The Town has two (2) certificates of deposit with various banks in the amounts of \$2,995 and \$3,002 with interest rates of 3.20% and 5.35%, respectively. Both certificates of deposit mature during fiscal year 2025.

Custodial Credit Risk

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$14,252,173	\$14,517,156
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit Issued by Federal Home Loan Bank of Boston	119,463	971,922
Uninsured, Collateralized – Electric Department	2,073,310	2,172,748
Uninsured, Uncollateralized – Electric Department	<u>5,814,273</u>	<u>5,814,273</u>
Total	<u>\$22,259,219</u>	<u>\$23,476,099</u>

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

\$5,814,273 of uninsured, uncollateralized cash could be offset by debt at the respective bank.

TOWN OF STOWE, VERMONT
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The book balance is comprised of the following:

Restricted Cash – Deposits with Financial Institutions	\$ 4,226,815
Unrestricted Cash – Deposits with Financial Institutions	17,989,707
Unrestricted Cash – Deposits with Investment Company	36,700
Investments – Certificates of Deposit	<u>5,997</u>
Total	<u>\$22,259,219</u>

Interest Rate Risk

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

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity. The municipal bond is shown at its actual maturity.

	<u>Remaining Maturity</u>
	15-20
<u>Investment Type</u>	<u>Years</u>
Municipal Bond	\$ <u>14,701</u>

Credit Risk

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

	<u>Standard and Poor's</u>
	<u>Rating as of</u>
	<u>June 30, 2024</u>
<u>Investment Type</u>	<u>A+</u>
Municipal Bond	\$ <u>14,701</u>

TOWN OF STOWE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The investments in associated companies held by the Electric Department are described in Note IV.E. There are no other investments in any one issuer, other than mutual funds and other pooled investments, that represent more than 5% of total investments.

Fair Value

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

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

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

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

The Town has the following fair value measurements as of June 30, 2024:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Common Stock	\$ 82,655	\$ 82,655	\$ 0	\$ 0
Municipal Bond	14,701	14,701	0	0
Exchange-Traded Funds	510,446	510,446	0	0
Mutual Funds - Mixed Holdings	1,238,842	1,238,842	0	0
Total	\$ 1,846,644	\$ 1,846,644	\$ 0	\$ 0

Restricted Cash and Cash Equivalents

In 2019, the Town received a \$6.6 million bond from the Vermont Municipal Bond Bank for the Village sidewalk project and Main Street overhead utility relocation project. Upon completion of the projects, the Town received approval to reappropriate the remaining funds for the purchase of an aerial ladder truck. Unspent bond proceeds and the interest earned are restricted for the related projects or may be used to pay down the bond. The amount restricted as of June 30, 2024 is \$1,404,505.

TOWN OF STOWE, VERMONT
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In May 2009, the Electric Department received a \$4 million bond from the Vermont Municipal Bond Bank for the purpose of funding infrastructure and exclusive facilities. Unspent bond proceeds and the interest earned are restricted for the related projects or may be used to pay down the bond.

In December, 2018, the Electric Department sold their portion of the Highgate converter. The proceeds from the sale are restricted to fund future capital projects, including the construction of the new office building.

In August 2022, the Electric Department received a \$4 million bond from the Vermont Municipal Bond Bank for the purpose of funding infrastructure and exclusive facilities. Should the completed capital projects cost less than the amount of bonds issued, the Electric Department shall notify the commission and the department regarding the disposition of excess funds. This filing should be made as a new case as a report.

Restricted cash balances in the Electric Department as of June 30, 2024 were as follows:

2022 VMBB Bond Proceeds	\$ 3,381,129
Proceeds from Sale of Capital Projects	598,617
2009 VMBB Bond Proceeds	<u>247,069</u>
Total	<u><u>\$ 4,226,815</u></u>

B. Receivables

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

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 633,096	\$ 0	\$ 633,096
Interest Receivable	37,727	0	37,727
Local Option Sales Taxes Receivable	473,389	0	473,389
Ambulance Receivable	141,496	0	141,496
Grants Receivable	553,252	0	553,252
Insurance Receivable	89,000	0	89,000
Accounts Receivable	54,016	0	54,016
Billed Services	0	1,342,579	1,342,579
Unbilled Services	0	1,547,664	1,547,664
Accrued Interest Receivable	0	174,579	174,579
Allowance for Doubtful Accounts - Ambulance	(35,000)	0	(35,000)
Allowance for Doubtful Accounts - Water/Sewer	0	(4,000)	(4,000)
Allowance for Doubtful Accounts - Electric	0	(41,500)	(41,500)
Total	<u><u>\$ 1,946,976</u></u>	<u><u>\$ 3,019,322</u></u>	<u><u>\$ 4,966,298</u></u>

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

C. Loans Receivable

Governmental Activities

During 2008, the Town issued a \$735,000 loan receivable to Sylvan Woods Housing Limited Partnership to assist in constructing low-income housing. This money was from proceeds of a State grant. Interest accrues at 2% per year. The loan and interest is deferred until November, 2036. The loan is secured by the land and building.

Loan Receivable	\$735,000
Accrued Interest Receivable	<u>235,200</u>
Total	970,200
Less: Allowance for Doubtful Loans/Interest	<u>(970,200)</u>
Reported Value at June 30, 2024	\$ <u>0</u>

Business-type Activities

The Town has one (1) outstanding loan in the amount of \$14,349 in the Water Department to a business for hook-on-fees which the Town is financing for them. The loan is billed quarterly with an administrative fee of 1% per quarter of the quarterly payment.

The Town also has eleven (11) outstanding sewer loans totaling \$323,308 to homeowners and businesses in the Mountain Road Development for hook-on fees which the Town is financing for them. These loans are assessed a \$20 per quarter administration fee or, in some cases, a 1% administration fee per quarter of the quarterly payment. Loan terms vary from 4 to 20 years.

Total loans receivable as of June 30, 2024 is \$337,657. The Town estimates that \$131,086 will be collected during fiscal year 2025 and the remainder of \$206,571 in future years. The Town has determined that all loans are collectible as they have a lien on the home or business and all loans are current.

An analysis of the change in loans receivable is as follows:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
\$ 469,748	\$ 0	\$ 132,091	\$ 337,657

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

D. Lease Receivables

Governmental Activities

The Town leases space on its Public Safety Building to three cell phone companies who installed antennas on them. The following table provides the lease terms under each agreement.

Company	Commencement Date	Initial Lease Term	Renewal Terms	Current Monthly Payment	Annual Rent Escalation	Leasee Termination Options
AT&T	10/7/04	5 Years	4 Terms	\$ 4,009	CPI	90 Days Notice*
Verizon	8/30/10	5 Years	4 Terms	\$ 1,762	3%	6 Months Notice*
T-Mobile	8/30/10	5 Years	4 Terms	\$ 2,169	CPI	90 Days Notice*

* Lease termination option must occur at expiration of any lease term

The future lease payments under these agreements are estimated to be as follows:

2025	\$ 90,214
2026	92,415
2027	94,671
2028	96,985
2029	99,349
2030-2034	179,829
2035	<u>34,411</u>
	<u>\$687,874</u>

As of June 30, 2024, the Town's receivable for lease payments in the governmental activities and General Fund was \$607,222. During the year ended June 30, 2024, the Town recognized \$86,387 and \$19,790 in lease revenue and interest revenue, respectively.

Business-type Activities

The Stowe Electric Department (SED) lease agreements are summarized as follows:

Description	Commencement Date	Lease Terms	Payment Amount	Interest Rate	Total Lease Receivable	Balance June 30, 2024
Mountain Cable Fiber	8/12/16	18 Years	\$ 5,955	4.20%	\$ 62,075	\$ 58,929
Dump Road Garage	10/26/20	5 Years	\$ 29,815	4.20%	\$ 62,552	\$ 37,746

SED leases one bundle of the Mountain Cable Fiber, containing twelve (12) specifically identified fiber optic strands to a qualified operator for the purpose of providing fiber optic connectivity in the area of the summit of Mount Mansfield.

TOWN OF STOWE, VERMONT
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SED leases its garage on Dump Road in Stowe, Vermont. The base rent of \$2,400 per month will increase by 2% every year on the anniversary of the lease. This lease is inclusive of utilities, property taxes and property insurance.

Annual cash flow from amortizing this lease receivable and related interest are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 34,851	\$ 3,397	\$ 38,248
2026	12,791	2,229	15,020
2027	5,268	1,959	7,227
2028	5,494	1,733	7,227
2029	5,729	1,498	7,227
2030-2034	<u>32,542</u>	<u>3,593</u>	<u>36,135</u>
Total	<u>\$ 96,675</u>	<u>\$ 14,409</u>	<u>\$ 111,084</u>

As of June 30, 2024, the Town's receivable for lease payments in the business-type activities and Electric Fund was \$96,675.

