

TOWN OF CHELSEA, VERMONT
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

TOWN OF CHELSEA, VERMONT
 FOR THE YEAR ENDED DECEMBER 31, 2023
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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Chelsea, Vermont
Chelsea, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Chelsea, Vermont as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Chelsea, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Chelsea, Vermont, as of December 31, 2023, 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 (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), 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 Chelsea, 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Chelsea's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Chelsea'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 (GAAP) require that the management's discussion and analysis on pages 4 through 8, the Schedule of Proportionate Share of the Net Position Liability on Schedule 2 and the Schedule of Contributions on Schedule 3, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on Schedule 1, page 39, 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Chelsea's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAP). In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Batchelder Associates, PC

Batchelder Associates, PC
License #945
Barre, Vermont
April 29, 2024

TOWN OF CHELSEA, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023

Our discussion and analysis of the Town of Chelsea, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2023. This report should be read in conjunction with the Town's financial statements.

Financial Highlights

- The Town's net position decreased by \$11,188 as a result of this year's operations. Net position of our business-type activities decreased by \$102,849 and net position of our governmental activities increased by \$91,661.
- In the Town's business-type activities, revenues and transfers were \$191,588 while expenses and transfers were \$294,437. Net position at December 31, 2023 totaled \$563,167.
- The cost of all the Town's programs was \$1,052,041 this year, with no new programs added.
- The General Fund reported a surplus this year of \$19,850.
- The unassigned fund balance for the General Fund was \$603,236 as of December 31, 2023. This amount represents the amount of funds available for future budgets.
- The Highway Fund reported a deficit this year of \$159,971 which resulted in a fund deficit of \$140,530 as of December 31, 2023.
- The Other Governmental Funds reported a surplus of \$282,557 which increased the cumulative surplus to \$515,938.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Town as a Whole

The government-wide financial statements are on Exhibit A and B. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. You can think of the Town's net position – the difference between assets, liabilities, and deferred inflows/outflows – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including public safety, highway and streets, sanitation, town hall, community services, cemetery, schools, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sewer activities are reported here.

TOWN OF CHELSEA, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023

Reporting the Town's Most Significant Funds

The fund financial statements begin on page 9 and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by state law and by bond covenants. However, the Town Select board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Exhibits D and E that are included in the financial statements.
- Proprietary funds – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The Town as a Whole

The Town's combined net position decreased by \$11,188 from 2022, decreasing from a balance of \$2,502,987 to \$2,491,799. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,439,079	\$ 1,731,205	\$ 409,695	\$ 443,196	\$ 1,848,774	\$ 2,174,401
Capital assets, depreciable	1,648,885	1,363,871	730,395	758,848	2,379,280	2,122,719
Total Assets	3,087,964	3,095,076	1,140,090	1,202,044	4,228,054	4,297,120
Deferred outflows of resources	23,944	4,644	-	-	23,944	4,644
Long-term liabilities outstanding	774,883	817,160	352,202	378,975	1,127,085	1,196,135
Other liabilities	408,383	445,126	224,722	157,054	633,105	602,180
Total Liabilities	1,183,266	1,262,286	576,924	536,029	1,760,190	1,798,315
Deferred inflows of resources	7	8	-	-	7	8
Net Position						
Invested in capital assets	874,001	546,712	730,395	758,848	1,604,396	1,305,560
Nonspendable	2,915	1,597	-	-	2,915	1,597
Committed	515,938	623,478	-	-	515,938	623,478
Assigned	(140,530)	19,442	-	-	(140,530)	19,442
Unassigned	676,308	645,742	(167,228)	(92,832)	509,080	552,910
Total Net Position	\$ 1,928,632	\$ 1,836,971	\$ 563,167	\$ 666,016	\$ 2,491,799	\$ 2,502,987

TOWN OF CHELSEA, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
REVENUES:						
Program revenues						
Charges for services	\$ 103,458	\$ 94,030	\$ 175,700	\$ 176,744	\$ 279,158	\$ 270,774
Intergovernmental	181,995	303,874	-	-	181,995	303,874
Capital grants and contributions	362,372	157,058	-	-	362,372	157,058
General revenues						
Property taxes	1,034,967	969,142	-	-	1,034,967	969,142
Property taxes - interest and penalties	18,183	17,997	-	-	18,183	17,997
Licenses and permits	3,327	3,137	-	-	3,327	3,137
Investment income	28,670	5,076	10,888	1,703	39,558	6,779
Miscellaneous	58,555	11,547	5,000	2,500	63,555	14,047
Total revenues	<u>1,791,528</u>	<u>1,561,861</u>	<u>191,588</u>	<u>180,947</u>	<u>1,983,115</u>	<u>1,742,808</u>
EXPENDITURES:						
General government	374,358	268,779	-	-	374,358	268,779
Public safety	63,493	59,330	-	-	63,493	59,330
Highway and streets	1,098,148	1,112,091	-	-	1,098,148	1,112,091
Public works	2,500	2,500	280,405	201,863	282,905	204,363
Community Services	87,927	66,629	-	-	87,927	66,629
Cemetery	49,636	49,366	-	-	49,636	49,366
Interest	23,804	25,444	14,032	14,645	37,836	40,089
Total expenditures	<u>1,699,867</u>	<u>1,584,139</u>	<u>294,437</u>	<u>216,508</u>	<u>1,994,304</u>	<u>1,800,647</u>
Net Change in Fund Balances	<u>91,661</u>	<u>(22,278)</u>	<u>(102,849)</u>	<u>(35,560)</u>	<u>(11,188)</u>	<u>(57,839)</u>
Fund Balances - December 31, 2022 (restated)	<u>1,836,971</u>	<u>1,859,247</u>	<u>666,016</u>	<u>701,575</u>	<u>2,502,987</u>	<u>2,560,822</u>
Fund Balances - December 31, 2023	<u>\$ 1,928,632</u>	<u>\$ 1,836,971</u>	<u>\$ 563,167</u>	<u>\$ 666,016</u>	<u>\$ 2,491,799</u>	<u>\$ 2,502,987</u>

The Town's Funds

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$981,559 which represents an increase of \$142,435 from last year's total of \$839,124. Included in this year's total Change in Fund Balance is an increase of \$19,850 in the Town's General Fund.

Schedule 3 compares Actual to Budget for the General and Highway Fund. The most significant variances of Actual to Budget are as follows:

	Budget	Actual	Favorable (Unfavorable)
Revenues:			
General Budget	\$ 715,619	\$ 686,646	\$ (28,973)
Highway Budget	\$ 753,977	\$ 828,137	\$ 74,160
Expenditures:			
General Budget	\$ 715,619	\$ 666,796	\$ 48,823
Highway Budget	\$ 782,177	\$ 858,109	\$ (75,932)

TOWN OF CHELSEA, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023

Capital Assets and Debt Administration

Capital Assets

At December 31, 2023, the Town had \$2,379,281 invested in a broad range of capital assets, including vehicle, equipment, buildings and sewer lines, net of accumulated depreciation. (See Table 3). This amount represents a net decrease (including additions, disposals, and depreciation) of \$276,873 from last year.

