

Audited Financial Statements
and Other Financial Information

Town of Pownal, Vermont

June 30, 2024



Proven Expertise & Integrity

TOWN OF POWNAL, VERMONT

CONTENTS

JUNE 30, 2024

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	20
STATEMENT H - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22 - 49

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	50
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	51
SCHEDULE 1A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - ROAD FUND	52
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	53
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	54
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	55

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	56
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	57
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	58
SCHEDULE C - COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS	59
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	60
SPECIAL REVENUE FUNDS DESCRIPTION	61
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	62
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	63
CAPITAL PROJECTS FUNDS DESCRIPTION	64

SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	65 - 66
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	67 - 68
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 <i>GOVERNMENT AUDITING STANDARDS</i>	69 - 70



Proven Expertise & Integrity

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, 2024 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, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 16, 2025, 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 16, 2025

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

JUNE 30, 2024

(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, 2024. 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 increased by \$170,491 from \$13,415,034 to \$13,585,525.

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 \$1,221,586 at the end of this year.

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

	2024	2023 (Restated)
Assets:		
Current Assets	\$ 2,169,022	\$ 2,539,129
Noncurrent Assets - Capital Assets	14,397,264	14,117,534
Total Assets	16,566,286	16,656,663
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	146,702	153,725
Total Deferred Outflows of Resources	146,702	153,725
Liabilities:		
Current Liabilities	307,387	295,759
Noncurrent Liabilities	2,558,176	2,689,026
Total Liabilities	2,865,563	2,984,785
Deferred Inflows of Resources:		
Prepaid Taxes	19,351	10,789
Deferred Inflows Related to Pensions	7,970	12,112
Deferred Revenue	234,579	387,668
Total Deferred Inflows of Resources	261,900	410,569
Net Position:		
Net Investment in Capital Assets	12,097,708	11,618,734
Restricted	266,231	388,455
Unrestricted	1,221,586	1,407,845
Total Net Position	\$ 13,585,525	\$ 13,415,034

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 3.56% predominantly due to decreases in operating grants and contributions, taxes, grants and contributions not restricted to specific programs. Expenses decreased by 8.89% primarily due to public works/roads.

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

	<u>2024</u>	<u>2023</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 533,789	\$ 523,716
Operating grants and contributions	41,578	61,370
<i>General Revenues:</i>		
Taxes	1,842,899	1,929,563
Grants and contributions not restricted to specific programs	654,012	798,486
Miscellaneous	201,065	81,170
Total Revenues	<u>3,273,343</u>	<u>3,394,305</u>
Expenses		
General government	517,961	475,677
Public safety	131,902	107,077
Public works/Roads	637,160	1,252,523
Street lights	16,111	15,367
Wastewater	866,435	869,346
Transfer station	165,044	157,874
Ballot articles	291,740	324,740
Unclassified	410,876	139,531
Interest expense	65,623	63,550
Total Expenses	<u>3,102,852</u>	<u>3,405,685</u>
Change in Net Position	<u>170,491</u>	<u>(11,380)</u>
Net Position - July 1, As Previously Reported	13,783,966	13,795,346
Error Correction	<u>(368,932)</u>	<u>-</u>
Net Position - July 1, As Restated	<u>13,415,034</u>	<u>13,795,346</u>
Net Position - June 30	<u>\$ 13,585,525</u>	<u>\$ 13,783,966</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>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 5,642	\$ 5,425	\$ 217
Unassigned	374,293	422,669	(48,376)
Total General Fund	<u>\$ 379,935</u>	<u>\$ 428,094</u>	<u>\$ (48,159)</u>
Wastewater:			
Restricted	\$ 95,746	\$ 106,916	\$ (11,170)
Total Wastewater	<u>\$ 95,746</u>	<u>\$ 106,916</u>	<u>\$ (11,170)</u>
Road Fund:			
Restricted	\$ 170,485	\$ 262,752	\$ (92,267)
Total Road Fund	<u>\$ 170,485</u>	<u>\$ 262,752</u>	<u>\$ (92,267)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Committed	\$ 264,148	\$ 244,495	\$ 19,653
Restricted	-	18,787	(18,787)
Assigned	41,690	18,392	23,298
Capital Projects Funds:			
Committed	881,428	911,818	(30,390)
Unassigned	(4,677)	(3,821)	(856)
Total Nonmajor Funds	<u>\$ 1,069,504</u>	<u>\$ 1,165,393</u>	<u>\$ (95,889)</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 exceeded budgeted amounts by \$44,801. All revenue categories were receipted over budgeted amounts with the exception of property taxes, permits and licenses and charges for services.