E. Investment in Associated Companies

The Stowe Electric Department (SED) accounts for investments in associated companies at cost because they are not publicly traded and market values are not readily determinable. The following are the investment balances as of June 30, 2024.

	<u>Shares/Units</u>	<u>Cost</u>
VELCO - Class C Preferred Stock	981	\$ 1,472
VELCO - Class B Common Stock	2,078	207,800
VELCO - Class C Common Stock	1,487	148,700
VT Transco, LLC - Class A - Membership Units	236,614	2,366,140
VT Transco, LLC - Class B - Membership Units	301,143	<u>3,011,430</u>
Total		<u>\$ 5,735,542</u>

F. Deferred Charges

The Electric Department has deferred charges which include bond issuance costs that were incurred in the financing of bonds with the Vermont Municipal Bond Bank. These costs are amortized over a period of twenty years.

	<u>Amortization Period</u>	<u>Current Amortization</u>	<u>Unamortized Balance</u>
Bond Issuance Costs	20 Years	<u>\$1,138</u>	<u>\$19,408</u>

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

G. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 6,568,362	\$ 0	\$ 0	\$ 6,568,362
Construction in Progress	1,105,890	408,430	401,050	1,113,270
Antiques	80,000	0	0	80,000
Total Capital Assets, Not Being Depreciated	<u>7,754,252</u>	<u>408,430</u>	<u>401,050</u>	<u>7,761,632</u>
Capital Assets, Being Depreciated:				
Land Improvements	649,370	0	0	649,370
Buildings and Building Improvements	18,357,065	91,372	0	18,448,437
Machinery and Equipment	7,224,564	771,868	139,357	7,857,075
Infrastructure	18,399,705	1,171,482	0	19,571,187
Totals	<u>44,630,704</u>	<u>2,034,722</u>	<u>139,357</u>	<u>46,526,069</u>
Less Accumulated Depreciation for:				
Land Improvements	246,777	23,378	0	270,155
Buildings and Building Improvements	6,506,266	507,291	0	7,013,557
Machinery and Equipment	3,114,774	571,457	123,105	3,563,126
Infrastructure	4,454,101	858,342	0	5,312,443
Totals	<u>14,321,918</u>	<u>1,960,468</u>	<u>123,105</u>	<u>16,159,281</u>
Total Capital Assets, Being Depreciated	<u>30,308,786</u>	<u>74,254</u>	<u>16,252</u>	<u>30,366,788</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,063,038</u>	<u>\$ 482,684</u>	<u>\$ 417,302</u>	<u>\$ 38,128,420</u>

During the year, the Town wrote-off \$183,870 that was included in governmental activities construction in process.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 52,525	\$ 0	\$ 0	\$ 52,525
Construction in Progress	1,170,244	1,563,990	1,004,287	1,729,947
Total Capital Assets, Not Being Depreciated	<u>1,222,769</u>	<u>1,563,990</u>	<u>1,004,287</u>	<u>1,782,472</u>
Capital Assets, Being Depreciated:				
Land Improvements	7,787	0	0	7,787
Buildings and Building Improvements	19,343,534	1,910	0	19,345,444
Machinery and Equipment	3,686,965	939,912	26,748	4,600,129
Distribution and Collection Systems	40,236,421	1,012,908	0	41,249,329
Totals	<u>63,274,707</u>	<u>1,954,730</u>	<u>26,748</u>	<u>65,202,689</u>
Less Accumulated Depreciation for:				
Land Improvements	7,785	2	0	7,787
Buildings and Building Improvements	7,710,159	383,126	0	8,093,285
Machinery and Equipment	2,350,287	341,667	24,379	2,667,575
Distribution and Collection Systems	17,161,281	842,358	0	18,003,639
Totals	<u>27,229,512</u>	<u>1,567,153</u>	<u>24,379</u>	<u>28,772,286</u>
Total Capital Assets, Being Depreciated	<u>36,045,195</u>	<u>387,577</u>	<u>2,369</u>	<u>36,430,403</u>
Business-type Activities Capital Assets, Net	<u>\$ 37,267,964</u>	<u>\$ 1,951,567</u>	<u>\$ 1,006,656</u>	<u>\$ 38,212,875</u>

TOWN OF STOWE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 47,204	Water	\$ 301,256
Public Safety	430,082	Sewer	546,530
Public Works	1,082,530	Electric	<u>719,367</u>
Culture and Recreation	398,186		
Cemetery	<u>2,466</u>		
Total Depreciation Expense - Governmental Activities	\$ <u>1,960,468</u>	Total Depreciation Expense - Business-type Activities	\$ <u>1,567,153</u>

H. Interfund Balances and Activity

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 9,062,077
Capital Fund	2,523,755	0
Non-Major Governmental Funds	983,111	168,444
Water Fund	2,051,745	0
Sewer Fund	3,794,544	0
Electric Fund	0	151,205
Private-Purpose Trust Fund - Recreation Scholarship Fund	<u>28,571</u>	<u>0</u>
Total	\$ <u>9,381,726</u>	\$ <u>9,381,726</u>

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

Transfer From	Transfer To	Amount	Purpose
General Fund	Annual Leave Fund	\$ 100,000	* Annual Contribution
General Fund	Equipment Fund	1,325,000	Annual Contribution
Capital Fund	General Fund	555,686	Fund Debt Service
Appraisal Fund	General Fund	4,000	Fund Appraisal Expenses
Cemetery Fund	General Fund	8,500	Annual Contribution
Library Endowment Fund	Library Operations Fund	4,214	* Transfer Earnings
Electric Fund	General Fund	<u>42,000</u>	PILOT
Total		\$ <u>2,039,400</u>	

- * The transfer from the General Fund to the Annual Leave Fund is netted within the General Fund as this fund is consolidated within the General Fund and the transfer from the Library Endowment Fund to the Library Operations Fund is included with the General Fund in order to comply with GASB Statement No. 54.

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

I. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$238,933 from the difference between the expected and actual experience, \$433,447 from the net difference between the projected and actual investment earnings on pension plan investments, \$124,181 from changes in assumptions and \$141,391 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$421,248 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$1,359,200.

Deferred outflows of resources in the business-type activities consists of \$13,000 from the difference between the expected and actual experience, \$23,583 from the net difference between the projected and actual investment earnings on pension plan investments, \$6,756 from changes in assumptions and \$7,693 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$22,901 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$73,933.

Deferred outflows of resources in the Water Fund consists of \$9,523 from the difference between the expected and actual experience, \$17,276 from the net difference between the projected and actual investment earnings on pension plan investments, \$4,949 from changes in assumptions and \$5,636 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$16,767 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Water Fund is \$54,151.

Deferred outflows of resources in the Sewer Fund consists of \$3,477 from the difference between the expected and actual experience, \$6,307 from the net difference between the projected and actual investment earnings on pension plan investments, \$1,807 from changes in assumptions and \$2,057 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$6,134 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Sewer Fund is \$19,782.

J. Unearned Revenue

Unearned revenue in the General Fund consists of \$6,532 of advertising fees and \$130,249 of recreation fees received in advance. Total unearned revenue in the General Fund is \$136,781.

Unearned revenue in the Non-Major Governmental Funds consists of \$3,915 of grant revenue received in advance.

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

K. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$188,311 of prepaid property taxes and \$560,378 associated with leases that will be recognized as revenue over the lease terms. It also includes \$71,141 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the governmental activities is \$819,830.

Deferred inflows of resources in the business-type activities consists of \$96,675 associated with leases that will be recognized as revenue over the lease terms. It also includes \$3,870 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows in the business-type activities is \$100,545.

Deferred inflows of resources in the General Fund consists of \$188,311 of prepaid property taxes and \$560,378 associated with leases that will be recognized as revenue over the lease terms. It also includes \$382,900 of delinquent property taxes and interest on those taxes, \$56,000 of ambulance fees, \$383,875 of grant revenue and \$2,848 of miscellaneous revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund is \$1,574,312.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$133,414 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Water Fund consists of \$2,835 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the Sewer Fund consists of \$1,035 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the Electric Fund consists of \$96,675 associated with leases that will be recognized as revenue over the lease terms.

L. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

TOWN OF STOWE, VERMONT
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JUNE 30, 2024

The Town has other notes payable to finance various capital projects and purchases through a local bank.