Table 3
Capital Assets at Year-End
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Buildings and improvements	\$ 881,896	\$ 909,438	\$ 260,983	\$ 274,992	\$ 1,142,879	\$ 1,184,430
Infrastructure	409,897	20,311	-	-	409,897	-
Equipment	10,090	10,090	-	-	10,090	10,090
Vehicles	347,002	424,032	469,412	483,856	816,414	907,888
Total Assets	\$ 1,648,885	\$ 1,363,871	\$ 730,395	\$ 758,848	\$ 2,379,281	\$ 2,102,408

Debt Administration

At December 31, 2023, the Town had \$1,127,085 in notes outstanding versus \$1,196,135 on December 31, 2022 – a decrease of \$69,050.

Table 4
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Line of credit, bank	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond and notes payable	774,883	817,160	352,202	378,975	1,127,085	1,196,135
Totals	\$ 774,883	\$ 817,160	\$ 352,202	\$ 378,975	\$ 1,127,085	\$ 1,196,135

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors when setting the fiscal year budget, tax rates, and fees.

When adopting the budget for the 2024 year, the Select board considered operational and capital needs of the Town, and the impact of spending on the tax rate.

The Town budgeted no change in fund balance for the fiscal year ending December 31, 2024.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Chelsea, P.O. Box 266, Chelsea, Vermont, 05038.

TOWN OF CHELSEA, VERMONT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

EXHIBIT A

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash	\$ 1,300,040	\$ 162,433	\$ 1,462,474
Investments	99,357	-	99,357
Accounts receivable, net	14,153	17,492	31,645
Delinquent taxes receivable, net	86,006	-	86,006
Prepaid Expenses	2,914	-	2,914
Due to/ from other funds	(63,394)	5,235	(58,158)
Capital assets:			
Land	-	-	-
Buildings and building improvements	2,742,485	2,907,347	5,649,832
Infrastructure	696,766	-	696,766
Vehicles	1,054,720	-	1,054,720
Equipment	305,211	15,000	320,211
Accumulated depreciation	(3,150,297)	(2,191,952)	(5,342,249)
Total assets	<u>3,087,962</u>	<u>915,556</u>	<u>4,003,518</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows due to VMERS	<u>23,944</u>	-	<u>23,944</u>
Total deferred outflows of resources	<u>23,944</u>	-	<u>23,944</u>
 <u>LIABILITIES</u>			
Accounts payable	-	-	-
Accrued expenses	7,032	-	7,032
Grant advances	376,854	-	376,854
Other current liabilities	-	186	186
Noncurrent liabilities:			
Current portion of long term debt	42,460	27,728	70,188
Long term debt	732,423	324,474	1,056,897
Net pension liability	21,515	-	21,515
Uncompensated balances	2,983	-	2,983
Total liabilities	<u>1,183,266</u>	<u>352,388</u>	<u>1,535,655</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid property taxes	<u>7</u>	-	<u>7</u>
Total deferred inflows of resources	<u>7</u>	-	<u>7</u>
 <u>NET POSITION</u>			
Invested in capital assets	874,002	730,395	1,604,397
Nonspendable	2,915	-	2,915
Committed	515,938	-	515,938
Assigned	(140,530)	-	(140,530)
Unassigned	676,308	(167,228)	509,080
Total Net Position	<u>\$ 1,928,632</u>	<u>\$ 563,167</u>	<u>\$ 2,491,799</u>

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

TOWN OF CHELSEA, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT B

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 374,358	\$ 17,333	\$ 181,595	\$ -	\$ (175,429)	\$ -	\$ (175,429)
Public safety	63,493	-	-	-	(63,493)	-	(63,493)
Highway and streets	1,098,148	86,125	-	362,372	(649,651)	-	(649,651)
Sanitation	2,500	-	400	-	(2,100)	-	(2,100)
Community Services	87,927	-	-	-	(87,927)	-	(87,927)
Cemetery	49,636	-	-	-	(49,636)	-	(49,636)
Interest on long-term debt	23,804	-	-	-	(23,804)	-	(23,804)
Total governmental activities	<u>1,699,867</u>	<u>103,458</u>	<u>181,995</u>	<u>362,372</u>	<u>(1,052,041)</u>	<u>-</u>	<u>(1,052,041)</u>
Business-type activities:							
Water	94,668	62,115	-	-	-	(32,553)	(32,553)
Sewer	185,737	113,585	-	-	-	(72,152)	(72,152)
Interest on long-term debt	14,032	-	-	-	-	(14,032)	(14,032)
Total business-type activities	<u>294,437</u>	<u>175,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118,737)</u>	<u>(118,737)</u>
Total primary government	<u>\$ 1,994,304</u>	<u>\$ 279,159</u>	<u>\$ 181,995</u>	<u>\$ 362,372</u>	<u>(1,052,041)</u>	<u>(118,737)</u>	<u>(1,170,778)</u>
General Revenues:							
Property taxes					1,034,970	-	1,034,970
Property taxes - interest and penalties					18,180	-	18,180
Licenses and permits					3,327	-	3,327
Investment income					28,670	10,888	39,558
Miscellaneous					58,555	5,000	63,555
Total general revenues and transfers					<u>1,143,703</u>	<u>15,888</u>	<u>1,159,590</u>
Change in Net Position					91,661	(102,849)	(11,188)
Net Position - December 31, 2022 (restated)					<u>1,836,971</u>	<u>666,016</u>	<u>2,502,987</u>
Net Position - December 31, 2023					<u>\$ 1,928,632</u>	<u>\$ 563,167</u>	<u>\$ 2,491,799</u>

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

TOWN OF CHELSEA, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

EXHIBIT C

	General Fund	Highway Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 1,071,825	\$ -	\$ 228,215	\$ 1,300,040
Investments	-	-	99,358	99,358
Accounts receivable, net				
Accounts receivable, net	6,900	-	-	6,900
Delinquent taxes receivable, net	86,006	-	-	86,006
Other receivables	7,253	-	-	7,253
Prepaid expenses	2,915	-	-	2,915
Due to/from	-	-	579,799	579,799
	<u>\$ 1,174,899</u>	<u>\$ -</u>	<u>\$ 907,372</u>	<u>\$ 2,082,272</u>
Total assets				
	<u>\$ 1,174,899</u>	<u>\$ -</u>	<u>\$ 907,372</u>	<u>\$ 2,082,272</u>
LIABILITIES				
Grant advances	\$ -	\$ -	\$ 376,854	\$ 376,854
Due to/from	492,835	135,777	14,580	643,192
Accrued expenses	2,278	4,753	-	7,032
	<u>495,113</u>	<u>140,530</u>	<u>391,434</u>	<u>1,027,078</u>
Total liabilities				
	<u>495,113</u>	<u>140,530</u>	<u>391,434</u>	<u>1,027,078</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid property taxes	7	-	-	7
Deferred taxes	73,628	-	-	73,628
	<u>73,635</u>	<u>-</u>	<u>-</u>	<u>73,635</u>
Total deferred inflows of resources				
	<u>73,635</u>	<u>-</u>	<u>-</u>	<u>73,635</u>
FUND BALANCES				
Nonspendable	2,915	-	-	2,915
Committed	-	-	515,938	515,938
Assigned	-	(140,530)	-	(140,530)
Unassigned	603,236	-	-	603,236
	<u>606,151</u>	<u>(140,530)</u>	<u>515,938</u>	<u>981,559</u>
Total fund balances				
	<u>606,151</u>	<u>(140,530)</u>	<u>515,938</u>	<u>981,559</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,174,899</u>	<u>\$ -</u>	<u>\$ 907,372</u>	<u>\$ 2,082,272</u>