The general fund actual expenditures were at or below budgeted amounts by \$115,555. All expenditures categories were under budgeted amounts with the exception of public safety, street lights and debt service.

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

The road fund actual revenues exceeded budgeted amounts by \$33,900. All revenue categories were received at or over budgeted amounts with the exception of other revenue.

The road fund actual expenditures were under budgeted amounts by \$87,406. All expenditures categories were at or under budgeted amounts with the exception of maintenance and fuel and debt service.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the Town increased by \$279,730 from the prior year. This increase is the result of capital additions of \$1,032,947 less net disposals of \$199 and depreciation expense of \$753,018.

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

	2024	2023
Land	\$ 1,332,881	\$ 902,881
Construction in progress	291,323	231,241
Buildings, building and land improvements	1,792,018	1,786,810
Machinery and equipment	1,033,673	1,086,295
Infrastructure	9,941,369	10,104,307
Right of use lease asset	6,000	6,000
Total	\$14,397,264	\$14,117,534

Debt

At June 30, 2024, the Town had \$2,299,556 in bonds payable, notes from direct borrowings payable and a lease liability versus \$2,498,800 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 has maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately three months, while also maintaining 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, 2024

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,970,133
Accounts receivable (net of allowance for uncollectibles):	
Delinquent taxes receivable	128,915
Other	64,332
Prepaid items	5,642
Total current assets	<u>2,169,022</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,624,204
Buildings and equipment, net of accumulated depreciation	12,767,060
Right of use lease asset, net of accumulated depreciation	6,000
Total noncurrent assets	<u>14,397,264</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	146,702
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>146,702</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,712,988</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 83,855
Accrued payroll	19,260
Current portion of long-term obligations	204,272
Total current liabilities	<u>307,387</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,545,509
Notes from direct borrowings payable	557,599
Lease liability	3,936
Accrued compensated absences	35,278
Net pension liability	415,854
Total noncurrent liabilities	<u>2,558,176</u>
TOTAL LIABILITIES	<u>2,865,563</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	19,351
Deferred inflows related to pensions	7,970
Deferred revenue	234,579
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>261,900</u>
NET POSITION	
Net investment in capital assets	12,097,708
Restricted	266,231
Unrestricted	1,221,586
TOTAL NET POSITION	<u>13,585,525</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 16,712,988</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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 517,961	\$ 46,739	\$ 39,883	\$ -	\$ (431,339)
Public safety	131,902	-	1,695	-	(130,207)
Public works/Roads	637,160	-	-	-	(637,160)
Street lights	16,111	-	-	-	(16,111)
Wastewater	866,435	380,345	-	-	(486,090)
Transfer station	165,044	106,405	-	-	(58,639)
Ballot articles	291,740	-	-	-	(291,740)
Unclassified	410,876	300	-	-	(410,576)
Interest expense	65,623	-	-	-	(65,623)
Total government	<u>\$ 3,102,852</u>	<u>\$ 533,789</u>	<u>\$ 41,578</u>	<u>\$ -</u>	<u>(2,527,485)</u>

STATEMENT B (CONTINUED)
TOWN OF POWNAL, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,527,485)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	1,842,899
Grants and contributions not restricted to specific programs	654,012
Miscellaneous	201,065
Total general revenues	<u>2,697,976</u>
Change in Net Position	<u>170,491</u>
Net Position - July 1, As Previously Reported	13,783,966
Error correction	<u>(368,932)</u>
Net Position - July 1, As Restated	<u>13,415,034</u>
Net Position - June 30	<u><u>\$ 13,585,525</u></u>

