

Audited Financial Statements
and Other Financial Information

Town of Pownal, Vermont

June 30, 2025



Proven Expertise & Integrity

TOWN OF POWNAL, VERMONT

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JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Pownal
Pownal, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Pownal, Vermont, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Town of Pownal, 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, each major fund and the aggregate remaining fund information of the Town of Pownal, Vermont as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Pownal, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Pownal, 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information on pages 5 through 12 and 51 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pownal, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for 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. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026, on our consideration of the Town of Pownal, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Pownal, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pownal, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000967
January 9, 2026

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

(UNAUDITED)

The following management's discussion and analysis of Town of Pownal, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

The above-mentioned financial statements have one column for the Town's activity. The type of activity presented for the Town of Pownal is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works/roads, street lights, wastewater, transfer station, ballot articles and unclassified.

Fund Financial Statements

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

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

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

The Town of Pownal presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, wastewater,

ARPA and road fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and the road fund are the only funds for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund and the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Road Fund provide comparisons of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities decreased by \$204,331 from \$13,585,525 to \$13,381,194.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for governmental activities to a balance of \$1,211,507 at the end of this year.

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

	<u>2025</u>	<u>2024</u>
Assets:		
Current Assets	\$ 2,166,839	\$ 2,169,022
Noncurrent Assets - Capital Assets	<u>14,020,458</u>	<u>14,397,264</u>
Total Assets	<u>16,187,297</u>	<u>16,566,286</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>107,948</u>	<u>146,702</u>
Total Deferred Outflows of Resources	<u>107,948</u>	<u>146,702</u>
Liabilities:		
Current Liabilities	370,240	307,387
Noncurrent Liabilities	<u>2,437,196</u>	<u>2,558,176</u>
Total Liabilities	<u>2,807,436</u>	<u>2,865,563</u>
Deferred Inflows of Resources:		
Prepaid Taxes	11,980	19,351
Deferred Inflows Related to Pensions	25,185	7,970
Deferred Revenue	<u>69,450</u>	<u>234,579</u>
Total Deferred Inflows of Resources	<u>106,615</u>	<u>261,900</u>
Net Position:		
Net Investment in Capital Assets	11,811,603	12,097,708
Restricted	358,084	266,231
Unrestricted	<u>1,211,507</u>	<u>1,221,586</u>
Total Net Position	<u>\$ 13,381,194</u>	<u>\$ 13,585,525</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.30% primarily due to increases in taxes and miscellaneous. Expenses increased by 18.73% primarily due to public works/roads.

Table 2
Town of Pownal, Vermont
Changes in Net Position
For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 564,984	\$ 533,789
Operating grants and contributions	44,522	41,578
<i>General Revenues:</i>		
Taxes	2,003,397	1,842,899
Grants and contributions not restricted to specific programs	244,249	654,012
Miscellaneous	622,520	201,065
Total Revenues	<u>3,479,672</u>	<u>3,273,343</u>
Expenses		
General government	699,324	517,961
Public safety	114,844	131,902
Public works/Roads	962,671	637,160
Street lights	16,880	16,111
Wastewater	919,258	866,435
Transfer station	176,450	165,044
Ballot articles	301,740	291,740
Unclassified	432,517	410,876
Interest expense	60,319	65,623
Total Expenses	<u>3,684,003</u>	<u>3,102,852</u>
Change in Net Position	<u>(204,331)</u>	<u>170,491</u>
Net Position - July 1	<u>13,585,525</u>	<u>13,415,034</u>
Net Position - June 30	<u>\$ 13,381,194</u>	<u>\$ 13,585,525</u>

Financial Analysis of the Town's Fund Statements

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

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

	<u>2025</u>	<u>2024</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 20,620	\$ 5,642	\$ 14,978
Unassigned	160,146	374,293	(214,147)
Total General Fund	<u>\$ 180,766</u>	<u>\$ 379,935</u>	<u>\$ (199,169)</u>
Wastewater:			
Restricted	\$ 142,266	\$ 95,746	\$ 46,520
Total Wastewater	<u>\$ 142,266</u>	<u>\$ 95,746</u>	<u>\$ 46,520</u>
Road Fund:			
Restricted	\$ 215,818	\$ 170,485	\$ 45,333
Total Road Fund	<u>\$ 215,818</u>	<u>\$ 170,485</u>	<u>\$ 45,333</u>
Nonmajor Funds:			
Special Revenue Funds:			
Committed	\$ 286,372	\$ 264,148	\$ 22,224
Assigned	51,577	41,690	9,887
Unassigned (deficit)	-	(113,085)	113,085
Capital Projects Funds:			
Committed	865,530	881,428	(15,898)
Unassigned	(2,121)	(4,677)	2,556
Total Nonmajor Funds	<u>\$ 1,201,358</u>	<u>\$ 1,069,504</u>	<u>\$ 131,854</u>

The changes to total fund balances for the general fund, wastewater, road fund and the aggregate nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

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

The general fund actual revenues were under budgeted amounts by \$148,413. All revenue categories were receipted under budgeted amounts with the exception of permits and licenses and other revenue.

The general fund actual expenditures were under budgeted amounts by \$164,943. All expenditures categories were within or under budgeted amounts with the exception of street lights and debt service-interest.

There was no difference between the original and final budget for the road fund.

The road fund actual revenues exceeded budgeted amounts by \$14,359. All revenue categories were receipted at or over budgeted amounts.

The road fund actual expenditures were under budgeted amounts by \$130,033. All expenditures categories were at or under budgeted amounts with the exception of roadside and brush, salt/chloride/equipment and debt service-interest.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the net book value of capital assets recorded by the Town decreased by \$376,806 from the prior year. This decrease is the result of net capital additions of \$398,747, less net disposals of \$1,200 and depreciation expense of \$774,353.