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

TOWN OF CHELSEA, VERMONT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

EXHIBIT D

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

Fund balance - total governmental funds (Exhibit C)		\$ 981,559
Government funds report delinquent taxes received after the first sixty days of the next fiscal year as deferred revenue. However, they are reported as revenue in the government-wide financial statements.		73,628
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		
Cost of assets	4,799,182	
Accumulated depreciation	<u>(3,150,297)</u>	
		1,648,885
Long-term liabilities, including bonds and loan payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end	(774,883)	
Accrued vacation	<u>(2,982)</u>	
		(777,865)
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported in the funds.		
Deferred outflows of resources related to net pension liability		<u>2,425</u>
Net position - governmental activities (Exhibit A)		<u><u>\$ 1,928,632</u></u>

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

TOWN OF CHELSEA, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR END DECEMBER 31, 2023

EXHIBIT E

	General Fund	Highway Fund	Non-Major Governmental Funds	Totals
REVENUES:				
Property taxes	\$ 421,098	\$ 561,771	\$ 35,000	\$ 1,017,869
Property taxes - interest and penalties	18,183	-	-	18,183
Grant Income	400	227,959	-	228,359
Intergovernmental	111,204	-	204,805	316,009
Charges for services	99,379	-	4,080	103,459
Donations	-	-	700	700
Licenses and fees	3,327	-	-	3,327
Investment income	17,537	-	11,133	28,670
Miscellaneous	15,519	38,407	3,930	57,856
	<u>686,646</u>	<u>828,137</u>	<u>259,649</u>	<u>1,774,432</u>
Total revenues				
EXPENDITURES:				
General government	317,265	-	53,800	371,065
Public safety	63,493	-	-	63,493
Public works	114,770	848,768	27,757	991,295
Sanitation	2,500	-	-	2,500
Community Services	87,927	-	-	87,927
Cemetery	24,100	-	25,536	49,636
Capital Outlay:				
General government	-	-	-	-
Public Safety	-	-	-	-
Highway and streets	-	-	-	-
Debt service:				
Principal	33,300	8,977	-	42,277
Interest	23,441	363	-	23,804
	<u>666,796</u>	<u>858,109</u>	<u>107,092</u>	<u>1,631,997</u>
Total expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>19,850</u>	<u>(29,972)</u>	<u>152,557</u>	<u>142,435</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	-	-
Transfers in	-	-	130,000	130,000
Transfers out	-	(130,000)	-	(130,000)
	<u>-</u>	<u>(130,000)</u>	<u>130,000</u>	<u>(0)</u>
Total other financing sources (uses)				
Net Change in Fund Balances	19,850	(159,971)	282,557	142,435
Fund Balances - December 31, 2022	<u>586,301</u>	<u>19,442</u>	<u>233,381</u>	<u>839,124</u>
Fund Balances - December 31, 2023	<u>\$ 606,151</u>	<u>\$ (140,530)</u>	<u>\$ 515,938</u>	<u>\$ 981,559</u>

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

TOWN OF CHELSEA, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

EXHIBIT F

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 142,435
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$0) are allocated over their estimated useful life and reported as depreciation expense (\$105,083). This is the amount by which capital outlays exceeded depreciation in the current period.	(105,083)
Property taxes receivable, notes receivable and other receivables are recognized on the accrual basis in the statement of net position, not the modified accrual basis. The decrease in this unearned and unavailable revenue for the year is:	17,099
The issuance of long-term debt (\$0) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$42,277) including discounted interest, consumes the current financial resources of governmental funds. This amount is the net effect of these references in the treatment of long-term debt and related items.	42,277
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 the governmental funds. These expenses are from the following activities:	
Compensated absences	(2,848)
Governmental funds report OPEB and pension contributions as expenditures. However, in the Statement of Activities, pension expense reflects the change in the net pension liability and related outflow and inflow of resources, and does not require the use of current financial resources. This amount by which pension expense differed from pension contribution in the current period:	
Net change in pension expense	<u>(2,219)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 91,661</u></u>

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

TOWN OF CHELSEA, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

EXHIBIT G

	Water Fund	Water Sinking Fund	Sewer Fund	Sewer Sinking Fund	Totals
ASSETS					
Current assets:					
Cash	\$ 17,626	\$ 99,157	\$ -	\$ 45,651	\$ 162,433
Accounts receivable, net	4,756	-	12,736	-	17,492
Due to/from	<u>(142,472)</u>	<u>106,761</u>	<u>(82,063)</u>	<u>123,010</u>	<u>5,235</u>
Total current assets	<u>(120,090)</u>	<u>205,918</u>	<u>(69,327)</u>	<u>168,661</u>	<u>185,161</u>
Non-current assets:					
Capital assets					
Buildings and building improvements	1,123,117	-	1,784,230	-	2,907,347
Equipment	-	-	15,000	-	15,000
Accumulated depreciation	<u>(395,534)</u>	<u>-</u>	<u>(1,796,418)</u>	<u>-</u>	<u>(2,191,952)</u>
Total non-current assets	<u>727,583</u>	<u>-</u>	<u>2,813</u>	<u>-</u>	<u>730,395</u>
Total assets	<u>\$ 607,491</u>	<u>\$ 205,918</u>	<u>\$ (66,515)</u>	<u>\$ 168,661</u>	<u>\$ 915,556</u>
LIABILITIES					
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Current portion of long term debt	27,728	-	-	-	27,728
Long term debt	324,474	-	-	-	324,474
Other Current Liabilities	186	-	-	-	186
Due to/from	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>352,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,388</u>
NET POSITION					
Net investment in capital assets	727,583	-	2,813	-	730,395
Unrestricted (deficit)	<u>(472,480)</u>	<u>205,918</u>	<u>(69,327)</u>	<u>168,661</u>	<u>(167,228)</u>
Total net position	<u>255,103</u>	<u>205,918</u>	<u>(66,515)</u>	<u>168,661</u>	<u>563,167</u>
Total liabilities and net position	<u>\$ 607,491</u>	<u>\$ 205,918</u>	<u>\$ (66,515)</u>	<u>\$ 168,661</u>	<u>\$ 915,556</u>

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

TOWN OF CHELSEA, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT H

	Water Fund Actual	Water Sinking Fund Actual	Sewer Fund Actual	Sewer Sinking Fund Actual	Totals
OPERATING REVENUES:					
Charges for services	\$ 62,115	\$ -	\$ 113,585	\$ -	\$ 175,700
Other income	-	5,000	-	-	5,000
Interest income	-	-	-	-	-
Total operating revenues	62,115	5,000	113,585	-	180,700
OPERATING EXPENSES:					
Personnel	8,221	-	24,766	-	32,987
Occupancy	7,114	-	10,202	-	17,316
Contracted services	-	-	90,543	-	90,543
Depreciation	28,078	-	375	-	28,453
Operations	51,255	-	59,851	-	111,106
Total operating expenses	94,668	-	185,737	-	280,405
Total operating income	(32,553)	5,000	(72,152)	-	(99,705)
NON-OPERATING INCOME/(EXPENSES):					
Interest expense	(14,032)	-	-	-	(14,032)
Interest income	773	5,587	-	4,528	10,888
Total non-operating income	(13,259)	5,587	-	4,528	(3,144)
OTHER FINANCING SOURCES:					
Transfers in	-	16,800	-	15,703	32,503
Transfers out	-	(16,800)	(2,500)	(13,203)	(32,503)
Total other financing sources	-	-	(2,500)	2,500	-
Change in Net Position	(45,812)	10,587	(74,652)	7,028	(102,849)
Net Position - December 31, 2022	300,915	195,331	8,137	161,633	666,016
Net Position - December 31, 2023	\$ 255,103	\$ 205,918	\$ (66,515)	\$ 168,661	\$ 563,167