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

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

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

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

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Ladder Truck and Nichols Easement, Principal Payments of \$20,000 Payable on December 1 Annually, Interest Rates Ranging from 1.87% to 5.09% Payable on June 1 and December 1, Due and Paid December, 2024	\$ 40,000	\$ 0	\$ 20,000	\$ 20,000
Bond Payable, Vermont Municipal Bond Bank, Adams Camp Purchase and Memorial Building Engineering, Principal Payments of \$25,000 Payable on December 1 Annually, Interest Rates Ranging from 3.87% to 4.67% Payable on June 1 and December 1, Due December, 2027	125,000	0	25,000	100,000
Bond Payable, Vermont Municipal Bond Bank, Public Safety Building, Principal Payments of \$360,000 Payable on November 15 Annually, Interest Rates Ranging from 1.90% to 4.65% Payable on May 15 and November 15, Due November, 2028	2,160,000	0	360,000	1,800,000

TOWN OF STOWE, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Ice Rink, Principal Payments of \$200,000 Payable on November 15 Annually, Interest Rates Ranging from 1.10% to 3.97% Payable on May 15 and November 15, Due November, 2032	\$ 2,000,000	\$ 0	\$200,000	\$ 1,800,000
Bond Payable, Vermont Municipal Bond Bank, Ice Rink and Sledding Hill Land Purchase, Principal Payments of \$140,750 Payable on November 15 Annually, Interest at 3.96% Payable on May 15 and November 15, Due November, 2033	1,548,250	0	140,750	1,407,500
Bond Payable, Vermont Municipal Bond Bank, Village Sidewalk and Overhead Utility Project, Principal Payments of \$220,000 Payable on November 1 Annually, Interest Rates Ranging from 1.84% to 4.10% Payable on May 1 and November 1, Due November, 2049	<u>5,940,000</u>	<u>0</u>	<u>220,000</u>	<u>5,720,000</u>
Total Governmental Activities	<u>\$11,813,250</u>	<u>\$ 0</u>	<u>\$965,750</u>	<u>\$10,847,500</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Improvements, Principal and Interest Payments of \$215,568 Payable on July 1 Annually, Interest at 3%, Due July, 2024. The Town Made the July, 2024 Payment in June, 2024.	\$ 209,289	\$ 0	\$ 209,289	\$ 0
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Improvements, Principal Payments of \$18,273 Payable on April 1 Annually, 0% Interest, Due and Paid April, 2024	18,273	0	18,273	0

TOWN OF STOWE, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sunset Hill Project, Principal and Interest Payments of \$56,962 Payable on July 1 Annually, Interest at 1%, Administrative Fee at 2%, Due July, 2026. The Town Made the July, 2024 Payment in June, 2024.	\$ 161,124	\$ 0	\$ 52,129	\$ 108,995
Bond Payable, Vermont Municipal Bond Bank, Fire District #3, Principal and Interest Payments of \$8,805 Payable on May 15 and November 15 Semi-Annually, Interest at 3.65%, Due May, 2025	29,903	0	16,670	13,233
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Improvements, Principal Payments of \$691,683 Payable on April 1 Annually, 0% Interest, Due April, 2028	3,458,414	0	691,683	2,766,731
Bond Payable, Vermont Municipal Bond Bank, Electric Upgrades, Principal Payments of \$135,000 through 2038 and then One (1) Payment of \$85,000 in 2039, Interest Rates Ranging from 1.31% to 3.41% Payable on June 1 and December 1, Due November, 2039	2,245,000	0	135,000	2,110,000
Bond Payable, Vermont Economic Development Authority, Annual Principal Payments of \$127,080, Interest at 4.2% with a 3.3% Subsidy to Offset Interest, Due February, 2041	2,287,440	0	127,080	2,160,360
Bond Payable, Vermont Municipal Bond Bank, Electric Upgrades, Principal Payments of \$200,000 Payable on November 15 Annually, Interest at 3.47% Payable on May 15 and November 15, Due November, 2041	3,800,000	0	200,000	3,600,000

TOWN OF STOWE, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Union Bank, Electric Investment Purchases, Quarterly Principal and Interest Payments of \$20,773, Interest at 4.2%, Due December, 2029	\$ 477,523	\$ 0	\$ 64,501	\$ 413,022
Note Payable, Union Bank, Electric Investment Purchases, Quarterly Principal and Interest Payments of \$18,209, Interest at 4.2%, Due November, 2030	466,495	0	54,045	412,450
Note Payable, Union Bank, Electric Investment Purchases, Quarterly Principal and Interest Payments of \$7,439, Interest at 4.1%, Due December, 2024	271,726	0	18,881	252,845
Note Payable, Union Bank, Equipment Purchase, Quarterly Principal and Interest Payments of \$23,215, Interest at 2.99%, Due May, 2027	348,268	0	83,352	264,916
Note Payable, Union Bank, Electric Upgrades, Quarterly Principal and Interest Payments of \$15,928, Interest at 4.2%, Due December, 2027	639,280	0	37,391	601,889
Note Payable, Union Bank, Equipment Purchase, Annual Principal and Interest Payments of \$57,870, Interest at 2.75%, Due May, 2028	266,034	0	50,540	215,494
Note Payable, Union Bank, Electric Investment Purchases, Quarterly Principal and Interest Payments of \$7,845, Interest at 4.95%, Due November, 2028	338,199	0	14,877	323,322
Note Payable, Union Bank, Equipment Purchase, Annual Principal and Interest Payments of \$55,913, Interest at 4.8%, Due March, 2028	<u>243,410</u>	<u>0</u>	<u>44,204</u>	<u>199,206</u>
Total Business-type Activities	<u>\$15,260,378</u>	<u>\$ 0</u>	<u>\$1,817,915</u>	<u>\$13,442,463</u>

TOWN OF STOWE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Changes in long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 11,813,250	\$ 0	\$ 965,750	\$ 10,847,500	\$ 965,750
Compensated Absences Payable	712,969	94,850	0	807,819	0
Net Pension Liability	<u>3,374,996</u>	<u>434,843</u>	<u>0</u>	<u>3,809,839</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 15,901,215</u>	<u>\$ 529,693</u>	<u>\$ 965,750</u>	<u>\$ 15,465,158</u>	<u>\$ 965,750</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 12,209,443	\$ 0	\$ 1,450,124	\$ 10,759,319	\$ 1,166,996
Notes Payable	3,050,935	0	367,791	2,683,144	615,360
Compensated Absences Payable	297,440	8,003	0	305,443	0
Net Pension Liability	<u>205,142</u>	<u>2,141</u>	<u>0</u>	<u>207,283</u>	<u>0</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 15,762,960</u>	<u>\$ 10,144</u>	<u>\$ 1,817,915</u>	<u>\$ 13,955,189</u>	<u>\$ 1,782,356</u>

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

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

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 965,750	\$ 328,983	\$ 1,782,356	\$ 346,216
2026	945,750	299,193	1,583,783	313,419
2027	945,750	276,795	1,599,367	282,810
2028	945,750	250,251	1,900,099	243,112
2029	920,750	226,689	863,601	201,440
2030-2034	2,603,750	878,807	2,463,697	712,766
2035-2039	1,100,000	583,535	2,310,400	336,060
2040-2044	1,100,000	373,425	939,160	37,263
2045-2049	1,100,000	157,606	0	0
2050	<u>220,000</u>	<u>4,511</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 10,847,500</u>	<u>\$ 3,379,795</u>	<u>\$ 13,442,463</u>	<u>\$ 2,473,086</u>

M. Fund Balances

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

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

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

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

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

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Items	\$117,591
Nonspendable Inventory	262,396
Nonspendable Resources from Lease Receivables in Excess of Related Deferred Inflows of Resources	<u>46,844</u>
Total General Fund	<u>426,831</u>

Non-Major Funds

Permanent Funds:

Nonspendable Cemetery Fund Principal	215,000
Nonspendable Library Endowment Fund Principal	<u>35,295</u>
Total Non-Major Funds	<u>250,295</u>
Total Nonspendable Fund Balances	<u>\$677,126</u>

TOWN OF STOWE, VERMONT
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The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Library Development by Donations \$ 23,105

Capital Fund:

Restricted for Aerial Ladder Truck Purchase by
by Unspent Bond Proceeds (Source of Revenue
is Bond Proceeds) 1,383,772

Non-Major Funds

Special Revenue Funds:

Restricted for Police Expenses by Agreement
(Source of Revenue is Grant Revenue) 55,432

Restricted for Records Preservation Expenses by Statute
(Source of Revenue is Recording Fees) 71,430

Total Special Revenue Funds 126,862

Permanent Funds:

Restricted for Cemetery Fund by Trust Agreements
– Expendable Portion 458,961

Restricted for Library Endowment Fund by Trust Agreements
– Expendable Portion 1,195,950

Total Permanent Funds 1,654,911

Total Non-Major Funds 1,781,773

Total Restricted Fund Balances \$3,188,650

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

Major Funds

General Fund:

Committed for Annual Leave by the Voters \$ 189,096

Capital Fund:

Committed for Capital Projects by the Voters 2,518,540

TOWN OF STOWE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Non-Major Funds

Capital Projects Fund:

Committed for Equipment Expenditures by the Voters	\$ <u>722,356</u>
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Total Committed Fund Balances	<u>\$3,429,992</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2025	\$350,000
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Assigned for Library Operations Expenses	27,095
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Assigned for Library Damage Expenses	41,916
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Assigned for Mayo Barn Damage Expenses	<u>104,668</u>
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Total General Fund	<u>523,679</u>
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Capital Fund:

Assigned for Capital Project Expenditures	<u>3,750</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Appraisal Expenses	<u>131,531</u>
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Total Assigned Fund Balances	<u>\$658,960</u>
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The unassigned deficit of \$136,396 in the Grant Fund will be funded with the collection of grant revenues and a transfer from the General Fund.