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

TOWN OF POWNAL, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Wastewater	Road Fund	ARPA (Restated)	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 661,302	\$ 123,565	\$ 929,609	\$ -	\$ 255,657	\$ 1,970,133
Accounts receivable (net of allowance for uncollectibles):						
Delinquent taxes receivable	128,915	-	-	-	-	128,915
Other	3,940	59,493	899	-	-	64,332
Prepaid items	5,642	-	-	-	-	5,642
Due from other funds	934,488	-	-	217,271	931,609	2,083,368
TOTAL ASSETS	\$ 1,734,287	\$ 183,058	\$ 930,508	\$ 217,271	\$ 1,187,266	\$ 4,252,390
LIABILITIES						
Accounts payable	\$ 65,630	\$ 5,518	\$ 12,707	\$ -	\$ -	\$ 83,855
Accrued payroll	6,876	5,920	6,464	-	-	19,260
Due to other funds	1,148,880	75,874	740,852	-	117,762	2,083,368
TOTAL LIABILITIES	1,221,386	87,312	760,023	-	117,762	2,186,483
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	19,351	-	-	-	-	19,351
Deferred revenue	17,308	-	-	217,271	-	234,579
Deferred property tax	96,307	-	-	-	-	96,307
TOTAL DEFERRED INFLOWS OF RESOURCES	132,966	-	-	217,271	-	350,237
FUND BALANCES						
Nonspendable	5,642	-	-	-	-	5,642
Restricted	-	95,746	170,485	-	-	266,231
Committed	-	-	-	-	1,145,576	1,145,576
Assigned	-	-	-	-	41,690	41,690
Unassigned (deficit)	374,293	-	-	-	(117,762)	256,531
TOTAL FUND BALANCES	379,935	95,746	170,485	-	1,069,504	1,715,670
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,734,287	\$ 183,058	\$ 930,508	\$ 217,271	\$ 1,187,266	\$ 4,252,390

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, 2024

	Total Governmental Funds
Total Fund Balances	\$ 1,715,670
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	14,397,264
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	146,702
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	96,307
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,654,035)
Notes from direct borrowings payable	(640,504)
Lease liability	(5,017)
Accrued compensated absences	(47,038)
Net pension liability	(415,854)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(7,970)
Net position of governmental activities	\$ 13,585,525

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, 2024

	General Fund	Wastewater	Road Fund	ARPA	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 970,163	\$ -	\$ 876,967	\$ -	\$ -	\$ 1,847,130
Intergovernmental	171,143	-	372,786	151,661	-	695,590
Charges for services	153,444	380,345	-	-	-	533,789
Interest income	33,675	-	31,323	-	258	65,256
Miscellaneous	21,838	-	1,341	-	112,651	135,830
TOTAL REVENUES	1,350,263	380,345	1,282,417	151,661	112,909	3,277,595
EXPENDITURES						
Current:						
General government	596,758	-	-	-	-	596,758
Public safety	126,257	-	-	-	-	126,257
Public works/Roads	-	-	925,068	-	-	925,068
Street lights	16,111	-	-	-	-	16,111
Wastewater	-	391,515	-	-	-	391,515
Transfer station	164,435	-	-	-	-	164,435
Ballot articles	291,740	-	-	-	-	291,740
Unclassified	-	-	-	151,661	259,215	410,876
Debt service:						
Principal	106,540	-	101,574	-	-	208,114
Interest	56,081	-	9,542	-	-	65,623
Capital outlay	-	-	-	-	337,453	337,453
TOTAL EXPENDITURES	1,357,922	391,515	1,036,184	151,661	596,668	3,533,950
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,659)	(11,170)	246,233	-	(483,759)	(256,355)
OTHER FINANCING SOURCES (USES)						
Note proceeds	-	-	-	-	8,870	8,870
Transfers in	-	-	-	-	394,050	394,050
Transfers (out)	(40,500)	-	(338,500)	-	(15,050)	(394,050)
TOTAL OTHER FINANCING SOURCES (USES)	(40,500)	-	(338,500)	-	387,870	8,870
NET CHANGE IN FUND BALANCES (DEFICITS)	(48,159)	(11,170)	(92,267)	-	(95,889)	(247,485)
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	428,094	106,916	262,752	368,932	1,165,393	2,332,087
CHANGE WITHIN FINANCIAL REPORTING ENTITY (ERROR CORRECTION)	-	-	-	(368,932)	-	(368,932)
FUND BALANCES - JULY 1, AS RESTATED	428,094	106,916	262,752	-	1,165,393	1,963,155
FUND BALANCES - JUNE 30	\$ 379,935	\$ 95,746	\$ 170,485	\$ -	\$ 1,069,504	\$ 1,715,670