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

TOWN OF CHELSEA, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT I

	Water Fund Actual	Water Sinking Fund Actual	Sewer Fund Actual	Sewer Sinking Fund Actual	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 61,504	\$ -	\$ 109,020	\$ -	\$ 170,523
Other operating cash receipts	-	5,000	-	2,500	7,500
Cash payments to employees for services	(8,851)	-	(24,766)	-	(33,617)
Cash payments to suppliers for goods and services	(58,715)	-	(160,596)	-	(219,311)
Net cash provided (used) by operating activities	<u>(6,062)</u>	<u>5,000</u>	<u>(76,342)</u>	<u>2,500</u>	<u>(74,905)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Due to/from other funds	(7,465)	(106,993)	78,842	(123,010)	(158,625)
Transfers from other funds	(2,500)	-	(2,500)	-	(5,000)
Net cash provided (used) by noncapital financing activities	<u>(9,965)</u>	<u>(106,993)</u>	<u>76,342</u>	<u>(123,010)</u>	<u>(163,625)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	-	-	-	-	-
Repayment of debt	(26,773)	-	-	-	(26,773)
Net cash provided (used) by capital and related financing activities	<u>(26,773)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,773)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest expense	(14,032)	-	-	-	(14,032)
Interest income	773	5,587	-	4,528	10,888
Net cash provided by investing activities	<u>(13,259)</u>	<u>5,587</u>	<u>-</u>	<u>4,528</u>	<u>(3,144)</u>
Net Increase in Cash	<u>(56,059)</u>	<u>(96,406)</u>	<u>(0)</u>	<u>(115,982)</u>	<u>(268,447)</u>
Cash - December 31, 2022	<u>73,685</u>	<u>195,563</u>	<u>-</u>	<u>161,633</u>	<u>430,881</u>
Cash - December 31, 2023	<u>\$ 17,626</u>	<u>\$ 99,157</u>	<u>\$ (0)</u>	<u>\$ 45,651</u>	<u>\$ 162,433</u>
ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Income (loss) from operations	\$ (30,053)	\$ 5,000	\$ (72,154)	\$ 2,500	\$ (94,707)
Depreciation	28,078	-	375	-	28,453
(Increase) decrease in accounts receivable	(612)	-	(4,563)	-	(5,175)
(Increase) decrease in investments	-	-	-	-	-
Increase (decrease) in accounts payable	(3,476)	-	-	-	(3,476)
Net cash provided (used) by operating activities	<u>\$ (6,062)</u>	<u>\$ 5,000</u>	<u>\$ (76,342)</u>	<u>\$ 2,500</u>	<u>\$ (74,905)</u>

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

TOWN OF CHELSEA, VERMONT
 FIDUCIARY NET POSITION
 DECEMBER 31, 2023

EXHIBIT J

	Trust Funds	Total
ASSETS		
Cash	\$ 13,708	\$ 13,708
Due to/from	58,158	58,158
Investments	69,473	69,473
Total assets	\$ 141,339	\$ 141,339
LIABILITIES		
Due to other funds	\$ -	\$ -
Total liabilities	-	-
FUND BALANCES		
Restricted	141,339	141,339
Total fund balances	141,339	141,339
Total liabilities and fund balances	\$ 141,339	\$ 141,339

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

TOWN OF CHELSEA, VERMONT
 CHANGES IN TRUSTEE FUNDS NET POSITION
 DECEMBER 31, 2023

EXHIBIT K

	<u>Trust Funds</u>	<u>Total</u>
ADDITIONS:		
Investment Income	\$ 6,263	\$ 6,263
Donations	<u>6,160</u>	<u>6,160</u>
Total additions	<u>\$ 12,423</u>	<u>\$ 12,423</u>
DEDUCTIONS		
Community development	3,012	3,012
Culture and recreation	<u>6,999</u>	<u>6,999</u>
Total deductions	<u>10,012</u>	<u>10,012</u>
Change in net position	2,411	2,411
Net position - December 31, 2022	138,928	138,928
Net position - December 31, 2023	<u>\$ 141,339</u>	<u>\$ 141,339</u>

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

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity

This report includes all of the activity of the Town of Chelsea, 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.

Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Highway Fund, Reappraisal, Cemetery, Restoration of Records, Town Hall Renovation, Equipment and Resurfacing Fund are classified as governmental funds. The Town's water and sewer fund activities are classified as business-type. The Town also has a fiduciary responsibility or Trust Funds, which include the following accounts: Roberts Poor, Keyser Park, Sons of Union Veterans, Planning Commission, Old Home Day, Harry Goodwin, Board of Trade, and Recreation.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on the full accrual, economic resources basis, which recognizes all assets deferred outflows of resources, liabilities, and deferred inflows of resources. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities (sewer). The activities are also supported by property taxes, certain intergovernmental revenues, and charges for services. The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating and capital grants. Program revenues must be directly associated with the activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by activity) are normally covered by general revenues (property taxes, intergovernmental revenue, interest income, etc.).

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

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows, fund equity, revenues, and expenditures/expenses. The various funds are reported by major fund within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental category or enterprise type. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenses/expenditures of either fund category/type or the governmental and enterprise funds combined) for the determination of major funds. The General Fund, Highway Fund and Town Hall Fund are shown as major funds. All other funds are non-major and are combined in a single column in each of the respective fund financial statements.

The Town reports on the following major governmental funds:

General Fund is the main operating fund of the Town. It is used to account for all financial resources except those accounted for in another fund.

Highway Fund is used to account for financial resources to be used for streets, roads, and sidewalks.

Proprietary Funds

The focus of proprietary funds measurement is based upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the major enterprise funds of the Town:

Water and Sewer Fund is used to account for the operations of the water and sewer departments.

Measurement Focus

The accounting and financial reporting applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets, liabilities and deferred inflows and outflows associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e., net total 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 net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, current liabilities and deferred inflows and outflows 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 non-spendable, restricted, committed, assigned and unassigned. 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.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrual Basis of Accounting

The government-wide and proprietary 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. Non-exchange 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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Modified Accrual Basis of Accounting

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 and acquisitions under capital leases 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.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents.

Budgetary Accounting

The Town approves a budget for the General Fund at an annual Town Meeting and the Selectboard, based on the budget and Grand List, determines the tax rate. Any budgetary changes require voter approval. There were no changes during the year. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Building Improvements	10 - 50 years
Equipment, Vehicles and Machinery	5 - 20 years
Utility Plant and Capacity Rights	40 - 50 years
Infrastructure	8 - 20 years

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB No. 34 requires the Town to report and depreciate new general infrastructure assets starting July 1, 2003. The Town has elected not to record infrastructure prior to this date. General infrastructure assets include roads, bridges, underground pipes (other than related to utilities), traffic signals, etc.