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

N. Restricted and Designated Net Position

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

Governmental Activities:

Restricted for Library Development by Donations	\$ 23,105
Restricted for Police Expenses by Agreement	55,432
Restricted for Records Preservation Expenses by Statute	71,430
Restricted for Cemetery Fund by Trust Agreements – Non-Expendable Portion	215,000
Restricted for Cemetery Fund by Trust Agreements – Expendable Portion	458,961
Restricted for Library Endowment Fund by Trust Agreements – Non-Expendable Portion	35,295
Restricted for Library Endowment Fund by Trust Agreements – Expendable Portion	<u>1,195,950</u>
Total Governmental Activities	<u>\$2,055,173</u>

Business-type Activities:

Electric Fund:

Restricted for Electric Capital Projects by State Agreement	<u>\$598,617</u>
Total Business-type Activities	<u>\$598,617</u>

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

Business-type Activities:

Electric Fund:

Designated for Electric Capital Improvements	<u>\$1,000,000</u>
Total Business-type Activities	<u>\$1,000,000</u>

The net position held in trust for various purposes in the Town's Private-Purpose Trust Fund as of June 30, 2024 consisted of the following:

Private-Purpose Trust Fund:

Restricted for Recreation Scholarships by Donations	<u>\$92,088</u>
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TOWN OF STOWE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

V. OTHER INFORMATION

A. Pension Plans

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

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

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

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

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

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

As of June 30, 2023, the measurement date selected by the State of Vermont, VMERS was funded at 74.01% and had a plan fiduciary net position of \$912,113,032 and a total pension liability of \$1,232,406,785 resulting in a net position liability of \$320,293,753. The Town's proportionate share of this was 1.2542% resulting in a net pension liability of \$4,017,122. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 1.2542% was an increase of 0.0741 from its proportion measured as of the prior year.

TOWN OF STOWE, VERMONT
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For the year ended June 30, 2024, the Town recognized pension expense of \$950,481 which was comprised of \$822,879 determined by the State of Vermont's actuary and \$127,602 of employer contributions made by the Town in excess of the amount required. The total employer contribution made by the Town was \$571,751. For the year ended June 30, 2024, the Town funded the employer contribution for Group B at 10.6% resulting in a lower contribution for members (2.275%).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 251,933	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	457,030	0
Changes of assumptions	130,937	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	149,084	75,011
Town's required employer contributions made subsequent to the measurement date	<u>444,149</u>	<u>0</u>
	<u>\$ 1,433,133</u>	<u>\$ 75,011</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$444,149 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2025	\$330,577
2026	156,710
2027	436,143
2028	<u>(9,457)</u>
Total	<u>\$913,973</u>

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

Creditable Service – Service as a member plus purchased service.

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

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

Normal Retirement Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC. Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

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

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

Vesting – All Groups – Five (5) years of service. Allowance beginning at Normal Retirement Age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

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

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

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

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

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

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

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

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

Member Contribution Rates:

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

Employer Contribution Rates:

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

Significant Actuarial Assumptions and Methods

Inflation Rate – 2.30% per year.

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

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

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

Mortality:

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

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

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

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

Age of Spouse – Females three (3) years younger than males.

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

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

Determination of Discount Rate and Investment Rates of Return

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

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

Discount Rate – The long-term expected rate of return on pension plan investments is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2023, is 3.65%, as published by The Bond Buyer.

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$6,046,390	\$4,017,122	\$2,349,143

Additional Information

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

Defined Contribution Plan

The Town, except the Electric Department, offers its employees a defined contribution pension plan. This plan is administered by the Town. The Town contributes 10.6% of gross salary to the plan. All investments are self-directed by the employees. The Town no longer allows new entrants to this plan. The total payroll for the year, excluding the Electric Department, was \$6,651,216 while covered payroll was \$436,620. Pension expense was \$46,282.

Deferred Compensation Plan

The Electric Department created a retirement plan called "Town of Stowe Electric Department 457(b) Retirement Plan", an eligible deferred compensation plan for employee contributions under Section 457(b) of the IRC for its employees and beneficiaries. The Electric Department also created the Stowe Electric Retirement Plan, a profit sharing plan, which allows the Electric Department to contribute a percentage of its revenues to each employees' plan account.

Under the profit sharing plan, employees are eligible to participate in the plan after completion of one (1) year of service based upon the date the employee was hired and the approval of the Chief Executive Officer of the plan sponsor.

The Electric Department contracts with a third party administrator to administer the Profit Sharing and Deferred Compensation Plans. The Stowe Electric Department Commissioners are also Plan Trustees. Under the agreement the third party administrator is responsible for employee eligibility determination, record keeping, reporting and compliance with the plan requirements.

Once eligibility and participation requirements are met, the employee is eligible to receive an allocation of employer contributions based upon each employee's compensation up to a maximum of \$225,000 annual compensation.

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

Under the plan, employer contributions may be made to union employees at 10.6% and management at 11.6% of annual compensation. All contributions are immediately vested at 100%. The plan allows all participants who had retirement account balances in another qualified plan to roll over those balances to the new plan.

Total covered payroll for the pension contributions for the year ended June 30, 2024 was \$2,125,245. The Electric Department's pension contributions for the years ended June 30, 2024, 2023 and 2022 were \$191,037, \$178,492 and \$137,551, respectively. The total fees relating to the pension plan for the years ended June 30, 2024, 2023 and 2022 were \$9,820, \$9,686 and \$7,642, respectively.

B. Risk Management

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

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

C. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are levied in July and are payable in four (4) installments on August 15, November 15, February 15 and May 15. Interest at 2% is assessed on all unpaid balances immediately following each installment payment and then 2% on the first of each month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2024 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.9631	2.0889
Voted Exemptions	0.0052	0.0052
Town	<u>0.4710</u>	<u>0.4710</u>
Total	<u>2.4393</u>	<u>2.5651</u>

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

D. Contingent Liabilities

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

There is currently a pending claim against the Town where the Town's insurance carrier is providing defense. The Town is vigorously defending the claim. The Town and the insurer do not believe that the claim could exceed the insurance policy limits in the event of unfavorable ruling.

E. Concentration of Revenue

The Electric Department's largest customer represents approximately 18.8% of operating revenue and 6.7% of accounts receivable.

F. Purchase Power Contracts and Services

SED's energy and capacity requirements are provided through a variety of contract obligations.

In 2008, SED became a direct member of the ISO – New England power market. SED has also entered into a service contract with Energy New England, LLC to administer and execute power contracts with the ISO – New England power market as SED's agent.

A brief summary of the major power supply contracts as of June 30, 2024 held by SED is as follows:

Hydro Quebec Contract:

This contract began on November 1, 2012, for energy and renewable credits. The contract began with 218MW. SED's portions vary during different periods, as shown below. The contract pricing will be flexible and competitive to the market price because it will follow the defined Energy Market index and the cost of power on the forward market. The pricing is based partly on market prices, partly on inflation, and carries limits on year-to-year price fluctuations. Given the greater degree of market price volatility exhibited since the original Hydro Quebec contract was agreed, this pricing approach should be beneficial to Stowe as the contract will be limited to how "out of market" it might become for both Hydro Quebec and Stowe. This is an important contract quality in the current market environment, and it reduces potential rate pressure to Stowe. In addition to the price flexibility, this will continue to provide very low carbon energy to Stowe, helping it maintain a market price based on green energy procurement strategy. Stowe also can include Hydro Quebec renewable attributes towards their annual Renewable Energy Standard (RES) obligation for Tier I.