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, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (247,485)</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	1,032,947
Capital asset disposals	(199)
Depreciation expense	<u>(753,018)</u>
	<u>279,730</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>(7,023)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(8,870)</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>(4,231)</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 Net Position	<u>208,114</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>4,142</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: Accrued compensated absences	(4,374)
Net pension liability	<u>(49,512)</u>
	<u>(53,886)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 170,491</u></u>

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

TOWN OF POWNAL, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Private- Purpose Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 2,154
TOTAL ASSETS	<u>\$ 2,154</u>
LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted	2,154
TOTAL NET POSITION	<u>2,154</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,154</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, 2024

	<u>Private- Purpose Trusts</u>
ADDITIONS	
Interest income	<u>\$ 103</u>
Total additions	<u>103</u>
DEDUCTIONS	
Withdrawals	<u>450</u>
Total deductions	<u>450</u>
Change in net position	(347)
NET POSITION - JULY 1	<u>2,501</u>
NET POSITION - JUNE 30	<u><u>\$ 2,154</u></u>

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

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

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, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is material to the financial statements and a restatement has been recorded.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The 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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$0 as of June 30, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$64,332 for the year ended June 30, 2024.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 August 8, 2024 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 8. 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 8, 2024.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2024, the Town's cash and cash equivalents balances amounting to \$1,972,287 were comprised of deposits of \$2,109,054. 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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

custodial credit risk and \$1,609,054 was collateralized with securities held by the financial institution but not in the Town’s name.

Account Type	Bank Balance
Checking accounts	\$ 831,047
Money market savings accounts	1,278,007
	\$ 2,109,054

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.

At June 30, 2024, 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.

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 934,488	\$ 1,148,880
Wastewater	-	75,874
Road fund	-	740,852
ARPA	217,271	-
Nonmajor funds:		
Special revenue funds	50,181	113,085
Capital projects funds	881,428	4,677
	\$ 2,083,368	\$ 2,083,368

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

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers Out	Transfers In
Major funds:		
General fund	\$ 40,500	\$ -
Road fund	338,500	-
Nonmajor funds:		
Special revenue funds	15,050	40,050
Capital projects funds	-	354,000
	\$ 394,050	\$ 394,050

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

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

NOTE 5 - CAPITAL ASSETS

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

	Balance 7/1/23	Additions	Disposals/ Transfers	Balance 6/30/24
Non-depreciated assets:				
Land	\$ 902,881	\$ 430,000	\$ -	\$ 1,332,881
Construction in progress	231,241	74,733	(14,651)	291,323
	<u>1,134,122</u>	<u>504,733</u>	<u>(14,651)</u>	<u>1,624,204</u>
Depreciated assets:				
Buildings and improvements	1,942,121	199	-	1,942,320
Land improvements	176,182	58,589	-	234,771
Machinery and equipment	2,283,951	55,039	(199)	2,338,791
Infrastructure	33,053,164	429,038	-	33,482,202
Right of use lease asset	6,000	-	-	6,000
	<u>37,461,418</u>	<u>542,865</u>	<u>(199)</u>	<u>38,004,084</u>
Less accumulated depreciation:				
Buildings and improvements	(288,852)	(40,470)	-	(329,322)
Land improvements	(42,641)	(13,110)	-	(55,751)
Machinery and equipment	(1,197,656)	(107,462)	-	(1,305,118)
Infrastructure	(22,948,857)	(591,976)	-	(23,540,833)
	<u>(24,478,006)</u>	<u>(753,018)</u>	<u>-</u>	<u>(25,231,024)</u>
Net depreciated assets	<u>12,983,412</u>	<u>(210,153)</u>	<u>(199)</u>	<u>12,773,060</u>
Net capital assets	<u>\$ 14,117,534</u>	<u>\$ 294,580</u>	<u>\$ (14,850)</u>	<u>\$ 14,397,264</u>