Accrued Compensated Absences

Government-Wide Financial Statements

All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment. There were \$2,983 uncompensated balances at December 31, 2023.

Fund Financial Statements

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment. There were \$2,983 uncompensated balances at December 31, 2023

Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by Town legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

Fund Balances

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balances are comprised of amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Selectboard or by an official or body to which the Selectboard delegates the authority.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Nonspendable and Restricted funds are so designated by external funds sources, such as in the case of the nonspendable Cemetery Restoration Fund, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

that are committed and assigned are so designated by action of the voters or the Selectboard, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, the Town did not expend more than what was appropriated in the General Fund.

Investments

Investments are stated at fair value, (quoted market price, or the best available estimate).

Inter-fund Balances

Transactions 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 to/from 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."

Deferred Outflows 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 statement element, "deferred outflows of resources," represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred outflows of resources from one source; deferred outflows related to the Town's participation in the Vermont State Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

Deferred Inflows of Resources

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. The Town has two types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town's participation in the Vermont State Retirement System. The governmental funds balance sheet reports deferred inflows of resources from two sources: prepaid property taxes, unavailable property taxes. The business-type activities and proprietary funds report deferred inflows of resources from one source; deferred inflows related to the Town's participation in the Vermont State Retirement System. 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Pronouncement – Pension Plans

Effective April, 2022, the Town implemented GASB Statement No. 68, "Financial Reporting for Pension Plans", an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town's participation in the Vermont State Employees' Retirement System (VSRS) as well as additional disclosures and required supplemental information.

NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while 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 operating expenses (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation expense as an expense. Further, governmental funds report the proceeds for the sale of capital assets as revenue, 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 bond proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Elimination of Due To/From	Statement of Net Position Total
ASSETS						
Cash	\$ 1,300,040	\$ -	\$ -	\$ -	\$ -	\$ 1,300,040
Investments	99,358	(1)	-	-	-	99,357
Accounts receivable	6,900	-	-	-	-	6,900
Delinquent taxes receivable	86,006	-	-	-	-	86,006
Due to/from other funds	579,799	(2)	-	-	(643,192)	(63,395)
Other receivables	7,253	-	-	-	-	7,253
Prepaid Expenses	2,915	-	-	-	-	2,915
Capital assets	-	-	1,648,885	-	-	1,648,885
Total assets	<u>2,082,272</u>	<u>(3)</u>	<u>1,648,885</u>	<u>-</u>	<u>(643,192)</u>	<u>3,087,961</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to VMERS	-	23,944	-	-	-	23,944
Total assets and deferred outflows	<u>2,082,272</u>	<u>23,941</u>	<u>1,648,885</u>	<u>-</u>	<u>(643,192)</u>	<u>3,111,905</u>
LIABILITIES						
Grant advances	376,854	-	-	-	-	376,854
Accrued expenses	7,032	2,983	-	-	-	10,015
Due to/from other funds	643,192	-	-	-	(643,192)	-
Net pension liability	-	21,515	-	-	-	21,515
Non-current obligations	-	-	-	774,883	-	774,883
Total Liabilities	<u>1,027,078</u>	<u>24,498</u>	<u>-</u>	<u>774,883</u>	<u>(643,192)</u>	<u>1,183,266</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid property taxes	7	-	-	-	-	7
Deferred taxes	73,628	(73,628)	-	-	-	-
Deferred inflows related to VMERS	-	-	-	-	-	-
Total Deferred Inflows and resources	<u>73,635</u>	<u>(73,628)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
FUND BALANCES						
Invested in capital assets	-	-	1,648,885	(774,883)	-	874,002
Nonspendable	2,915	-	-	-	-	2,915
Restricted	-	-	-	-	-	-
Committed	515,938	-	-	-	-	515,938
Assigned	(140,530)	-	-	-	-	(140,530)
Unassigned	603,236	73,073	-	-	-	676,308
Total liabilities and fund balances	<u>\$ 2,082,272</u>	<u>\$ 23,943</u>	<u>\$ 1,648,885</u>	<u>\$ -</u>	<u>\$ (643,192)</u>	<u>\$ 3,111,905</u>

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Statement of Net Assets Total
REVENUES					
Property Taxes	\$1,017,869	\$ 17,098	\$ -	\$ -	\$ 1,034,967
Property Tax penalties and interest	18,183	-	-	-	18,183
Grant Income	228,359	-	-	-	228,359
Intergovernmental	316,009	(1)	-	-	316,008
Charges for current services	103,459	-	-	-	103,459
Donations	700	-	-	-	700
Licenses and Permits	3,327	-	-	-	3,327
Investment income	28,670	-	-	-	28,670
Miscellaneous	57,856	(1)	-	-	57,855
Total Revenues	<u>1,774,432</u>	<u>17,096</u>	<u>-</u>	<u>-</u>	<u>1,791,528</u>
EXPENDITURES					
General government	371,065	2,215	1,078	-	374,358
Public safety	63,493	-	-	-	63,493
Highway and streets	991,295	2,847	104,007	-	1,098,149
Sanitation	2,500	-	-	-	2,500
Community Services	87,927	-	-	-	87,927
Cemetery	49,636	-	-	-	49,636
Capital outlay:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Debt service:					
Principal	42,277	-	-	(42,277)	-
Interest	23,804	-	-	-	23,804
Total expenditures	<u>1,631,997</u>	<u>5,062</u>	<u>105,085</u>	<u>(42,277)</u>	<u>1,699,867</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>142,435</u>	<u>12,034</u>	<u>(105,085)</u>	<u>42,277</u>	<u>91,661</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	-	-	-	-	-
Transfers in	130,000	-	-	-	130,000
Transfers out	(130,000)	-	-	-	(130,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 142,435</u>	<u>\$ 12,034</u>	<u>\$ (105,085)</u>	<u>\$ 42,277</u>	<u>\$ 91,661</u>

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS

Cash and Investments

The Town's cash and investments as of December 31, 2023 are as follows:

	Governmental Activities	Business - Type Activities	Total
Category 1	\$ 1,399,398	\$ 162,433	\$ 1,561,831
Category 4	50	-	50
Total Cash and Investments	\$ 1,399,448	\$ -	\$ 1,561,881

The cash deposits held at financial institutions and cash on hand can be categorized according to four (4) levels of risk:

Category 1 - Deposits which are insured or collateralized with securities held by the Town or by its agent in the Town's name (repurchase agreements).

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 - Private commercial insurance protection or letters of credit for funds in excess of FDIC limits.

Category 4 - Deposits which are not collateralized or insured (includes cash on hand).

Interest Rate Risk

Interest rate risk is the risk that changes with market interest rates and 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.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations reflects the distribution of the Town's investments by maturity.

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. Presented below are the actual ratings as of December 31, 2023. The ratings are provided by Standard & Poor's. The Town does not have any policy to limit the exposure to credit risk.

Concentration of Credit Risk

The Town does not have any limitations on the amount that can be invested in any one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town's investments are held in its name and are, therefore, not subject to custodial credit risk. The Town does not have any policy to limit the exposure to custodial credit risk.