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

<u>Schedule</u>	<u>Start Date</u>	<u>Final Delivery Date</u>	<u>Stowe Entitlement (MW)</u>
Period 1	11/1/2012	10/31/2015	1.238
Period 2	11/1/2015	10/31/2016	2.890
Period 3	11/1/2016	10/31/2020	2.990
Period 4	11/1/2020	10/31/2030	2.990
Period 5	11/1/2030	10/31/2035	2.135
Period 6	11/1/2035	10/31/2038	0.483

New York Power Authority:

The New York Power Authority (“NYPA”) provides power to the utilities in Vermont under two contracts. SED’s share of the first contract is a 9 kW entitlement to the Robert Moses Project (a.k.a. St. Lawrence). Effective December 23, 2017, this contract was renewed to extend through April 30, 2032. This renewal did not negotiate for the Environmental Attributes therefore SED cannot claim St. Lawrence towards RES compliance years 2017 through 2019. Beginning in compliance year 2020 SED is now able to claim all St. Lawrence renewable attributes towards Tier I. SED's share of the second contract, the Niagara Project, has been an average of 481 kW. Effective September 1, 2007, the Niagara contract was renewed through September 1, 2025. SED is able to use Niagara Environmental Attributes towards RES Tier I compliance.

Ryegate:

Ryegate is a 20 MW wood-fired unit, that was once within the VEPPI 4.100 projects. The VEPPI contract expired on October 31, 2012. The utilities negotiated a 10-year contract for power through VEPP Inc. The contract is for both power and renewable energy credits. As the extension terminated on April 30, 2023, the contract was renegotiated through a maximum date of November 1, 2032. The contract timeline is subject to earlier termination if Ryegate Associates fails to meet the requirements of Section 8009(k) in the petition. SED’s allocation for the November 1, 2023, through October 31, 2024, contract year is 1.5251% of unit generation.

SPEED (Sustainable Prices Energy Enterprise Development):

SPEED Standard Offer is a program established under Vermont Public Service Board Order 4.300. The program’s goal is to achieve renewable energy and long-term stably priced contracts. Vermont utilities will purchase power from the SPEED projects. Projects within Standard Offer consist of behind the meter and ISO-NE settlement. Each utility will receive a percent share of each project. SED’s share for November 1, 2023 through October 31, 2024 was 1.5633%. SED receives a modest capacity credit, and renewable energy credits for these resources. The rate per resource is based on fuel type. The SPEED began in the fourth quarter of 2010. As of June, 2024, the capacity portion of the SPEED program has expired.

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

In May of 2009, as the SPEED Program progressed and implemented modifications, it changed into the Standard Offer program. This change began a feed-in-tariff to encourage the development of SPEED resources by contracting for longer terms with fixed prices that would qualify. By May of 2012, the Vermont Energy Act of 2012 expanded the program to 127.5 MW over a 10-year span with a new pricing mechanism for qualified projects. making contracts long term and at fixed prices to qualified renewable energy projects. The 2020 RFP for the Standard Offer Program within the Public Utility Commission through Orders in Dockets 7523, 7533, 7780, 7873, 7874, 8817, Case 17-3935-INV, Case 18-2820-INV and most recently Case No. 19-4466-INV, included the avoided cost price caps. Price caps are subject to a location and fuel type.

Stony Brook:

SED has entered into a Power Sales Agreement with the Massachusetts Municipal Wholesale Electric Company (MMWEC) for 1.66% (approximately 5,832 kW) of MMWEC's Stony Brook Project, an operating fossil fuel plant, for the life of the units' operation. MMWEC, a public corporation of Massachusetts, is a coordination and planning agency for the development of the bulk power supply requirements of its members and project participants. The Power Sales Agreement for the project requires each participant to pay its share of MMWEC's costs related to the project, which includes operation and maintenance, property taxes, administration, expenses and capital. Lastly, MMWEC collects an operating reserve to finance the project. This is to be paid into a reserve and contingency fund.

Stated in MMWEC's 2021-22 budget, the operating reserve is used to help mitigate cost increases. The funds will be used for any unforeseen events or capital expenditures.

McNeil Project:

The McNeil wood-fired generating facility is located in Burlington, Vermont. The facility has a normal generating capability of 50,000 kW and a maximum generating capability of 53,000 kW. SED's entitlement to McNeil is provided through an agreement with the Vermont Public Power Supply Authority (VPPSA). SED receives 15.8% of VPPSA's joint ownership of McNeil or 3% of the full capability of the plant. SED expects the generation to be mostly composed of wood, but gas and oil can be used to fuel the unit if available and if pricing is appropriately set.

McNeil was retrofitted in 2008 to make it eligible to generate Connecticut Class I Renewable Energy Certificates (RECs). McNeil's operating costs have been increased throughout the past two years to collect a reserve fund for the planned shutdown and overhaul of the plant. With COVID-19 the capital project was delayed and has since been completed. The capital budget going forward is higher than usual due to the larger costs of the project overhaul.

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

Brown Bear II Hydro (Old Miller Hydro Contract):

SED has signed a purchase power agreement for 2.613% of the Miller Hydro Project. The contract states that SED will receive their percent of the Miller hydro output per month. The contract price is for energy to be delivered to the Maine Zone. The first PPA terminated on May 31, 2016. The second extension of this contract terminated on May 31, 2021.

The Miller Hydro was purchased by Brown Bear Hydro and a PPA was renegotiated beginning on June 1, 2021. It is the same 2.613% of unit, but it is only for energy and renewable energy credits going forward. This will terminate on November 30, 2025.

Brown Bear Hydro is a run of river unit that has an average annual production of 90,000 MWH per year, over the past 3 to 5 years. This resource should equate to roughly 3% of SED's energy. The RECs from this purchase qualify for Tier I RES compliance.

Saddleback Ridge Wind Project:

SED purchased 2.172% of the Saddleback Wind Project, a 33 MW project with a 20 year PPA. The project is located in Carthage, ME. This generation is roughly 3% of SED's load. The project will allow SED to buy energy, capacity, and RECs. This project went full commercial in September, 2015.

NextEra – Seabrook Offtake:

Beginning January 1, 2015 and going through December 31, 2034 SED will receive 0.16% (or max of 2 MW) of around the clock, of the NextEra Seabrook Resource. This contract also provides SED with the same PPA percentage of capacity as well. The pricing of the product varies with the Gross Domestic Product-Implicit Price Deflator (GDP-IPD). This takes natural gas price volatility away from the contract price. Escalation is limited to between 1.6%-4.9% per year. The PPA will provide carbon-free generation that will help insulate SED from the potential for higher carbon prices in the future.

SED also receives the Emissions Free Energy Certificates.

Phase 1 Hydro-Quebec Interconnection:

SED has entered into contracts with Vermont Electric Power Company (VELCO) to participate in 0.09619% of Phase I portion of the Hydro-Quebec interconnection, a 450 KVHVD transmission line directly connecting the Hydro-Quebec electric system with ISO-NE at the Comerford Generating Station. Under these agreements, SED provided capital for the cost of construction through purchase of VELCO Class C preferred stock and will provide support for the operation of the line. SED is entitled to a portion of the benefits and has an obligation for a corresponding portion of the costs associated with Phase I.

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

On November 14, 2014, Stowe contracted with Green Mountain Power (GMP) for a transfer of use rights agreement. GMP is now the interconnection rights holder and pays SED for that right. This contract terminated on October 31, 2020. Beginning in November 2020 SED has sold the HQ rights to Nalcor. Nalcor pays SED for that right until termination of December 31, 2023. The latest contract began on January 1, 2024, and will terminate on December 31, 2028, with H.Q. Energy Services (U.S.).

Nebraska Valley – Beech Hill Solar:

SED has built a 1 MW AC ground mounted solar electric generation project. Estimated output is approximately 1,568 MWh per year. This is about 1%-2% of SED's annual energy requirement. Stowe benefits from this project in the ability to use the renewable energy credits towards Tier 2 of the Renewable Energy Standard. The project is a distributed generation, or behind Stowe's meter, which provides additional benefits include energy, capacity, and transmission. The project began operation in August, 2016.

FirstLight (Cabot/Turners Falls Hydro):

Beginning on January 1, 2021 Stowe will receive an estimated 2.6% of their load from a Purchased Power Agreement for a bilateral percentage amount from the Cabot and Turners Fall Hydro Plants. Stowe will also receive renewable energy credits that are Vermont Tier I qualified. This PPA will expire on December 31, 2030.