**Table 4
Town of Pownal, Vermont
Capital Assets (Net of Depreciation)
June 30,**

	2025	2024
Land	\$ 1,332,881	\$ 1,332,881
Construction in progress	39,940	291,323
Buildings, building and land improvements	1,744,642	1,792,018
Machinery and equipment	1,336,253	1,033,673
Infrastructure	9,551,296	9,941,369
Right of use lease asset	15,446	6,000
Total	\$14,020,458	\$14,397,264

Debt

At June 30, 2025, the Town had \$2,208,855 in bonds payable, notes from direct borrowings payable and lease liabilities versus \$2,299,596 in the prior year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town continues to work toward maintaining a sufficient unrestricted net position to sustain operations for a period of approximately three months. The Town also maintains reserve accounts for future operational, capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 511 Center Street, Pownal, Vermont 05261.

TOWN OF POWNAL, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,710,020
Accounts receivable (net of allowance for uncollectibles):	
Delinquent taxes receivable	248,443
Other	187,756
Prepaid items	20,620
Total current assets	<u>2,166,839</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,372,821
Buildings and equipment, net of accumulated depreciation	12,632,191
Right of use lease asset, net of accumulated depreciation	15,446
Total noncurrent assets	<u>14,020,458</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	107,948
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>107,948</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,295,245</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 145,491
Accrued payroll	13,431
Current portion of long-term obligations	211,318
Total current liabilities	<u>370,240</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,433,898
Notes from direct borrowings payable	566,591
Lease liability	8,485
Accrued compensated absences	34,312
Net pension liability	393,910
Total noncurrent liabilities	<u>2,437,196</u>
TOTAL LIABILITIES	<u>2,807,436</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	11,980
Deferred inflows related to pensions	25,185
Deferred revenue	69,450
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>106,615</u>
NET POSITION	
Net investment in capital assets	11,811,603
Restricted	358,084
Unrestricted	1,211,507
TOTAL NET POSITION	<u>13,381,194</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 16,295,245</u>

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

TOWN OF POWNAL, VERMONT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
General government	\$ 699,324	\$ 54,182	\$ 42,576	\$ -	\$ (602,566)
Public safety	114,844	-	1,946	-	(112,898)
Public works/Roads	962,671	-	-	-	(962,671)
Street lights	16,880	-	-	-	(16,880)
Wastewater	919,258	412,521	-	-	(506,737)
Transfer station	176,450	98,131	-	-	(78,319)
Ballot articles	301,740	-	-	-	(301,740)
Unclassified	432,517	150	-	-	(432,367)
Interest expense	60,319	-	-	-	(60,319)
Total government	<u>\$ 3,684,003</u>	<u>\$ 564,984</u>	<u>\$ 44,522</u>	<u>\$ -</u>	<u>(3,074,497)</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
TOWN OF POWNAL, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(3,074,497)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	2,003,397
Grants and contributions not restricted to specific programs	244,249
Miscellaneous	<u>622,520</u>
Total general revenues	<u>2,870,166</u>
Change in Net Position	<u>(204,331)</u>
Net Position - July 1	<u>13,585,525</u>
Net Position - June 30	<u><u>\$ 13,381,194</u></u>

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

TOWN OF POWNAL, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Wastewater	Road Fund	ARPA	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 245,363	\$ 158,497	\$ 1,030,312	\$ -	\$ 275,848	\$ 1,710,020
Accounts receivable (net of allowance for uncollectibles):						
Delinquent taxes receivable	248,443	-	-	-	-	248,443
Other	91,771	94,665	1,320	-	-	187,756
Prepaid items	20,620	-	-	-	-	20,620
Due from other funds	920,015	-	-	36,286	927,835	1,884,136
TOTAL ASSETS	\$ 1,526,212	\$ 253,162	\$ 1,031,632	\$ 36,286	\$ 1,203,683	\$ 4,050,975
LIABILITIES						
Accounts payable	\$ 145,491	\$ -	\$ -	\$ -	\$ -	\$ 145,491
Accrued payroll	4,411	2,528	6,492	-	-	13,431
Due to other funds	964,121	108,368	809,322	-	2,325	1,884,136
TOTAL LIABILITIES	1,114,023	110,896	815,814	-	2,325	2,043,058
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	11,980	-	-	-	-	11,980
Deferred revenue	33,164	-	-	36,286	-	69,450
Deferred property tax	186,279	-	-	-	-	186,279
TOTAL DEFERRED INFLOWS OF RESOURCES	231,423	-	-	36,286	-	267,709
FUND BALANCES						
Nonspendable	20,620	-	-	-	-	20,620
Restricted	-	142,266	215,818	-	-	358,084
Committed	-	-	-	-	1,151,902	1,151,902
Assigned	-	-	-	-	51,577	51,577
Unassigned (deficit)	160,146	-	-	-	(2,121)	158,025
TOTAL FUND BALANCES	180,766	142,266	215,818	-	1,201,358	1,740,208
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,526,212	\$ 253,162	\$ 1,031,632	\$ 36,286	\$ 1,203,683	\$ 4,050,975

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

TOWN OF POWNAL, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

	Total Governmental Funds
Total Fund Balances	\$ 1,740,208
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	14,020,458
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	107,948
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	186,279
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,545,510)
Notes from direct borrowings payable	(652,032)
Lease liability	(11,313)
Accrued compensated absences	(45,749)
Net pension liability	(393,910)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(25,185)
Net position of governmental activities	<u>\$ 13,381,194</u>