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk (continued)

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

	Book Balance	Bank Balance
Governmental Activities	\$ 1,300,040	\$ 866,940
Business-Type Activities	162,433	165,222
Insured by FDIC	\$ 250,000	\$ 250,000
Uninsured Deposits	\$ 1,212,473	\$ 782,161

NOTE 4 - RECEIVABLES

Receivables and the allowance for uncollectible accounts as of December 31, 2023 are as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
General Fund			
Delinquent taxes receivable	\$ 86,006	\$ -	\$ 86,006
Accounts receivables	6,900	-	6,900
Other receivables	7,253	-	7,253
	\$ 100,159	\$ -	\$ 100,159
Enterprise Funds			
Water Fund	\$ 4,756	\$ -	\$ 4,756
Sewer Fund	12,734	-	12,734
Total	\$ 17,490	\$ -	\$ 17,490
Net Receivables	\$ 117,649	\$ -	\$ 117,649

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

General Government	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Buildings/improvements	\$ 2,742,485	\$ -	\$ -	\$ 2,742,485
Infrastructure	306,669	390,097	-	696,766
Vehicles, restated	1,054,720	-	-	1,054,720
Equipment	305,211	-	-	305,211
Total capital assets, being depreciated	<u>4,409,085</u>	<u>390,097</u>	<u>-</u>	<u>4,799,182</u>
Less accumulated depreciation:				
Buildings/improvements	1,833,047	27,542	-	1,860,589
Infrastructure	286,358	511	-	286,869
Vehicles	630,688	77,030	-	707,718
Equipment	295,121	-	-	295,121
	<u>3,045,214</u>	<u>105,083</u>	<u>-</u>	<u>3,150,297</u>
Being depreciated, net	<u>1,363,871</u>	<u>285,014</u>	<u>-</u>	<u>1,648,885</u>
Net assets	<u>\$ 1,363,871</u>	<u>\$ 285,014</u>	<u>\$ -</u>	<u>\$ 1,648,885</u>
Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Buildings/improvements	\$ 2,344,588	\$ -	\$ -	\$ 2,344,588
Equipment	577,759	-	-	577,759
Total capital assets, being depreciated	<u>2,922,347</u>	<u>-</u>	<u>-</u>	<u>2,922,347</u>
Less accumulated depreciation				
Buildings/improvements	2,069,596	14,009	-	2,083,605
Equipment	93,903	14,444	-	108,347
	<u>2,163,499</u>	<u>28,453</u>	<u>-</u>	<u>2,191,952</u>
Being depreciated, net	<u>758,848</u>	<u>(28,453)</u>	<u>-</u>	<u>730,395</u>
Net assets	<u>\$ 758,848</u>	<u>\$ (28,453)</u>	<u>\$ -</u>	<u>\$ 730,395</u>

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

General government	
General government	\$ 1,078
Highway	104,005
	<u>105,083</u>
Business-type activities	
Water and Sewer	<u>\$ 28,453</u>

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES

Beginning in May of 2022, the Town began contributing to the Vermont Municipal Employees Retirement System (VMERS), creating a deferred outflow of resources. The amount that the Town contributed in the year ending December 31, 2023 was \$23,944.

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities consists of \$7 for prepaid property taxes.

Deferred inflows of resources in the General Fund consists of \$73,628 of delinquent property taxes (including penalties and interest on those taxes) that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities as well as \$7 for prepaid property taxes. Total deferred inflows of resources in the General Fund are \$73,635.

NOTE 8 – SHORT-TERM LIABILITIES

During the year ended December 31, 2023, the Town had no short-term liabilities.

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended December 31, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Note payable, 3.21% note with KS State Bank, to purchase 2016 International truck, with principal and interest payments due annually through October, 2022. Principal and interest payments of \$30,535	\$ -	\$ -	\$ -	\$ -
Bond payable, 2.997% note with VT Municipal Bond Bank, for garage, with principal and interest payments due annually through May, 2046. Principal and interest payments of \$59,227.	\$ 799,200	\$ -	\$ 33,300	\$ 765,900
Note payable, 2.0% note with CAT Financial, to purchase a backhoe, with principal and interest payments due annually through May, 2024. Principal and interest payments of \$9,341.	\$ 17,960	\$ -	\$ 8,977	\$ 8,983
	<u>\$ 817,160</u>	<u>\$ -</u>	<u>\$ 42,277</u>	<u>\$ 774,883</u>
Business-Type Activities:				
Bond payable, 3.93% note with VT Municipal Bond Bank, for water improvements, with principal and interest payments due annually through May, 2037. Principal and interest payments of \$27,419.	\$ 285,314	\$ -	\$ 16,206	\$ 269,108
Note payable, 3.0% note with VT Revolving Loan Fund, for water system improvements, with principal and interest payments due annually through October, 2030. Principal and interest payments of \$10,025.	\$ 70,145	\$ -	\$ 7,914	\$ 62,231
Note payable, 3.0% note with VT Revolving Loan Fund, for water system improvements, with principal and interest payments due annually through October, 2030. Principal and interest payments of \$3,361.	\$ 23,516	\$ -	\$ 2,653	\$ 20,863
	<u>\$ 378,975</u>	<u>\$ -</u>	<u>\$ 26,773</u>	<u>\$ 352,202</u>

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – LONG-TERM LIABILITIES (continued)

Long-term debt will mature approximately as follows:

Governmental Activities:

<u>Years ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31, 2024	42,460	22,895	\$ 65,355
December 31, 2025	33,300	21,952	\$ 55,252
December 31, 2026	33,300	21,146	\$ 54,446
December 31, 2027	33,300	20,290	\$ 53,590
December 31, 2028-2032	166,500	87,767	\$ 254,267
December 31, 2033-2037	166,500	63,536	\$ 230,036
December 31, 2038-2042	166,500	37,491	\$ 203,991
Thereafter	133,023	10,760	\$ 143,783
Total	<u>\$ 774,883</u>	<u>\$ 285,837</u>	<u>\$ 1,060,720</u>

Business-Type Activities:

<u>Years ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31, 2024	27,728	13,077	\$ 40,805
December 31, 2025	28,716	12,089	\$ 40,805
December 31, 2026	29,740	11,065	\$ 40,805
December 31, 2027	30,801	10,004	\$ 40,805
December 31, 2028-2032	144,152	33,101	\$ 177,253
December 31, 2033-2037	91,065	8,823	\$ 99,888
Thereafter	-	-	\$ -
Total	<u>\$ 352,202</u>	<u>\$ 88,159</u>	<u>\$ 440,361</u>

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10 - FUND BALANCE/NET POSITION CATEGORIES

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

	Individual Funds Statements		Government-Wide Statements (Exhibit A)	
	Governmental Funds (Exhibit C)	Proprietary Funds (Exhibit G)	Governmental Activities	Business-type Activities
Nonspendable				
General Fund	\$ 2,915	\$ -	\$ 2,915	\$ -
Highway Fund	-	-	-	-
	<u>2,915</u>	<u>-</u>	<u>2,915</u>	<u>-</u>
Restricted:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Committed:				
Reappraisal Fund	79,012	-	79,012	-
Cemetery Fund	124,403	-	124,403	-
Restoration of Records	17,666	-	17,666	-
Transfer Station Fund	5,000	-	5,000	-
ARPA Fund	-	-	-	-
Town Hall Renovation	29,166	-	29,166	-
Equipment Fund	203,932	-	203,932	-
Relief Fund	700	-	700	-
Resurfacing Fund	38,814	-	38,814	-
Highway Matching Fund	17,244	-	17,244	-
	<u>515,937</u>	<u>-</u>	<u>515,937</u>	<u>-</u>
Assigned:				
Highway	<u>(140,530)</u>	<u>-</u>	<u>(140,530)</u>	<u>-</u>
Unassigned (governmental funds)/Unrestricted (business-type funds)	<u>603,236</u>	<u>(167,228)</u>	<u>676,309</u>	<u>(167,228)</u>
Invested in Capital Assets, Net of Related Debt	<u>-</u>	<u>730,395</u>	<u>874,002</u>	<u>730,395</u>
Total Fund Balances/Net Position	<u>\$ 981,559</u>	<u>\$ 563,167</u>	<u>\$ 1,928,632</u>	<u>\$ 563,167</u>

NOTE 11 – 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. The audits of these programs for or including the year ended December 31, 2023 have not yet been reviewed by the grantor agencies. 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.