Current year depreciation:

General government	\$ 31,320
Public safety	5,645
Public works/roads	209,965
Wastewater	503,458
Transfer station	2,630
Total depreciation expense	<u>\$ 753,018</u>

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

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, 2024:

	Balance 7/1/23	Additions	Deletions	Balance 6/30/24	Current Portion
Bonds payable	\$ 1,759,592	\$ -	\$ (105,557)	\$ 1,654,035	\$ 108,526
Notes from direct borrowings payable	733,208	8,870	(101,574)	640,504	82,905
Lease liability	6,000	-	(983)	5,017	1,081
Totals	<u>\$ 2,498,800</u>	<u>\$ 8,870</u>	<u>\$ (208,114)</u>	<u>\$ 2,299,556</u>	<u>\$ 192,512</u>

	Balance 7/1/23	Additions	Deletions	Balance 6/30/24	Current Portion
Accrued compensated absences	\$ 42,664	\$ 4,374	\$ -	\$ 47,038	\$ 11,760
Net pension liability	366,342	95,598	(46,086)	415,854	-
Totals	<u>\$ 409,006</u>	<u>\$ 99,972</u>	<u>\$ (46,086)</u>	<u>\$ 462,892</u>	<u>\$ 11,760</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.

\$ 1,114,035

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.

540,000

Total bonds payable

\$ 1,654,035

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

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. \$ 64,635

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. 192,600

2020 Revolving Loan through the Vermont State Revolving Loan Fund for Landfill Remediation. Annual payments are scheduled to begin in 2025 with an interest rate of 0.00% per annum. Maturity is in 2035. 305,953

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. 77,316

Total notes from direct borrowings payable \$ 640,504

Lease liability:

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. \$ 5,017

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

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 Liability		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 108,526	\$ 52,827	\$ 82,905	\$ 6,877	\$ 1,081	\$ 434	\$ 252,650
2026	111,612	49,447	85,441	4,701	1,189	326	252,716
2027	114,819	45,909	88,085	2,422	1,308	207	252,750
2028	118,153	42,204	216,638	-	1,439	76	378,510
2029	121,617	38,324	52,604	-	-	-	212,545
2030-2034	665,009	125,991	66,820	-	-	-	857,820
2035-2039	324,299	30,829	48,011	-	-	-	403,139
2040-2042	90,000	3,523	-	-	-	-	93,523
	<u>\$ 1,654,035</u>	<u>\$ 389,054</u>	<u>\$ 640,504</u>	<u>\$ 14,000</u>	<u>\$ 5,017</u>	<u>\$ 1,043</u>	<u>\$ 2,703,653</u>

No interest costs were capitalized during the period. All bonds payable and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt 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, 2024:

	Balance 7/1/23	Additions	Deletions	Balance 6/30/24	Current Portion
Accrued compensated absences	\$ 42,664	\$ 4,374	\$ -	\$ 47,038	\$ 11,760
Net pension liability	366,342	95,598	(46,086)	415,854	-
Totals	<u>\$ 409,006</u>	<u>\$ 99,972</u>	<u>\$ (46,086)</u>	<u>\$ 462,892</u>	<u>\$ 11,760</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, 2024

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, 2024, the Town's liability for compensated absences is \$47,038.

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, 2024:

Invested in capital assets	\$ 39,628,288
Accumulated depreciation	(25,231,024)
Outstanding capital related debt	<u>(2,299,556)</u>
	<u>\$ 12,097,708</u>

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

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

Wastewater	\$ 95,746
Road fund	<u>170,485</u>
	<u>\$ 266,231</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

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

General fund:	
Prepaid items	<u>\$ 5,642</u>

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

NOTE 12 - COMMITTED FUND BALANCES

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

Nonmajor special revenue funds (Schedule E)	\$ 264,148
Nonmajor capital projects funds (Schedule G)	881,428
	\$ 1,145,576

NOTE 13 - ASSIGNED FUND BALANCES

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

Nonmajor special revenue funds (Schedule E)	\$ 41,690
---	-----------

NOTE 14 - DEFICIT FUND BALANCES

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

Grants	\$ 113,085
Landfill	4,677
	\$ 117,762

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, 2024

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, 2022 (the most recent data available), the retirement system consisted of 17,253 participating members.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's 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, 2024

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, 2024

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, 2023 are as follows:

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

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2024 totaled \$27,904. The Town contributed \$39,065 for the year ended June 30, 2024. The Town's total payroll for the year ended June 30, 2024 for all employees covered under this plan was \$744,101.