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

TOWN OF POWNAL, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Wastewater	Road Fund	ARPA	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 926,777	\$ -	\$ 986,648	\$ -	\$ -	\$ 1,913,425
Intergovernmental	119,241	-	169,530	-	-	288,771
Charges for services	152,463	412,521	-	-	-	564,984
Interest income	22,972	116	25,349	-	272	48,709
Miscellaneous	15,744	58,426	2,380	183,485	313,786	573,821
TOTAL REVENUES	1,237,197	471,063	1,183,907	183,485	314,058	3,389,710
EXPENDITURES						
Current:						
General government	622,598	-	-	-	-	622,598
Public safety	114,844	-	-	-	-	114,844
Public works/Roads	-	-	744,293	-	-	744,293
Street lights	16,880	-	-	-	-	16,880
Wastewater	-	424,543	-	-	-	424,543
Transfer station	176,450	-	-	-	-	176,450
Ballot articles	301,740	-	-	-	-	301,740
Unclassified	-	-	-	183,485	249,032	432,517
Debt service:						
Principal	108,526	-	82,290	-	-	190,816
Interest	52,828	-	7,491	-	-	60,319
Capital outlay	-	-	-	-	374,605	374,605
TOTAL EXPENDITURES	1,393,866	424,543	834,074	183,485	623,637	3,459,605
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(156,669)	46,520	349,833	-	(309,579)	(69,895)
OTHER FINANCING SOURCES (USES)						
Note proceeds	-	-	-	-	94,433	94,433
Transfers in	-	-	-	-	347,000	347,000
Transfers (out)	(42,500)	-	(304,500)	-	-	(347,000)
TOTAL OTHER FINANCING SOURCES (USES)	(42,500)	-	(304,500)	-	441,433	94,433
NET CHANGE IN FUND BALANCES (DEFICITS)	(199,169)	46,520	45,333	-	131,854	24,538
FUND BALANCES - JULY 1	379,935	95,746	170,485	-	1,069,504	1,715,670
FUND BALANCES - JUNE 30	\$ 180,766	\$ 142,266	\$ 215,818	\$ -	\$ 1,201,358	\$ 1,740,208

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

TOWN OF POWNAL, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 24,538</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	398,747
Capital asset disposals	(1,200)
Depreciation expense	<u>(774,353)</u>
	<u>(376,806)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(38,754)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(102,629)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>89,972</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>193,330</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(17,215)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	1,289
Net pension liability	<u>21,944</u>
	<u>23,233</u>
Change in net position of governmental activities (Statement B)	<u>\$ (204,331)</u>

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

TOWN OF POWNAL, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025

	<u>Private- Purpose Trusts</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,154</u>
TOTAL ASSETS	<u><u>\$ 2,154</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted	<u>2,138</u>
TOTAL NET POSITION	<u><u>2,138</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 2,138</u></u>

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

TOWN OF POWNAL, VERMONT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Private- Purpose Trusts</u>
ADDITIONS	
Interest income	<u>\$ 2</u>
Total additions	<u>2</u>
DEDUCTIONS	
Withdrawals	<u>18</u>
Total deductions	<u>18</u>
Change in net position	(16)
NET POSITION - JULY 1	<u>2,154</u>
NET POSITION - JUNE 30	<u>\$ 2,138</u>

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Pownal was incorporated under the laws of the State of Vermont. The Town is governed by a selectboard and provides the following services: general government, public safety, public works/roads, street lights, wastewater, transfer station, ballot articles and unclassified.

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

The Town's combined financial statements do not include all accounts and all operations of the Town. We have determined that the Town has no component units, as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2025, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 101 "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 102 "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the financial statements are issued. A disclosure should be made in the notes to financial statements if a government determines that those criteria for disclosures have been met for a concentration or constraint. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Wastewater fund is used to account for the operations of the wastewater facility. The primary source of revenue is charges for services.
- c. The Road Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The primary source of revenue is taxes.
- d. The ARPA fund is used to account for the proceeds of ARPA revenues that are legally restricted to expenditures for specified purposes. The primary source of revenue is intergovernmental.

Nonmajor Funds

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support the Town's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

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

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

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

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Town of Pownal, Vermont has no formal investment policy but instead follows the State of Vermont Statutes.

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be \$267 as of June 30, 2025. Accounts receivable netted with allowances for uncollectible accounts were \$187,756 for the year ended June 30, 2025.

Prepaid Items

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with the capitalization threshold stipulated by the Town's capitalization policy are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized on a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	15 - 50 years
Machinery and equipment	4 - 50 years
Vehicles	5 - 25 years

Long-term Obligations

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

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

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Net Position

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

Fund Balance

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

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

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Deferred Outflows and Inflows of Resources

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

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on July 24, 2025, on the assessed value listed as of April 1, annually, for all real property located in the Town. Taxes were due in one installment on November 10. Interest accrues at 1% per month following the final payment. An 8% penalty fee is added to the entire unpaid principal tax balance after November 12, 2025.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

TOWN OF POWNAL, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does have a policy covering custodial credit risk for deposits. The Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Vermont Revised Statutes.

At June 30, 2025, the Town’s cash and cash equivalents balances amounting to \$1,712,174 were comprised of deposits of \$1,766,107. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town’s cash and cash equivalents balance. Of these deposits, \$500,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,266,107 was collateralized with securities held by the financial institution but not in the Town’s name.

Account Type	Bank Balance
Checking accounts	\$ 315,398
Money market savings accounts	<u>1,450,709</u>
	<u><u>\$ 1,766,107</u></u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does have a policy for custodial credit risk for investments. The Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and brokers/dealers.

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2025, the Town has \$0 in investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does have a formal investment policy that mitigates interest rate risk by limiting investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does have an investment policy on credit risk. The Town mitigates this risk by limiting investments to authorized types of securities, using qualified financial institutions authorized by the finance committee and diversifying the investment portfolio to meet the Town's current and future cash flow needs. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 920,015	\$ 964,121
Wastewater	-	108,368
Road fund	-	809,322
ARPA	36,286	-
Nonmajor funds:		
Special revenue funds	62,305	204
Capital projects funds	865,530	2,121
	\$ 1,884,136	\$ 1,884,136

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2025 consisted of the following:

	Transfers Out	Transfers In
Major funds:		
General fund	\$ 42,500	\$ -
Road fund	304,500	-
Nonmajor funds:		
Special revenue funds	-	22,000
Capital projects funds	-	325,000
	\$ 347,000	\$ 347,000