TOWN OF CHELSEA, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 12 - PROPERTY TAXES

Property taxes are assessed based on valuations as of April 1, annually. Property taxes were due in one installment on November 1st. Overdue payments are subject to an 8% penalty and interest, which is calculated at 1% per month.

Town property tax revenue is recognized in the General Fund for the period for which the tax is levied to the extent they result in current receivables, which will be collected within sixty (60) days of the fiscal year end. The tax rates for fiscal year 2023 were as follows:

	Homestead	Non-Residential
Education tax	\$ 1.609	\$ 1.789
Health Center	0.007	0.007
Highway	0.436	0.436
Fire District	0.077	0.077
Municipal	0.342	0.342
Total	\$ 2.4704	\$ 2.6503

NOTE 13 – TAX SALE

During the year ended December 31, 2023, Town had no tax sales.

NOTE 14 – PENSION PLAN

Defined Benefit Plan

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

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14 – PENSION PLAN (continued)

meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2022, the retirement system consisted of 359 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 (5) 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, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net pension liability of \$303,371,956. As of June 30, 2022, the Town does not yet have a proportionate share of this. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2022, the Town's proportion of the net pension liability is 0%.

For the year ended December 31, 2023, the Town recognized pension expense of \$2,215.

As of December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflow of</u>	<u>Deferred Inflow of</u>
Difference between expected and actual experience	\$ 1,616	\$ -
Changes in assumptions	1,100	-
Difference between projected and actual earnings on pension plan investments	3,493	-
Changes in proportional share of contributions	10,400	-
Difference between the employer contributions and proportionate share of total contributions	-	-
Town's required employer contributions made subsequent to the measurement date	<u>7,335</u>	<u>-</u>
	<u>\$ 23,944</u>	<u>\$ -</u>

TOWN OF CHELSEA, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 14 – PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The deferred outflows of resources resulting from the Town’s required employer contributions made subsequent to the measurement date in the amount of \$23,944 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30		
2023	\$	4,549
2024		4,139
2025		3,129
2026		4,792
2027		-
Total	\$	<u>16,609</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Groups A and C.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC): Group A – Average annual compensation during highest five (5) consecutive years.

Service Retirement Allowance:

Eligibility: Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service.

Amount: Group A – 1.4% of AFC service x service.

Maximum benefit is 60% of AFC for Group A. The above amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility: Age 55 with five (5) years of service for Group A.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group A members.

Vested Retirement Allowance:

Eligibility: Five (5) years of service.

Amount: 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 Allowance:

Eligibility: Five (5) years of service and disability as determined by Retirement Board.

Amount: Immediate allowance based on AFC and service to date of disability.

TOWN OF CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14 – PENSION PLAN (continued)

Death Benefit:

Eligibility: Death after five (5) years of service.

Amount: For Groups A, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

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

Refund of Contribution: Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments: Allowance in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2% for Group A.

Member Contributions: Group A – 3.50%

Employer Contributions: Group A – 5.00%

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

Significant Actuarial Assumptions and Methods

Interest Rate – 7.0% per annum.

Salary increases – Varying service-based rates from 0-10 years of service, then a single rate of 4.5% (includes assumed inflation of 2.30%) for all subsequent years.

Mortality:

Pre-retirement – 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, generational projection using scale MP-2019.

Healthy Post-retirement: 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with general projection using scale MP-2019.

Healthy Post-retirement – 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Disabled Post-retirement – PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three (3) years younger than males

Cost-of-Living Adjustments to Benefits - 1.1% per annum for Group A. The January 1, 2023 COLA is assumed to be 2.00% for Group A.

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 CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14 – PENSION PLAN (continued)

Significant Actuarial Assumptions and Methods (continued)

Actuarial Value of Assets – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

Inflation- 2.30%

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rea Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equities Sm/Mid Cap	3.00%	3.75%
Non-US Developed US Equities	7.00%	5.00%
Emerging Markets Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private and Alt Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.75%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	5.50%
Infrastructure/Farmland	4.00%	4.25%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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) with scheduled increases through July 1, 2022. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. 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, 2022. 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 CHELSEA, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14 – PENSION PLAN (continued)

Significant Actuarial Assumptions and Methods (continued)

The following presents the net pension liability, calculated using the discount rate of 7.0%, as well as what the pension liability would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%) than the current rate:

<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
\$32,240	\$21,515	\$12,694

Additional Information

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

NOTE 15 – RISK MANAGEMENT

The Town of Chelsea, Vermont 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 (3) fiscal years.

The Town must remain a member for a minimum of one (1) year and may withdraw from the Fund after that time by giving sixty (60) days’ notice. Fund underwriting and rate-setting 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.

NOTE 16 – INTERFUND TRANSFERS

During the year interfund transfers occurred between funds. The transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2023 are as follows:

	Equipment Fund	Transfers In Resurfacing Fund	Highway Matching Fund	Total
Transfers out	-	-	10,000	10,000
Highway Fund	70,000	50,000	-	120,000
Total	\$ 70,000	\$ 50,000	\$ 10,000	\$ 130,000

NOTE 17 – RELATED PARTY TRANSACTIONS

There were no related party transactions during the current fiscal year ended December 31, 2023.

NOTE 18 – SUBSEQUENT EVENTS

Events of the Town have been evaluated from December 31, 2023 through the date of these financial statements for subsequent events which would impact the financial standing. There are no events that would significantly impact the presentation of these financial statements.