Great River Hydro Project:

SED contracted a PPA for generation and RECs from the Moore Dam and Great River Hydro projects. It began January 1, 2023 and will terminate on December 31, 2037. SED's share is estimated to be 5.9% of load.

Market Contracts:

SED's portfolio contains market contracts. Beginning on December 1, 2023, SED purchased shaped block power from a counterparty. This purchase was to lock in coverage for SED's position during the month of December, 2023 through March, 2024. Also, SED contracted for a load following contract for the Mount Mansfield ski resort. The contract provides optimal supply flexibility for this load type.

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

Sources of Energy

The percentages of energy (kWh) acquired for the year ended June 30, 2024 was as follows:

Resource	Type	(MWH)	kWh's	% of Load	Fuel	Location	Termination Date
NYPA - Niagara	Block	3,222	3,222,093	3.8%	Hydro	Roseton	9/1/2025
NYPA - St. Lawrence	Block	98	97,632	0.1%	Hydro	Roseton	4/30/2032
HQ PPA Contract	ISO Bilateral	17,509	17,509,440	20.8%	Hydro	HQ Highgate 120	10/31/2028
McNeil	Wood Unit	5,401	5,401,199	6.4%	Wood	Essex	Life of Unit
Ryegate	Wood Unit	2,368	2,368,410	2.8%	Wood/Hydro	Ryegate	11/1/2032
Stonybrook 1A/1B/1C	Dispatchable	176	176,326	0.2%	Natural Gas/Oil	Stonybrook 115	Life of Unit
Saddleback Ridge	Asset Transfer	1,696	1,695,853	2.0%	Wind	Carthage, ME	2035
Bilateral Purchase - Mtn	ISO Bilateral	8,363	8,363,391	9.9%		Mass Hub	
Miller Hydro	Asset Transfer	2,795	2,795,230	3.3%	Hydro	TopSham Miller	2025
Seabrook Offtake	ISO Bilateral	17,215	17,215,468	20.4%	Nuclear	Seabrook 545	2034
Great River Hydro	ISO Bilateral	3,355	3,354,555	4.0%	Hydro	Moore	12/31/2037
Bilateral Purchase	ISO Bilateral	2,580	2,579,600	3.1%		Mass Hub	3/1/2024
Cabot/Turners	ISO Bilateral	2,377	2,377,029	2.8%	Hydro	Mass Hub	2030
Standard Offer ISO		98	98,345	0.1%	Methane	VT Nodes	
ISO Energy Net Interchange		<u>14,091</u>	<u>14,090,724</u>	<u>16.7%</u>			
Totals		<u>81,344</u>	<u>81,345,295</u>	<u>96.5%</u>			
Standard Offer BTM	Load Reducer	1,824	1,823,733	2.2%	Mix	Behind the Meter Generation	Life of Unit
Nebraska Valley Solar Project	Load Reducer	<u>1,092</u>	<u>1,092,038</u>	<u>1.3%</u>	Solar	Behind the Meter Generation	Life of Unit
Totals		<u>84,260</u>	<u>84,261,066</u>	<u>100.0%</u>			

Future Projects and State Renewable Energy Standard

Hydro Project:

SED is also reviewing the option of refurbishing the old Moscow Hill Hydro Unit. This project was destroyed in the flood of 2011. This project would allow SED to reduce their load, because it would be behind the meter, and would qualify for the RES requirement.

Battery Project:

SED is also reviewing the technology of energy storage.

Renewable Portfolio and Upcoming Renewable Energy Standard (RES):

In July, 2015, Act 56 (H.40) was established using the 2011 Vermont Comprehensive Energy Plan in order to detail the State's goals and place direction on how utilities will reach these goals. The RES requires utilities to buy or retain renewable energy credits and energy transformation projects. Each year has a percentage of retail sales that must be covered. In lieu of renewable credits or transformation project a utility can meet their obligation by paying an alternative compliance payment, as rates set by the State. The compliance will be adjusted annually for inflation using CPI.

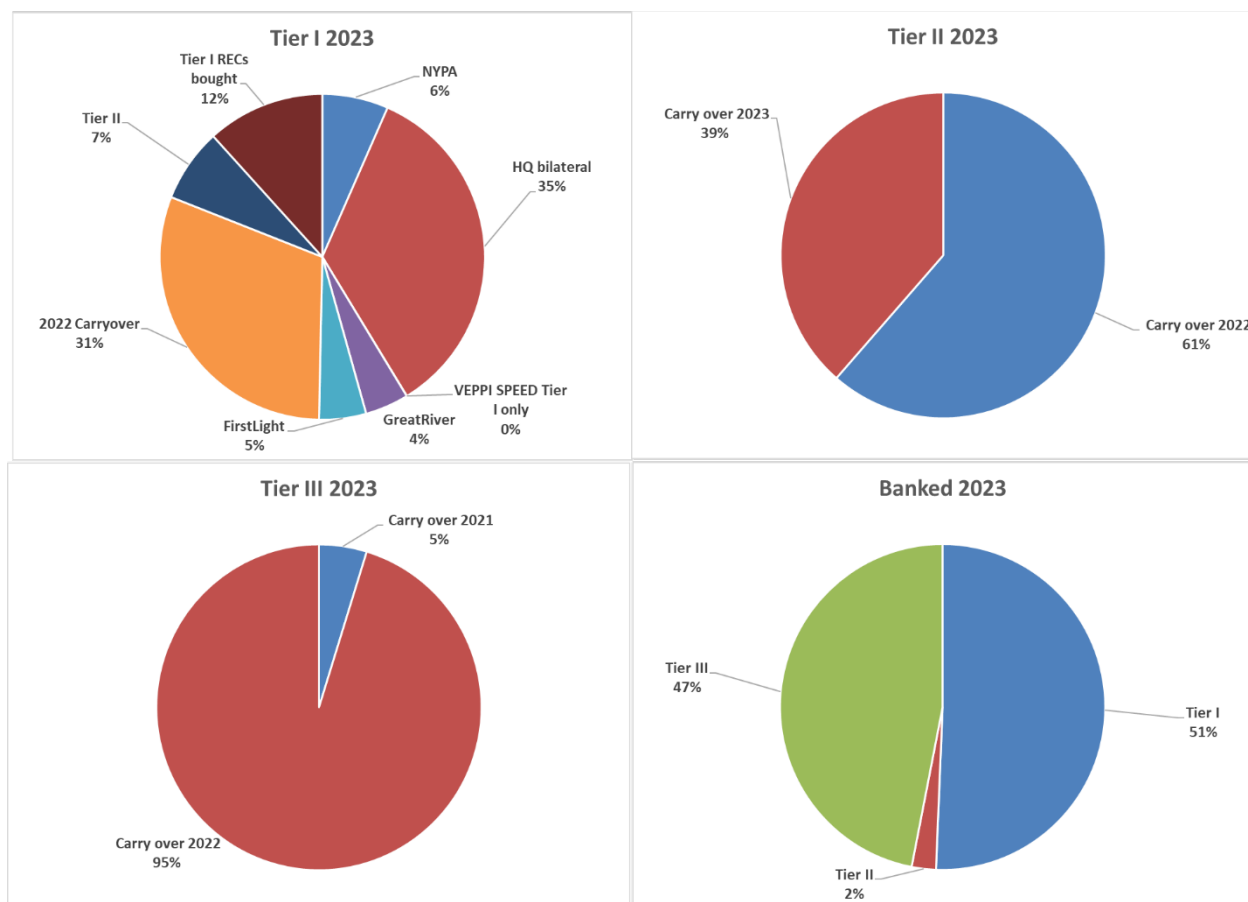
TOWN OF STOWE, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

There are three tiers to the RES program:

- The Tier I category establishes renewable energy in Stowe's portfolio. Stowe can claim any class of REC that has a New England qualification.
 - Requirement to reach 75% of Tier I classification by 2032
 - Total renewable energy requirement started in 2017 at 55%
 - Requirements increase by 4% every three years
 - The Hydro Quebec bilateral and NYPA contracts that have been executed by the State of Vermont also qualify although the power originates outside of New England
- The Tier II category is for distributed generation. Tier II helps support the reliability of the electric system and helps with transmission constraints. Resources must be 5 MW or less and directly connected to the Vermont utilities sub transmission or distribution system. SED's 1 MW solar project provides qualification requirements for Tier II. Projects that are greater than 5 MW name plate are required to receive State approval to qualify for this category.
 - Requirement to reach 10% of Tier II classification by 2032
 - Total renewable energy requirement started in 2017 at 1%
 - Requirements increasing by three-fifths of a percent each year
- Tier III category allows Vermont utilities to either retire Tier II REC or incentivize energy transformation projects. Tier III encourages projects that will help reduce fossil fuel consumption and greenhouse gas emissions. The Public Utility Commission approves a conversion methodology (developed by the Department of Public Service) that utilities can utilize the exchange of fossil fuel reduction into compliance MWHs of electric energy.
 - Requirements to reach 10 & 2/3% of Tier III classification by 2032
 - Total renewable energy requirements started in 2019 at 2%
 - Increasing by two-thirds of a percent each year
 - Excess Tier II-qualifying distributed generation qualifies for Tier III compliance

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

SED's 2023 100% Compliance is shown below.