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Balance 7/1/24	Additions	Disposals/ Transfers	Balance 6/30/25
Non-depreciated assets:				
Land	\$ 1,332,881	\$ -	\$ -	\$ 1,332,881
Construction in progress	291,323	39,940	(291,323)	39,940
	1,624,204	39,940	(291,323)	1,372,821
Depreciated assets:				
Buildings and improvements	1,942,320	-	-	1,942,320
Land improvements	234,771	7,105	(2,650)	239,226
Machinery and equipment	2,338,791	422,874	(93,200)	2,668,465
Infrastructure	33,482,202	210,705	(112,599)	33,580,308
Right of use lease asset	6,000	9,446	-	15,446
	38,004,084	650,130	(208,449)	38,445,765
Less accumulated depreciation:				
Buildings and improvements	(329,322)	(40,470)	-	(369,792)
Land improvements	(55,751)	(14,011)	2,650	(67,112)
Machinery and equipment	(1,305,118)	(119,094)	92,000	(1,332,212)
Infrastructure	(23,540,833)	(600,778)	112,599	(24,029,012)
	(25,231,024)	(774,353)	207,249	(25,798,128)
Net depreciated assets	12,773,060	(124,223)	(1,200)	12,647,637
Net capital assets	\$ 14,397,264	\$ (84,283)	\$ (292,523)	\$ 14,020,458

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation:</u>	
General government	\$ 42,790
Public works/roads	245,034
Wastewater	486,529
Total depreciation expense	<u>\$ 774,353</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the Town for the year ended June 30, 2025:

	Balance 7/1/24	Additions	Deletions	Balance 6/30/25	Current Portion
Bonds payable	\$ 1,654,035	\$ -	\$ (108,525)	\$ 1,545,510	\$ 111,612
Notes from direct borrowings payable	640,504	94,433	(82,905)	652,032	85,441
Lease liabilities	5,017	8,196	(1,900)	11,313	2,828
Totals	<u>\$ 2,299,556</u>	<u>\$ 102,629</u>	<u>\$ (193,330)</u>	<u>\$ 2,208,855</u>	<u>\$ 199,881</u>

The following is a summary of the outstanding bonds payable, notes from direct borrowings payable and lease liability:

Bonds payable:

2011 Vermont Bond Bank - USDA Refunding Bond in the original amount of \$1,854,010 for sewer system capital improvements. Annual installments of principal and interest payments range from \$121,000 to \$58,841. Interest is charged at a fixed rate of 3.93% per annum with maturity in November of 2035.

\$ 1,035,510

2021 Vermont Bond Bank - Bond in the amount of \$600,000 for public building improvements. Annual principal installments are due in November and interest payments are due semi-annually in November and May. Interest is charged at a fixed rate of 2.19% per annum with a maturity in November of 2041.

510,000

Total bonds payable

\$ 1,545,510

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

2017 Note with Caterpillar Financing for an excavator. Annual principal and interest payments are \$22,854 with a fixed interest rate of 3.43% per annum. Maturity is in 2027. \$ 43,725

2019 Note with Henry and Wilhelm Strohmaier for a gravel pit. Annual principal and interest payments range from \$36,000 to \$39,240 with a fixed interest rate of 1.00%, increasing each year by 1.00% per annum. Maturity is in 2029. 154,800

2020 Revolving Loan through the Vermont State Revolving Loan Fund for Landfill Remediation(RL1-239-1.4VT) Annual payments are scheduled to begin in 2025 with an interest rate of 0.00% per annum. Maturity is in 2035. 400,387

2023 Capital lease through Deere Credit for a John Deere loader. After initial payment of \$116,900, annual principal and interest payments are \$29,127 with an interest rate of 6.20% per annum. Maturity is in February of 2027. 53,120

Total notes from direct borrowings payable \$ 652,032

Lease liabilities,

2023 Lease through Symquest for a copier. Monthly principal and interest payments are \$126 with an interest rate of 9.58% per annum. Maturity is in May of 2028. \$ 3,937

2023 Lease through Symquest for a copier. Monthly principal and interest payments are \$126 with an interest rate of 9.58% per annum. Maturity is in May of 2028. 7,376

Total lease liabilities \$ 11,313

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	Bonds Payable		Notes from Direct Borrowings Payable		Lease Liabilities		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 111,612	\$ 49,447	\$ 85,441	\$ 4,700	\$ 2,828	\$ 325	\$ 254,353
2027	114,819	45,909	88,084	2,422	2,947	207	254,388
2028	118,153	42,204	38,880	-	3,078	76	202,391
2029	121,617	38,324	39,240	-	1,639	-	200,820
2030	125,218	34,270	263,953	-	821	-	424,262
2031-2035	685,249	100,988	75,796	-	-	-	862,033
2036-2040	208,842	23,519	60,638	-	-	-	292,999
2041-2043	60,000	1,566	-	-	-	-	61,566
	<u>\$ 1,545,510</u>	<u>\$ 336,227</u>	<u>\$ 652,032</u>	<u>\$ 7,122</u>	<u>\$ 11,313</u>	<u>\$ 608</u>	<u>\$ 2,552,812</u>

No interest costs were capitalized during the period. All bonds payable, notes from direct borrowings payable and lease liabilities are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt for the Town's governmental activities is payable from taxes levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2025:

	Balance 7/1/24	Additions	Deletions	Balance 6/30/25	Current Portion
Accrued compensated absences	\$ 47,038	\$ -	\$ (1,289)	\$ 45,749	\$ 11,437
Net pension liability	415,854	57,463	(79,407)	393,910	-
Totals	<u>\$ 462,892</u>	<u>\$ 57,463</u>	<u>\$ (80,696)</u>	<u>\$ 439,659</u>	<u>\$ 11,437</u>

Please see Notes 8 and 15 for detailed information on each of the other long-term obligations.