Pension Liabilities

At June 30, 2024, the Town reported a liability of \$415,854 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2022. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2023, the Town's proportion was 0.12984% for VMERS, which was an increase of 0.00867% from its proportion measured as of June 30, 2022 for VMERS.

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

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, 2024, the Town recognized pension expense of \$52,393 for the VMERS plan. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,080	\$ -
Changes of assumptions	13,555	-
Net difference between projected and actual earnings on pension plan investments	47,312	-
Changes in proportion and differences between contributions and proportionate share of contributions	20,690	7,970
Contributions subsequent to the measurement date	39,065	-
Total	\$ 146,702	\$ 7,970

\$39,065 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS	
Plan year ended June 30:		
2024	\$	35,246
2025		18,981
2026		46,419
2027		(979)
2028		-
Thereafter		-

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

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Significant Actuarial Assumptions and Methods

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

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

Inflation: 2.30%

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

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

Pre-Retirement:

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

Healthy Post-Retirement - Retirees:

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

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

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Healthy Post-Retirement - Beneficiaries:

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

Disabled Post-Retirement:

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

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

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

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

Actuarial Cost Method: The Entry Age Actuarial Cost Method is used. Entry age is the age at date of employment or, if date is unknown, current age minus years of

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

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

service. Normal Cost and Accrued Actuarial Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

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

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

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

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

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

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

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	\$ 625,924	\$ 415,854	\$ 243,184

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, 2024

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, 2024

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.

NOTE 18 - RESTATEMENTS

During the fiscal year 2024, the Town determined an error correction for ARPA was required which resulted in adjustments to and restatements of beginning net position and fund balance as follows:

	7/1/23 As Previously Reported	Error Correction	6/30/24 As Restated
Government-Wide			
Governmental Activities	\$ 13,783,966	\$ (368,932)	\$ 13,415,034
Governmental Funds			
Major Funds:			
General Fund	\$ 428,094	\$ -	\$ 428,094
Wastewater	106,916	-	106,916
Road Fund	262,752	-	262,752
ARPA	368,932	(368,932)	-
Other Governmental Funds	1,165,393	-	1,165,393
Total Governmental Funds	<u>\$ 2,332,087</u>	<u>\$ (368,932)</u>	<u>\$ 1,963,155</u>

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, 2024

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 428,094	\$ 428,094	\$ 428,094	\$ -
Resources (Inflows):				
Property taxes	980,326	980,326	970,163	(10,163)
Intergovernmental	144,600	144,600	171,143	26,543
Permits and licenses	50,200	50,200	46,739	(3,461)
Charges for services	108,100	108,100	106,705	(1,395)
Interest income	2,500	2,500	33,675	31,175
Other revenue	19,736	19,736	21,838	2,102
Amounts Available for Appropriation	<u>1,733,556</u>	<u>1,733,556</u>	<u>1,778,357</u>	<u>44,801</u>
Charges to Appropriations (Outflows):				
General government	678,812	678,812	596,758	82,054
Public safety	105,300	105,300	126,257	(20,957)
Street lights	16,000	16,000	16,111	(111)
Transfer station	169,850	169,850	164,435	5,415
Ballot articles	291,740	291,740	291,740	-
Debt service:				
Principal	105,557	105,557	106,540	(983)
Interest	56,218	56,218	56,081	137
Contingency	50,000	50,000	-	50,000
Transfers to other funds	40,500	40,500	40,500	-
Total Charges to Appropriations	<u>1,513,977</u>	<u>1,513,977</u>	<u>1,398,422</u>	<u>115,555</u>
Budgetary Fund Balance, June 30	<u>\$ 219,579</u>	<u>\$ 219,579</u>	<u>\$ 379,935</u>	<u>\$ 160,356</u>
Utilization of unassigned fund balance	<u>\$ 208,515</u>	<u>\$ 208,515</u>	<u>\$ -</u>	<u>\$ (208,515)</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, 2024