G. Unused Line of Credit

The Electric Department has a \$1,500,000 revolving line of credit with a local bank, all of which was unused at June 30, 2024. Advances on this line, plus interest were due and payable on November 1, 2024. This line of credit was renewed on November 1, 2024 for one year. The line of credit is secured by substantially all assets of the Electric Department.

H. Subsequent Events

On June 18, 2024, the Electric Department approved a resolution for a bond for \$2,800,000 for capital improvements.

On March 5, 2024, Voters approved to obtain a bond not to exceed \$3,000,000 to acquire an equity ownership interest in Vermont Transco, LLC.

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

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 11,384,230	\$ 11,339,300	\$ (44,930)
Local Option Sales Taxes	700,000	1,278,249	578,249
Accounting	30,800	31,543	743
Administration	959,262	1,045,740	86,478
Cemetery Commission	1,200	680	(520)
Transfer from Capital Fund - Debt Management	555,686	555,686	0
EMS	213,351	315,674	102,323
Fire	0	900	900
Highway	232,155	274,820	42,665
Library	3,535	32,306	28,771
Listers	4,400	4,601	201
Parks	38,050	29,495	(8,555)
Police	218,972	147,874	(71,098)
Public Works - Administration	92,300	173,242	80,942
Recreation	202,815	164,809	(38,006)
Stowe Arena	365,559	366,726	1,167
Town Clerk & Treasurer	342,419	709,053	366,634
Zoning & Planning	70,000	245,301	175,301
Total Revenues	15,414,734	16,715,999	1,301,265
Expenditures:			
Accounting	360,542	361,801	(1,259)
Information Technology	419,762	437,494	(17,732)
Administration	637,736	676,460	(38,724)
Annual Leave Fund Transfer	100,000	100,000	0
Buildings & Facilities	563,149	565,514	(2,365)
Cemetery Commission	20,800	19,978	822
Debt Management	1,371,057	1,331,065	39,992
Economic Development & Community Services	97,450	97,350	100
Elections	4,676	2,593	2,083
Emergency Management	6,200	3,144	3,056
EMS	920,261	959,206	(38,945)
Equipment Fund Transfer	1,325,000	1,325,000	0
Fire	808,597	787,869	20,728
General Government	695,861	705,008	(9,147)
Highway	2,824,617	3,033,882	(209,265)
Insurance	235,210	249,371	(14,161)
Library	566,458	506,430	60,028
Listers	160,818	161,024	(206)
Mountain Rescue	50,238	64,051	(13,813)
Parks	599,859	589,777	10,082
Police	2,272,207	2,224,778	47,429

See Disclaimer in Accompanying Independent Auditor's Report.

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

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures/(Cont'd):			
Public Works - Administration	\$ 523,134	\$ 524,724	\$ (1,590)
Recreation	514,367	490,204	24,163
Social Services	59,289	61,199	(1,910)
Solid Waste	602	596	6
Stowe Arena	673,878	737,135	(63,257)
Town Clerk & Treasurer	323,139	350,478	(27,339)
Zoning & Planning	<u>444,827</u>	<u>347,859</u>	<u>96,968</u>
Total Expenditures	<u>16,579,734</u>	<u>16,713,990</u>	<u>(134,256)</u>
Excess/(Deficiency) of Revenues			
Over Expenditures	\$ <u>(1,165,000)</u>	2,009	\$ <u>1,167,009</u>
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Annual Leave Fund Income		9,023	
Annual Leave Fund Transfer In		100,000	
Annual Leave Fund Expenses		(48,610)	
Library Operations Fund Income		3,693	
Library Operations Fund Expenses		(14,717)	
Library Operations Fund Transfer In		4,214	
Insurance Claims Fund Income		166,752	
Insurance Claims Fund Expenses		<u>(89,033)</u>	
Net Change in Fund Balance		133,331	
Fund Balance - July 1, 2023		<u>3,423,891</u>	
Fund Balance - June 30, 2024		\$ <u>3,557,222</u>	

The reconciling items are due to combining three (3) funds, the Annual Leave Fund, the Library Operations Fund and the Insurance Claims Fund, with the General Fund in order to comply with GASB Statement No. 54.

See Disclaimer in Accompanying Independent Auditor's Report.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 320,293,753	\$ 303,371,956	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	1.2542%	1.1801%	1.2440%	1.2018%	1.2195%	1.3779%	1.3420%	1.3498%	1.3825%	1.4096%
Town's Proportionate Share of the Net Pension Liability	\$ 4,017,122	\$ 3,580,138	\$ 1,830,952	\$ 3,040,255	\$ 2,115,736	\$ 1,938,407	\$ 1,625,911	\$ 1,737,171	\$ 1,065,864	\$ 128,646
Town's Covered Employee Payroll	\$ 4,569,768	\$ 3,917,388	\$ 3,694,367	\$ 3,528,123	\$ 3,396,370	\$ 3,468,811	\$ 3,197,390	\$ 2,997,269	\$ 2,842,541	\$ 2,731,082
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	87.9065%	91.3909%	49.5606%	86.1720%	62.2940%	55.8810%	50.8512%	57.9585%	37.4969%	4.7104%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

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

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

Pre-Retirement:

Groups A/B - Changed from 40% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Employee Amount-Weighted (sex specific) tables to 60% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 40% of PubG-2010 General Employee Amount-Weighted (sex-specific) tables.

Group C - Changed from 40% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Employee Amount-Weighted (sex specific) tables to PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables.

Group D - Changed from PubG-2010 General Employee Amount-Weighted Above Median (sex specific) tables to PubS-2010 Public Safety Employee Amount-Weighted Below Median (sex specific) tables.

Healthy Post-Retirement - Retirees:

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

Group C - Changed from 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables.

Group D - Changed from PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubS-2010 Public Safety Retiree Amount-Weighted Below Median (sex-specific) tables.

Healthy Post-Retirement - Beneficiaries:

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

Group D - Changed from Pub-2010 Contingent Survivor Amount-Weighted (sex-specific) tables to Pub-2010 Contingent Survivor Amount-Weighted Below-Median (sex-specific) tables.

Disabled Retirees:

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

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

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 444,149	\$ 357,492	\$ 295,263	\$ 276,581	\$ 250,003	\$ 234,309	\$ 246,026	\$ 219,161	\$ 205,062	\$ 192,329
Contributions in Relation to the Actuarially Determined Contributions	<u>444,149</u>	<u>357,492</u>	<u>295,263</u>	<u>276,581</u>	<u>250,003</u>	<u>234,309</u>	<u>246,026</u>	<u>219,161</u>	<u>205,062</u>	<u>192,329</u>
Contribution Excess/(Deficiency)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Town's Covered Employee Payroll	\$ 5,300,208	\$ 4,569,768	\$ 3,917,388	\$ 3,694,367	\$ 3,528,123	\$ 3,396,370	\$ 3,468,811	\$ 3,197,390	\$ 2,997,269	\$ 2,842,541
Contributions as a Percentage of Town's Covered Employee Payroll	8.380%	7.823%	7.537%	7.487%	7.086%	6.899%	7.093%	6.854%	6.842%	6.766%

Notes to Schedule

Valuation Date: June 30, 2023

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

	Special Revenue Funds	Capital Projects Fund Equipment Fund	Permanent Funds	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 115,304	\$ 115,304
Investments	0	0	1,789,902	1,789,902
Receivables	169,377	0	0	169,377
Due from Other Funds	<u>260,625</u>	<u>722,486</u>	<u>0</u>	<u>983,111</u>
Total Assets	\$ <u>430,002</u>	\$ <u>722,486</u>	\$ <u>1,905,206</u>	\$ <u>3,057,694</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 173	\$ 130	\$ 0	\$ 303
Accrued Payroll and Benefits Payable	2,059	0	0	2,059
Due to Other Funds	168,444	0	0	168,444
Unearned Revenue	<u>3,915</u>	<u>0</u>	<u>0</u>	<u>3,915</u>
Total Liabilities	<u>174,591</u>	<u>130</u>	<u>0</u>	<u>174,721</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	<u>133,414</u>	<u>0</u>	<u>0</u>	<u>133,414</u>
Total Deferred Inflows of Resources	<u>133,414</u>	<u>0</u>	<u>0</u>	<u>133,414</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	250,295	250,295
Restricted	126,862	0	1,654,911	1,781,773
Committed	0	722,356	0	722,356
Assigned	131,531	0	0	131,531
Unassigned/(Deficit)	<u>(136,396)</u>	<u>0</u>	<u>0</u>	<u>(136,396)</u>
Total Fund Balances	<u>121,997</u>	<u>722,356</u>	<u>1,905,206</u>	<u>2,749,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>430,002</u>	\$ <u>722,486</u>	\$ <u>1,905,206</u>	\$ <u>3,057,694</u>