TOWN OF POWNAL, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2025, the Town's liability for compensated absences is \$45,749. The change in the accrued compensated absences liability is presented as a decrease of \$1,289.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2025:

Invested in capital assets	\$ 39,818,586
Accumulated depreciation	(25,798,128)
Outstanding capital related debt	<u>(2,208,855)</u>
	<u><u>\$ 11,811,603</u></u>

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2025, the Town had the following restricted net position and fund balances:

Wastewater	\$ 142,266
Road fund	<u>215,818</u>
	<u><u>\$ 358,084</u></u>

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2025, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	<u><u>\$ 20,620</u></u>

TOWN OF POWNAL, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2025, the Town had the following committed fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 286,372
Nonmajor capital projects funds (Schedule G)	<u>865,530</u>
	<u><u>\$ 1,151,902</u></u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2025, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	<u><u>\$ 51,577</u></u>
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NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2025, the Town had the following deficit fund balances:

Landfill	<u><u>\$ 2,121</u></u>
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NOTE 15 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2023 (the most recent data available), the retirement system consisted of 18,483 participating members.

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

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

Benefits Provided

The pension plan is divided into four membership groups:

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

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

TOWN OF POWNAL, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula - Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

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

TOWN OF POWNAL, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2024 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	4.000% of gross salary	6.375% of gross salary	11.500% of gross salary	12.850% of gross salary
Employer Contributions	5.500% of gross salary	7.000% of gross salary	8.750% of gross salary	11.350% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2025 totaled \$29,566. The Town contributed \$40,653 for the year ended June 30, 2025. The Town's total payroll for the year ended June 30, 2025 for all employees covered under this plan was \$739,128.

Pension Liabilities

At June 30, 2025, the Town reported a liability of \$393,910 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2024 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2023. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2023, the Town's proportion was 0.11859% for VMERS, which was a decrease of 0.00522% from its proportion measured as of June 30, 2024 for VMERS.

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$34,025 for the VMERS plan. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,661	\$ -
Changes of assumptions	2,123	-
Net difference between projected and actual earnings on pension plan investments	9,717	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,794	25,185
Contributions subsequent to the measurement date	40,653	-
Total	\$ 107,948	\$ 25,185

\$40,653 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS	
Plan year ended June 30:		
2026	\$	14,143
2027		39,947
2028		(4,607)
2029		(6,373)
2030		-
Thereafter		-

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2024 measurement date was determined by rolling forward the total pension liability as of June 30, 2023 to June 30, 2024. The total pension liability was calculated using the following actuarial assumptions:

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

Inflation: 2.30%

Projected Salary Increases: Varying service-based rates ranging from 4.07% to 6.21%. Salary increases include an assumed inflation rate of 2.30%.

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

Pre-Retirement:

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

- Group C - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2021.
- Group D - PubS-2010 Public Safety Employee Amount-Weighted Below-Median, with generational projection using scale MP-2021.

Healthy Post-Retirement - Retirees:

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Healthy Post-Retirement - Beneficiaries:

- Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement:

- Group A/B/C - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.
- Group D - PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

Inactive Members: Valuation liability equals 100% of accumulated contributions. Valuation liability for those who are vested is based on accrued benefit and members are assumed to retire 10% of the time each year from their Early Retirement Age until their Normal Retirement Age, then 100% of the time at their Normal Retirement age, with a deferred vested benefit.

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

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

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

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2025, COLA is expected to be 1.90% for Group A and 1.90% for Groups B, C and D. The January 1, 2024, COLA was 1.10% for Group A and 1.10% for Groups B, C and D.

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method: Entry age normal cost method.

Amortization Method: Amortization payments calculated to fully fund unfunded actuarial accrued liability with annual increases of 3% over a closed period. The amortization of unfunded actuarial accrued liability (UAAL) within the actuarially determined contribution rate calculation is based on the level percentage of pay required to amortize the UAAL over the 30-year closed period that began on July 1, 2008. As of July 1, 2023, the remaining amortization period is 15 years.

Asset Valuation Method: The amount of the assets for valuation purposes equals the preliminary asset value plus 20% of the difference between market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses plus expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Agg Fixed Income	19.00%	1.70%
TIPS	2.00%	1.70%
Large/Mid Cap US Equity	4.00%	4.20%
Small Cap US Equity	3.00%	4.70%
Developed Large/Mid Cap International Equity	5.00%	5.95%
Global Equity	32.00%	5.25%
Core Real Estate	3.00%	3.45%
Non-Core Real Estate	4.00%	5.70%
Private Credit	11.00%	5.70%
Private Equity	11.00%	7.45%
Private Core Infrastructure	4.00%	4.95%
Agriculture/Farmland	2.00%	3.95%

TOWN OF POWNAL, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

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

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

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

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 602,230	\$ 393,910	\$ 222,926

Pension Plan Fiduciary Net Position

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

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 - CONTINGENCIES

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

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

NOTE 17 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

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

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

TOWN OF POWNAL, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17 - RISK MANAGEMENT (CONTINUED)

To provide insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and provides excess reinsurance protection. Contributions are based on payroll expense and the previous two-year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

Required Supplementary Information

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

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

TOWN OF POWNAL, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 379,935	\$ 379,935	\$ 379,935	\$ -
Resources (Inflows):				
Property taxes	1,031,960	1,031,960	926,777	(105,183)
Intergovernmental	137,650	137,650	119,241	(18,409)
Permits and licenses	49,500	49,500	54,182	4,682
Charges for services	120,500	120,500	98,281	(22,219)
Interest income	32,000	32,000	22,972	(9,028)
Other revenue	14,000	14,000	15,744	1,744
Amounts Available for Appropriation	<u>1,765,545</u>	<u>1,765,545</u>	<u>1,617,132</u>	<u>(148,413)</u>
Charges to Appropriations (Outflows):				
General government	717,106	717,106	622,598	94,508
Public safety	126,300	126,300	114,844	11,456
Street lights	16,000	16,000	16,880	(880)
Transfer station	186,400	186,400	176,450	9,950
Ballot articles	301,740	301,740	301,740	-
Debt service:				
Principal	108,526	108,526	108,526	-
Interest	52,737	52,737	52,828	(91)
Contingency	50,000	50,000	-	50,000
Transfers to other funds	42,500	42,500	42,500	-
Total Charges to Appropriations	<u>1,601,309</u>	<u>1,601,309</u>	<u>1,436,366</u>	<u>164,943</u>
Budgetary Fund Balance, June 30	<u>\$ 164,236</u>	<u>\$ 164,236</u>	<u>\$ 180,766</u>	<u>\$ 16,530</u>
Utilization of unassigned fund balance	<u>\$ 215,699</u>	<u>\$ 215,699</u>	<u>\$ -</u>	<u>\$ (215,699)</u>