TOWN OF CHELSEA, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET TO ACTUAL
GENERAL AND HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 1

	General Budget			Highway Budget			Total General and Highway Fund		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Property taxes	\$ 440,434	\$ 421,098	\$ (19,336)	\$ 561,771	\$ 561,771	\$ -	\$ 1,002,205	\$ 982,869	\$ (19,336)
Property taxes - interest and penalties	18,000	18,183	183	-	-	-	18,000	18,183	183
Grants Income	-	400	400	191,856	227,959	36,103	191,856	228,359	36,503
Intergovernmental	95,210	111,204	15,994	-	-	-	95,210	111,204	15,994
Charges for services	80,175	99,379	19,204	-	-	-	80,175	99,379	19,204
Licenses and permits	14,700	3,327	(11,373)	350	-	(350)	15,050	3,327	(11,723)
Investment income	2,500	17,537	15,037	-	-	-	2,500	17,537	15,037
Miscellaneous (building income, misc.)	64,600	15,519	(49,081)	-	38,407	38,407	64,600	53,926	(10,674)
Total revenues	715,619	686,646	(28,973)	753,977	828,137	74,160	1,469,596	1,514,783	45,187
EXPENDITURES:									
General government	450,126	317,265	(132,861)	-	-	-	450,126	317,265	(132,861)
Public safety	66,253	63,493	(2,760)	-	-	-	66,253	63,493	(2,760)
Public works	-	114,770	114,770	642,837	848,768	(205,931)	642,837	963,539	(91,161)
Sanitation	106,798	2,500	(104,298)	-	-	-	106,798	2,500	(104,298)
Community services	68,322	87,927	19,605	-	-	-	68,322	87,927	19,605
Cemetery	24,120	24,100	(20)	-	-	-	24,120	24,100	(20)
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	33,300	33,300	139,340	8,977	(130,363)	139,340	42,277	(97,063)
Interest	-	23,441	23,441	-	363	(363)	-	23,804	23,078
Total expenditures	715,619	666,796	(48,822)	782,177	858,109	(75,932)	1,497,796	1,524,906	(385,480)
Excess of Revenues Over Expenditures	-	19,850	(77,795)	(28,200)	(29,972)	(1,772)	(28,200)	(10,122)	(79,567)
OTHER FINANCING SOURCES (USES)									
Transfers in/(out)	-	-	-	28,200	(120,000)	(148,200)	28,200	(120,000)	(148,200)
Loan proceeds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	28,200	(120,000)	(148,200)	28,200	(120,000)	(148,200)
Net Change in Fund Balance	\$ -	19,851	\$ (77,795)	\$ -	(149,971)	\$ (149,972)	\$ -	\$ (130,122)	\$ (227,767)
Fund Balance - December 31, 2022		586,301			19,442			605,744	
Fund Balance - December 31, 2023		<u>\$ 606,153</u>			<u>\$ (130,529)</u>			<u>\$ 475,622</u>	

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

TOWN OF CHELSEA, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 DECEMBER 31, 2023

SCHEDULE 2

	2023
Total Plan Net Pension Liability	\$ 303,371,956
Town's Proportion of the Net Pension Liability	0.00709%
Town's Proportionate Share of the Net Pension Liability	\$ 21,515
Town's Covered Employee Payroll	\$ 142,768
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	49.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net position liability was lowered from 7.50% to 7.00%, due to the adoption by the Board of Trustees of a 7.00% expected future rate of return on assets for funding purposes.

Fiscal year 2023 was the first year of implementation, therefore, only one year is shown.

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

TOWN OF CHELSEA, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 3

	2023
Contractually Required Contribution (Actuarially Determined)	\$ 7,335
Contributions in Relation to the Actuarially Determined Contributions	7,335
Contribution Excess/(Deficiency)	\$ -
Town's Covered Employee Payroll	\$ 142,768
Contributions as a Percentage of Town's Covered Employee Payroll	5.14%

Notes to Schedule

Valuation Date: June 30, 2022

Fiscal year 2023 was the first year of implementation, therefore, only one year is shown.

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

TOWN OF CHELSEA, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2023

SCHEDULE 4

	Reappraisal Fund	Cemetery Fund	Restoration of Records	ARPA Fund Adjusted	Transfer Station Fund	Town Hall Renovation	Equipment Fund	Resurfacing Fund	Flood Relief Fund	Highway Matching Fund	Total Non-Major Governmental Funds
ASSETS											
Cash	\$ 4,012	\$ 25,046	\$ 20,546	\$ -	\$ -	\$ 40,866	\$ 98,931	\$ 38,814	\$ -	\$ -	\$ 228,215
Investments	-	99,358	-	-	-	-	-	-	-	-	99,358
Due to/from	75,001	-	-	376,854	5,000	-	105,000	-	700	17,244	579,799
Total assets	\$ 79,013	\$ 124,404	\$ 20,546	\$ 376,854	\$ 5,000	\$ 40,866	\$ 203,931	\$ 38,814	\$ 700	\$ 17,244	\$ 907,372
LIABILITIES											
Grant advances	\$ -	\$ -	\$ -	\$ 376,854	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,854
Due to/from	-	-	2,880	-	-	11,700	-	-	-	-	14,580
Total liabilities	-	-	2,880	376,854	-	11,700	-	-	-	-	391,434
FUND BALANCES											
Non-spendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	79,013	124,404	17,666	-	5,000	29,166	203,931	38,814	700	17,244	515,938
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned / (Deficit)	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	79,013	124,404	17,666	-	5,000	29,166	203,931	38,814	700	17,244	515,938
Total liabilities and fund balances	\$ 79,013	\$ 124,404	\$ 20,546	\$ 376,854	\$ 5,000	\$ 40,866	\$ 203,931	\$ 38,814	\$ 700	\$ 17,244	\$ 907,372

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

TOWN OF CHELSEA, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 5

	Reappraisal Fund	Cemetery Fund	Restoration of Records	ARPA Fund Adjusted	Transfer Station Fund	Town Hall Renovation	Equipment Fund	Resurfacing Fund	Flood Relief Fund	Highway Matching Fund	Total Non-Major Governmental Funds
REVENUES:											
Property taxes	\$ -	\$ 22,500	\$ -	\$ -	\$ 2,500	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Intergovernmental	7,705	-	-	-	-	22,100	-	175,000	-	-	204,805
Fee for services	-	-	4,080	-	-	-	-	-	-	-	4,080
Donations	-	-	-	-	-	-	-	-	700	-	700
Investment income	2,118	1,820	393	-	-	1,388	3,709	1,705	-	-	11,133
Miscellaneous	-	3,930	-	-	-	-	-	-	-	-	3,930
Total revenues	9,823	28,250	4,473	-	2,500	33,488	3,709	176,705	700	-	259,648
EXPENDITURES:											
General government	-	-	-	-	-	53,800	-	-	-	-	53,800
Public safety	-	-	-	-	-	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-	-	-	-	27,756	27,757
Sanitation	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Cemetery	-	25,536	-	-	-	-	-	-	-	-	25,536
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	25,536	-	-	-	53,800	-	-	-	27,756	107,092
Excess (Deficiency) of Revenues Over Expenditures	9,823	2,714	4,473	-	2,500	(20,312)	3,709	176,705	700	(27,756)	152,556
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	70,000	50,000	-	10,000	130,000
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	9,823	2,714	4,473	0	2,500	(20,312)	73,709	226,705	700	(17,756)	282,556
Fund Balances, December 31, 2022	69,190	121,690	13,193	-	2,500	49,477	130,222	(187,891)	-	35,000	233,381
Fund Balances, December 31, 2023	\$ 79,013	\$ 124,404	\$ 17,666	\$ -	\$ 5,000	\$ 29,166	\$ 203,931	\$ 38,814	\$ 700	\$ 17,244	\$ 515,937

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



Batchelder Associates, PC

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*

To the Board of Selectmen
Town of Chelsea, Vermont
Chelsea, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Chelsea, Vermont ("Town") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 29, 2024.

Report on Internal Control over Financial Reporting

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

Batchelder Associates, PC

Batchelder Associates, PC
Barre, Vermont
April 29, 2024
Vermont License #945