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

	Special Revenue Funds	Capital Projects Fund Equipment Fund	Permanent Funds	Total
Revenues:				
Intergovernmental	\$ 608,315	\$ 0	\$ 0	\$ 608,315
Charges for Services	0	0	16,665	16,665
Permits, Licenses and Fees	8,889	0	0	8,889
Investment Income	12,169	47,166	160,183	219,518
Donations	0	0	100	100
Total Revenues	629,373	47,166	176,948	853,487
Expenditures:				
General Government	149,007	3,090	0	152,097
Public Safety	9,859	0	0	9,859
Public Works	277,529	0	0	277,529
Culture and Recreation	3,196	0	0	3,196
Community Development	350,000	0	0	350,000
Cemetery	0	0	15,329	15,329
Capital Outlay:				
Public Safety	0	204,889	0	204,889
Public Works	0	270,046	0	270,046
Culture and Recreation	0	98,125	0	98,125
Total Expenditures	789,591	576,150	15,329	1,381,070
Excess/(Deficiency) of Revenues Over Expenditures	(160,218)	(528,984)	161,619	(527,583)
Other Financing Sources/(Uses):				
Transfers In	0	1,325,000	0	1,325,000
Transfers Out	(4,000)	0	(12,714)	(16,714)
Total Other Financing Sources/(Uses)	(4,000)	1,325,000	(12,714)	1,308,286
Net Change in Fund Balances	(164,218)	796,016	148,905	780,703
Fund Balances/(Deficit) - July 1, 2023	286,215	(73,660)	1,756,301	1,968,856
Fund Balances - June 30, 2024	\$ 121,997	\$ 722,356	\$ 1,905,206	\$ 2,749,559

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

	Police DEA Fund	Appraisal Fund	Records Preservation Fund	Grant Fund	Total
<u>ASSETS</u>					
Receivables	\$ 0	\$ 0	\$ 0	\$ 169,377	\$ 169,377
Due from Other Funds	<u>55,432</u>	<u>133,763</u>	<u>71,430</u>	<u>0</u>	<u>260,625</u>
Total Assets	<u>\$ 55,432</u>	<u>\$ 133,763</u>	<u>\$ 71,430</u>	<u>\$ 169,377</u>	<u>\$ 430,002</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 173	\$ 0	\$ 0	\$ 173
Accrued Payroll and Benefits Payable	0	2,059	0	0	2,059
Due from Other Funds	0	0	0	168,444	168,444
Unearned Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,915</u>	<u>3,915</u>
Total Liabilities	<u>0</u>	<u>2,232</u>	<u>0</u>	<u>172,359</u>	<u>174,591</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>133,414</u>	<u>133,414</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>133,414</u>	<u>133,414</u>
<u>FUND BALANCES/(DEFICIT)</u>					
Restricted	55,432	0	71,430	0	126,862
Assigned	0	131,531	0	0	131,531
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(136,396)</u>	<u>(136,396)</u>
Total Fund Balances/(Deficit)	<u>55,432</u>	<u>131,531</u>	<u>71,430</u>	<u>(136,396)</u>	<u>121,997</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 55,432</u>	<u>\$ 133,763</u>	<u>\$ 71,430</u>	<u>\$ 169,377</u>	<u>\$ 430,002</u>

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

	Police DEA Fund	Appraisal Fund	Records Preservation Fund	Grant Fund	Total
Revenues:					
Intergovernmental	\$ 2,721	\$ 39,282	\$ 0	\$ 566,312	\$ 608,315
Permits, Licenses and Fees	0	0	8,889	0	8,889
Investment Income	2,293	7,062	2,814	0	12,169
	<u>5,014</u>	<u>46,344</u>	<u>11,703</u>	<u>566,312</u>	<u>629,373</u>
Total Revenues					
Expenditures:					
General Government	0	141,526	1,690	5,791	149,007
Public Safety	3,270	0	0	6,589	9,859
Public Works	0	0	0	277,529	277,529
Culture and Recreation	0	0	0	3,196	3,196
Community Development	0	0	0	350,000	350,000
	<u>3,270</u>	<u>141,526</u>	<u>1,690</u>	<u>643,105</u>	<u>789,591</u>
Total Expenditures					
Excess/(Deficiency) of Revenues Over Expenditures	<u>1,744</u>	<u>(95,182)</u>	<u>10,013</u>	<u>(76,793)</u>	<u>(160,218)</u>
Other Financing Sources/(Uses):					
Transfers Out	<u>0</u>	<u>(4,000)</u>	<u>0</u>	<u>0</u>	<u>(4,000)</u>
Total Other Financing Sources/(Uses)	<u>0</u>	<u>(4,000)</u>	<u>0</u>	<u>0</u>	<u>(4,000)</u>
Net Change in Fund Balances	1,744	(99,182)	10,013	(76,793)	(164,218)
Fund Balances/(Deficit) - July 1, 2023	<u>53,688</u>	<u>230,713</u>	<u>61,417</u>	<u>(59,603)</u>	<u>286,215</u>
Fund Balances/(Deficit) - June 30, 2024	\$ <u><u>55,432</u></u>	\$ <u><u>131,531</u></u>	\$ <u><u>71,430</u></u>	\$ <u><u>(136,396)</u></u>	\$ <u><u>121,997</u></u>

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TOWN OF STOWE, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR PERMANENT FUNDS
 JUNE 30, 2024

	Cemetery Fund	Library Endowment Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 93,410	\$ 21,894	\$ 115,304
Investments	<u>580,551</u>	<u>1,209,351</u>	<u>1,789,902</u>
Total Assets	<u>\$ 673,961</u>	<u>\$ 1,231,245</u>	<u>\$ 1,905,206</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Nonspendable	215,000	35,295	250,295
Restricted	<u>458,961</u>	<u>1,195,950</u>	<u>1,654,911</u>
Total Fund Balances	<u>673,961</u>	<u>1,231,245</u>	<u>1,905,206</u>
Total Liabilities and Fund Balances	<u>\$ 673,961</u>	<u>\$ 1,231,245</u>	<u>\$ 1,905,206</u>

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

	Cemetery Fund	Library Endowment Fund	Total
Revenues:			
Charges for Services	\$ 16,665	\$ 0	\$ 16,665
Investment Income	57,229	102,954	160,183
Donations	<u>100</u>	<u>0</u>	<u>100</u>
Total Revenues	<u>73,994</u>	<u>102,954</u>	<u>176,948</u>
Expenditures:			
Cemetery	<u>15,329</u>	<u>0</u>	<u>15,329</u>
Total Expenditures	<u>15,329</u>	<u>0</u>	<u>15,329</u>
Excess of Revenues Over Expenditures	<u>58,665</u>	<u>102,954</u>	<u>161,619</u>
Other Financing Sources/(Uses):			
Transfers Out	<u>(8,500)</u>	<u>(4,214)</u>	<u>(12,714)</u>
Total Other Financing Sources/(Uses)	<u>(8,500)</u>	<u>(4,214)</u>	<u>(12,714)</u>
Net Change in Fund Balances	50,165	98,740	148,905
Fund Balances - July 1, 2023	<u>623,796</u>	<u>1,132,505</u>	<u>1,756,301</u>
Fund Balances - June 30, 2024	\$ <u><u>673,961</u></u>	\$ <u><u>1,231,245</u></u>	\$ <u><u>1,905,206</u></u>

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

Board of Selectmen
Town of Stowe, Vermont
P.O. Box 730
Stowe, VT 05672

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stowe, Vermont, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Stowe, Vermont's basic financial statements, and have issued our report thereon dated February 3, 2025. Our report includes a reference to other auditors who audited the financial statements of the Electric Fund, as described in our report on the Town of Stowe, Vermont's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stowe, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

Purpose of This Report

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

Sullivan, Powers & Co.

February 3, 2025
Montpelier, Vermont
VT Lic. #92-000180