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

TOWN OF POWNAL, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - ROAD FUND
 FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 170,485	\$ 170,485	\$ 170,485	\$ -
Resources (Inflows):				
Property taxes	986,648	986,648	986,648	-
Intergovernmental	162,500	162,500	169,530	7,030
Interest income	20,000	20,000	25,349	5,349
Other revenue	400	400	2,380	1,980
Amounts Available for Appropriation	<u>1,340,033</u>	<u>1,340,033</u>	<u>1,354,392</u>	<u>14,359</u>
Charges to Appropriations (Outflows):				
Wages and payroll	483,430	483,430	456,136	27,294
Maintenance and fuel	116,250	116,250	103,560	12,690
Gravel/sand	25,000	25,000	24,899	101
Roadside and brush	4,000	4,000	4,185	(185)
Culverts and bridges	15,000	15,000	8,188	6,812
Roadsigns and guardrails	9,000	9,000	594	8,406
Snow removal and sanding	1,000	1,000	-	1,000
Salt/chloride/equipment	95,000	95,000	102,367	(7,367)
Expenses	75,600	75,600	44,364	31,236
Debt service:				
Principal	84,895	84,895	82,290	2,605
Interest	4,932	4,932	7,491	(2,559)
Contingency	50,000	50,000	-	50,000
Transfers to other funds	304,500	304,500	304,500	-
Total Charges to Appropriations	<u>1,268,607</u>	<u>1,268,607</u>	<u>1,138,574</u>	<u>130,033</u>
Budgetary Fund Balance, June 30	<u>\$ 71,426</u>	<u>\$ 71,426</u>	<u>\$ 215,818</u>	<u>\$ 144,392</u>
Utilization of unassigned fund balance	<u>\$ 99,059</u>	<u>\$ 99,059</u>	<u>\$ -</u>	<u>\$ (99,059)</u>

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

TOWN OF POWNAL, VERMONT

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>										
Proportion of the net pension liability	0.12%	0.13%	0.12%	0.13%	0.12%	0.13%	0.12%	0.12%	0.11%	0.12%
Proportionate share of the net pension liability	\$ 393,910	\$ 415,854	\$ 366,342	\$ 185,419	\$ 296,750	\$ 217,840	\$ 162,361	\$ 140,214	\$ 139,465	\$ 92,676
Covered payroll	\$ 744,101	\$ 740,150	\$ 636,064	\$ 653,600	\$ 607,800	\$ 559,000	\$ 576,600	\$ 472,500	\$ 411,800	\$ 420,100
Proportionate share of the net pension liability as a percentage of its covered payroll	52.94%	56.19%	57.60%	28.37%	48.82%	38.97%	28.16%	29.67%	33.87%	22.06%
Plan fiduciary net position as a percentage of the total pension liability	75.22%	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

* The amounts presented for each fiscal year were determined as of June 30.

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

TOWN OF POWNAL, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>										
Contractually required contribution	\$ 40,653	\$ 39,065	\$ 37,008	\$ 30,213	\$ 26,142	\$ 24,312	\$ 22,425	\$ 20,216	\$ 18,900	\$ 16,470
Contributions in relation to the contractually required contribution	<u>(40,653)</u>	<u>(39,065)</u>	<u>(37,008)</u>	<u>(30,213)</u>	<u>(26,142)</u>	<u>(24,312)</u>	<u>(22,425)</u>	<u>(20,216)</u>	<u>(18,900)</u>	<u>(16,470)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 739,128	\$ 744,101	\$ 740,150	\$ 636,064	\$ 653,600	\$ 607,800	\$ 559,000	\$ 576,600	\$ 472,500	\$ 411,800
Contributions as a percentage of covered payroll	5.50%	5.25%	5.00%	4.75%	4.00%	4.00%	4.01%	3.51%	4.00%	4.00%

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

TOWN OF POWNAL, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

Changes of Assumptions

VMERS Pension Plan:

No changes in actuarial assumptions/methods effective for the June 30, 2024, actuarial valuation that impact GASB.

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

Other Supplementary Information

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

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

TOWN OF POWNAL, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes:				
Current real property taxes	\$ 1,008,960	1,008,960	909,815	\$ (99,145)
Penalties and interest	23,000	23,000	16,962	(6,038)
Intergovernmental revenues:				
Railroad tax	50,000	50,000	27,327	(22,673)
Current land use tax	48,000	48,000	46,250	(1,750)
Other	39,650	39,650	45,664	6,014
Permits and licenses:				
Animal licenses	2,000	2,000	1,946	(54)
Liquor licenses	500	500	465	(35)
Marriage licenses	300	300	120	(180)
Clerk fees	46,500	46,500	41,991	(4,509)
Local fines	200	200	9,660	9,460
Charges for services:				
Transfer station	119,700	119,700	98,131	(21,569)
Miscellaneous	800	800	150	(650)
Investment income	32,000	32,000	22,972	(9,028)
Other income:				
Leases	13,000	13,000	14,655	1,655
Miscellaneous	1,000	1,000	1,089	89
Utilization of fund balance	215,699	215,699	-	(215,699)
Amounts Available for Appropriation	<u>\$ 1,601,309</u>	<u>\$ 1,601,309</u>	<u>\$ 1,237,197</u>	<u>\$ (364,112)</u>