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 262,752	\$ 262,752	\$ 262,752	\$ -
Resources (Inflows):				
Property taxes	876,967	876,967	876,967	-
Intergovernmental	368,000	368,000	372,786	4,786
Interest income	750	750	31,323	30,573
Other revenue	2,800	2,800	1,341	(1,459)
Amounts Available for Appropriation	<u>1,511,269</u>	<u>1,511,269</u>	<u>1,545,169</u>	<u>33,900</u>
Charges to Appropriations (Outflows):				
Wages and payroll	435,150	435,150	424,752	10,398
Maintenance and fuel	106,000	106,000	113,685	(7,685)
Gravel/sand	25,000	25,000	17,785	7,215
Roadside and brush	4,000	4,000	1,085	2,915
Culverts and bridges	262,500	262,500	254,454	8,046
Roadsigns and guardrails	9,000	9,000	2,924	6,076
Snow removal and sanding	1,000	1,000	-	1,000
Salt/chloride/equipment	92,500	92,500	75,062	17,438
Expenses	54,350	54,350	35,321	19,029
Debt service:				
Principal	81,440	81,440	101,574	(20,134)
Interest	2,650	2,650	9,542	(6,892)
Contingency	50,000	50,000	-	50,000
Transfers to other funds	338,500	338,500	338,500	-
Total Charges to Appropriations	<u>1,462,090</u>	<u>1,462,090</u>	<u>1,374,684</u>	<u>87,406</u>
Budgetary Fund Balance, June 30	<u>\$ 49,179</u>	<u>\$ 49,179</u>	<u>\$ 170,485</u>	<u>\$ 121,306</u>
Utilization of assigned fund balance	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Utilization of unassigned fund balance	<u>163,573</u>	<u>163,573</u>	<u>-</u>	<u>(163,573)</u>
	<u>\$ 213,573</u>	<u>\$ 213,573</u>	<u>\$ -</u>	<u>\$ (213,573)</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*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>										
Proportion of the net pension liability	0.13%	0.12%	0.13%	0.12%	0.13%	0.12%	0.12%	0.11%	0.12%	0.12%
Proportionate share of the net pension liability	\$ 415,854	\$ 366,342	\$ 185,419	\$ 296,750	\$ 217,840	\$ 162,361	\$ 140,214	\$ 139,465	\$ 92,676	\$ 10,502
Covered payroll	\$ 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	56.19%	57.60%	28.37%	48.82%	38.97%	28.16%	29.67%	33.87%	22.06%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

TOWN OF POWNAL, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>VMERS:</u>										
Contractually required contribution	\$ 39,065	\$ 37,008	\$ 30,213	\$ 26,142	\$ 24,312	\$ 22,425	\$ 20,216	\$ 18,900	\$ 16,470	\$ 16,803
Contributions in relation to the contractually required contribution	<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>	<u>(16,803)</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	\$ 744,101	\$ 740,150	\$ 636,064	\$ 653,600	\$ 607,800	\$ 559,000	\$ 576,600	\$ 472,500	\$ 411,800	\$ 420,100
Contributions as a percentage of covered payroll	5.25%	5.00%	4.75%	4.00%	4.00%	4.01%	3.51%	4.00%	4.00%	4.00%

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

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, 2024

Changes of Assumptions

VMERS Pension Plan:

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

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

Other Supplementary Information

Other supplementary information includes financial statements 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, 2024

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes:				
Current real property taxes	\$ 957,326	957,326	951,983	\$ (5,343)
Penalties and interest	23,000	23,000	18,180	(4,820)
Intergovernmental revenues:				
Railroad tax	60,000	60,000	81,983	21,983
Current land use tax	45,000	45,000	48,828	3,828
Other	39,600	39,600	40,332	732
Permits and licenses:				
Animal licenses	1,200	1,200	1,695	495
Liquor licenses	500	500	465	(35)
Marriage licenses	300	300	220	(80)
Clerk fees	48,000	48,000	39,198	(8,802)
Local fines	200	200	5,161	4,961
Charges for services:				
Transfer station	107,300	107,300	106,405	(895)
Miscellaneous	800	800	300	(500)
Investment income	2,500	2,500	33,675	31,175
Other income:				
Leases	12,000	12,000	14,436	2,436
Miscellaneous	7,736	7,736	7,402	(334)
Utilization of fund balance	208,515	208,515	-	(208,515)
Amounts Available for Appropriation	<u>\$ 1,513,977</u>	<u>\$ 1,513,977</u>	<u>\$ 1,350,263</u>	<u>\$ (163,714)</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, 2024