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

TOWN OF POWNAL, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual Expenditures	Variance Positive/ (Negative)
General government:				
Administration	\$ 128,570	\$ 128,570	\$ 116,391	\$ 12,179
Treasurer	47,500	47,500	47,966	(466)
Town Clerk	48,850	48,850	49,347	(497)
Town report	2,800	2,800	2,598	202
BCA appeals	2,100	2,100	470	1,630
Accounting	15,000	15,000	9,500	5,500
Selectmen	13,000	13,000	14,294	(1,294)
Zoning/DRB/Planning Board	11,300	11,300	10,020	1,280
Listers	51,500	51,500	33,542	17,958
Elections	13,000	13,000	12,465	535
Benefits	134,725	134,725	109,371	25,354
Other	248,761	248,761	216,634	32,127
Totals	<u>717,106</u>	<u>717,106</u>	<u>622,598</u>	<u>94,508</u>
Public safety:				
Law enforcement	94,250	94,250	88,233	6,017
E911 Administration	3,900	3,900	3,890	10
Health officer	6,100	6,100	4,800	1,300
Animal control	14,700	14,700	11,078	3,622
Fire	6,850	6,850	6,843	7
Forest fires	500	500	-	500
Totals	<u>126,300</u>	<u>126,300</u>	<u>114,844</u>	<u>11,456</u>
Street lights	<u>16,000</u>	<u>16,000</u>	<u>16,880</u>	<u>(880)</u>
Transfer Station	<u>186,400</u>	<u>186,400</u>	<u>176,450</u>	<u>9,950</u>
Ballot articles	<u>301,740</u>	<u>301,740</u>	<u>301,740</u>	<u>-</u>
Debt service:				
Principal	108,526	108,526	108,526	-
Interest	52,737	52,737	52,828	(91)
Totals	<u>161,263</u>	<u>161,263</u>	<u>161,354</u>	<u>(91)</u>
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Transfers to other funds	<u>42,500</u>	<u>42,500</u>	<u>42,500</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>1,601,309</u>	<u>\$ 1,601,309</u>	<u>\$ 1,436,366</u>	<u>\$ 164,943</u>

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

TOWN OF POWNAL, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 275,848	\$ -	\$ 275,848
Due from other funds	62,305	865,530	927,835
TOTAL ASSETS	<u>\$ 338,153</u>	<u>\$ 865,530</u>	<u>\$ 1,203,683</u>
LIABILITIES			
Due to other funds	\$ 204	\$ 2,121	\$ 2,325
TOTAL LIABILITIES	<u>204</u>	<u>2,121</u>	<u>2,325</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	286,372	865,530	1,151,902
Assigned	51,577	-	51,577
Unassigned (deficit)	-	(2,121)	(2,121)
TOTAL FUND BALANCES	<u>337,949</u>	<u>863,409</u>	<u>1,201,358</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 338,153</u>	<u>\$ 865,530</u>	<u>\$ 1,203,683</u>

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

TOWN OF POWNAL, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Interest income	\$ 272	\$ -	\$ 272
Other income	180,617	133,169	313,786
TOTAL REVENUES	<u>180,889</u>	<u>133,169</u>	<u>314,058</u>
EXPENDITURES			
Capital outlay	-	374,605	374,605
Other	57,693	191,339	249,032
TOTAL EXPENDITURES	<u>57,693</u>	<u>565,944</u>	<u>623,637</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>123,196</u>	<u>(432,775)</u>	<u>(309,579)</u>
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	94,433	94,433
Transfers in	22,000	325,000	347,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,000</u>	<u>419,433</u>	<u>441,433</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	145,196	(13,342)	131,854
FUND BALANCES - JULY 1	<u>192,753</u>	<u>876,751</u>	<u>1,069,504</u>
FUND BALANCES - JUNE 30	<u>\$ 337,949</u>	<u>\$ 863,409</u>	<u>\$ 1,201,358</u>

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

Special Revenue Funds

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

TOWN OF POWNAL, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	Parks and Recreation	Audit	Reappraisal	Legal	Cemetery	Restoration	Grants	Total
ASSETS								
Cash and cash equivalents	\$ 8,389	\$ -	\$ 224,191	\$ -	\$ 21,538	\$ 21,730	\$ -	\$ 275,848
Due from other funds	-	30,621	-	31,560	-	124	-	62,305
TOTAL ASSETS	\$ 8,389	\$ 30,621	\$ 224,191	\$ 31,560	\$ 21,538	\$ 21,854	\$ -	\$ 338,153
LIABILITIES								
Due to other funds	\$ 204	-	-	-	\$ -	\$ -	\$ -	\$ 204
TOTAL LIABILITIES	204	-	-	-	-	-	-	204
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	30,621	224,191	31,560	-	-	-	286,372
Assigned	8,185	-	-	-	21,538	21,854	-	51,577
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	8,185	30,621	224,191	31,560	21,538	21,854	-	337,949
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,389	\$ 30,621	\$ 224,191	\$ 31,560	\$ 21,538	\$ 21,854	\$ -	\$ 338,153

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

TOWN OF POWNAL, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Parks and Recreation	Audit	Reappraisal	Legal	Cemetery	Restoration	Grants	Total
REVENUES								
Interest income	\$ 8	\$ -	\$ 224	\$ -	\$ 19	\$ 21	\$ -	\$ 272
Other income	2,511	-	-	-	7,423	7,348	163,335	180,617
TOTAL REVENUES	<u>2,519</u>	<u>-</u>	<u>224</u>	<u>-</u>	<u>7,442</u>	<u>7,369</u>	<u>163,335</u>	<u>180,889</u>
EXPENDITURES								
Other	2,751	-	-	-	958	3,734	50,250	57,693
TOTAL EXPENDITURES	<u>2,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>958</u>	<u>3,734</u>	<u>50,250</u>	<u>57,693</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(232)</u>	<u>-</u>	<u>224</u>	<u>-</u>	<u>6,484</u>	<u>3,635</u>	<u>113,085</u>	<u>123,196</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	2,000	10,000	10,000	-	-	-	22,000
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(232)	2,000	10,224	10,000	6,484	3,635	113,085	145,196
FUND BALANCES (DEFICITS) - JULY 1	<u>8,417</u>	<u>28,621</u>	<u>213,967</u>	<u>21,560</u>	<u>15,054</u>	<u>18,219</u>	<u>(113,085)</u>	<u>192,753</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 8,185</u>	<u>\$ 30,621</u>	<u>\$ 224,191</u>	<u>\$ 31,560</u>	<u>\$ 21,538</u>	<u>\$ 21,854</u>	<u>\$ -</u>	<u>\$ 337,949</u>

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

Capital Projects Funds

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

TOWN OF POWNAL, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2025

	TS Building	TS Equipment	Voter Machine	Capital	Gravel Crushing	Landfill
ASSETS						
Due from other funds	\$ 50,031	\$ 24,953	\$ 2,350	\$ 60,513	\$ -	\$ -
TOTAL ASSETS	<u>\$ 50,031</u>	<u>\$ 24,953</u>	<u>\$ 2,350</u>	<u>\$ 60,513</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,121
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,121</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	50,031	24,953	2,350	60,513	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(2,121)
TOTAL FUND BALANCES (DEFICITS)	<u>50,031</u>	<u>24,953</u>	<u>2,350</u>	<u>60,513</u>	<u>-</u>	<u>(2,121)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 50,031</u>	<u>\$ 24,953</u>	<u>\$ 2,350</u>	<u>\$ 60,513</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF POWNAL, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2025

	Blacktop	Box Culverts	Equipment	Building	General Bridges	Road Capital	Total
ASSETS							
Due from other funds	\$ 91,304	\$ 120,903	\$ 58,370	\$ 141,907	\$ 236,544	\$ 78,655	\$ 865,530
TOTAL ASSETS	<u>\$ 91,304</u>	<u>\$ 120,903</u>	<u>\$ 58,370</u>	<u>\$ 141,907</u>	<u>\$ 236,544</u>	<u>\$ 78,655</u>	<u>\$ 865,530</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,121
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,121</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	91,304	120,903	58,370	141,907	236,544	78,655	865,530
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(2,121)
TOTAL FUND BALANCES (DEFICITS)	<u>91,304</u>	<u>120,903</u>	<u>58,370</u>	<u>141,907</u>	<u>236,544</u>	<u>78,655</u>	<u>863,409</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 91,304</u>	<u>\$ 120,903</u>	<u>\$ 58,370</u>	<u>\$ 141,907</u>	<u>\$ 236,544</u>	<u>\$ 78,655</u>	<u>\$ 865,530</u>

TOWN OF POWNAL, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	TS Building	TS Equipment	Voter Machine	Capital	Gravel Crushing	Landfill
REVENUES						
Other	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 4,438
TOTAL REVENUES	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,438</u>
EXPENDITURES						
Other	2,490	45,684	-	-	37,216	96,315
EXPENDITURES	<u>2,490</u>	<u>45,684</u>	<u>-</u>	<u>-</u>	<u>37,216</u>	<u>96,315</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,490)</u>	<u>(40,684)</u>	<u>-</u>	<u>-</u>	<u>(37,216)</u>	<u>(91,877)</u>
OTHER FINANCING SOURCES (USES)						
Note proceeds	-	-	-	-	-	94,433
Transfers in	15,000	5,500	-	5,000	36,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,000</u>	<u>5,500</u>	<u>-</u>	<u>5,000</u>	<u>36,000</u>	<u>94,433</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	12,510	(35,184)	-	5,000	(1,216)	2,556
FUND BALANCES (DEFICITS) - JULY 1	<u>37,521</u>	<u>60,137</u>	<u>2,350</u>	<u>55,513</u>	<u>1,216</u>	<u>(4,677)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 50,031</u>	<u>\$ 24,953</u>	<u>\$ 2,350</u>	<u>\$ 60,513</u>	<u>\$ -</u>	<u>\$ (2,121)</u>

TOWN OF POWNAL, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Blacktop	Box Culverts	Equipment	Building	General Bridges	Road Capital	Total
REVENUES							
Other	\$ 101,000	\$ -	\$ 22,731	\$ -	\$ -	\$ -	\$ 133,169
TOTAL REVENUES	<u>101,000</u>	<u>-</u>	<u>22,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,169</u>
EXPENDITURES							
Capital outlay	210,705	-	82,500	-	79,900	1,500	374,605
Other	5,064	-	-	4,570	-	-	191,339
EXPENDITURES	<u>215,769</u>	<u>-</u>	<u>82,500</u>	<u>4,570</u>	<u>79,900</u>	<u>1,500</u>	<u>565,944</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(114,769)</u>	<u>-</u>	<u>(59,769)</u>	<u>(4,570)</u>	<u>(79,900)</u>	<u>(1,500)</u>	<u>(432,775)</u>
OTHER FINANCING SOURCES (USES)							
Note proceeds	-	-	-	-	-	-	94,433
Transfers in	163,500	5,000	50,000	25,000	10,000	10,000	325,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>163,500</u>	<u>5,000</u>	<u>50,000</u>	<u>25,000</u>	<u>10,000</u>	<u>10,000</u>	<u>419,433</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	48,731	5,000	(9,769)	20,430	(69,900)	8,500	(13,342)
FUND BALANCES (DEFICITS) - JULY 1	<u>42,573</u>	<u>115,903</u>	<u>68,139</u>	<u>121,477</u>	<u>306,444</u>	<u>70,155</u>	<u>876,751</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 91,304</u>	<u>\$ 120,903</u>	<u>\$ 58,370</u>	<u>\$ 141,907</u>	<u>\$ 236,544</u>	<u>\$ 78,655</u>	<u>\$ 863,409</u>

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



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Selectboard
Town of Pownal
Pownal, 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, each major fund and the aggregate remaining fund information of the Town of Pownal, Vermont as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Town of Pownal, Vermont's basic financial statements and have issued our report thereon dated January 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pownal, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pownal, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Pownal, Vermont's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Pownal, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Pownal, Vermont in a separate letter dated January 9, 2026.

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.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000967
January 9, 2026