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/ (Negative)
General government:					
Administration	\$ 124,450	\$ -	\$ 124,450	\$ 104,184	\$ 20,266
Treasurer	48,025	-	48,025	47,063	962
Town Clerk	52,100	-	52,100	49,088	3,012
Town report	3,000	-	3,000	2,721	279
BCA appeals	2,100	-	2,100	264	1,836
Accounting	15,000	-	15,000	15,000	-
Selectmen	15,800	-	15,800	11,092	4,708
Zoning/DRB/Planning Board	11,300	-	11,300	10,462	838
Listers	45,500	-	45,500	41,271	4,229
Elections	9,700	-	9,700	6,344	3,356
Benefits	97,600	-	97,600	82,500	15,100
Other	254,237	-	254,237	226,769	27,468
Totals	<u>678,812</u>	<u>-</u>	<u>678,812</u>	<u>596,758</u>	<u>82,054</u>
Public safety:					
Law enforcement	75,000	-	75,000	99,282	(24,282)
E911 Administration	3,900	-	3,900	3,835	65
Health officer	6,100	-	6,100	5,286	814
Animal control	13,000	-	13,000	11,039	1,961
Fire	6,800	-	6,800	6,815	(15)
Forest fires	500	-	500	-	500
Totals	<u>105,300</u>	<u>-</u>	<u>105,300</u>	<u>126,257</u>	<u>(20,957)</u>
Street lights	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>16,111</u>	<u>(111)</u>
Transfer Station	<u>169,850</u>	<u>-</u>	<u>169,850</u>	<u>164,435</u>	<u>5,415</u>
Ballot articles	<u>291,740</u>	<u>-</u>	<u>291,740</u>	<u>291,740</u>	<u>-</u>
Debt service:					
Principal	105,557	-	105,557	106,540	(983)
Interest	56,218	-	56,218	56,081	137
Totals	<u>161,775</u>	<u>-</u>	<u>161,775</u>	<u>162,621</u>	<u>(846)</u>
Contingency	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Transfers to other funds	<u>40,500</u>	<u>-</u>	<u>40,500</u>	<u>40,500</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 1,513,977</u>	<u>\$ -</u>	<u>\$ 1,513,977</u>	<u>\$ 1,398,422</u>	<u>\$ 115,555</u>

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

TOWN OF POWNAL, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 255,657	\$ -	\$ 255,657
Due from other funds	50,181	881,428	931,609
TOTAL ASSETS	\$ 305,838	\$ 881,428	\$ 1,187,266
LIABILITIES			
Due to other funds	\$ 113,085	\$ 4,677	\$ 117,762
TOTAL LIABILITIES	113,085	4,677	117,762
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	264,148	881,428	1,145,576
Assigned	41,690	-	41,690
Unassigned (deficits)	(113,085)	(4,677)	(117,762)
TOTAL FUND BALANCES	192,753	876,751	1,069,504
TOTAL LIABILITIES AND FUND BALANCES	\$ 305,838	\$ 881,428	\$ 1,187,266

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, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Interest income	\$ 258	\$ -	\$ 258
Other income	112,651	-	112,651
TOTAL REVENUES	<u>112,909</u>	<u>-</u>	<u>112,909</u>
EXPENDITURES			
Capital outlay	-	337,453	337,453
Other	202,552	56,663	259,215
TOTAL EXPENDITURES	<u>202,552</u>	<u>394,116</u>	<u>596,668</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(89,643)</u>	<u>(394,116)</u>	<u>(483,759)</u>
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	8,870	8,870
Transfers in	40,050	354,000	394,050
Transfers (out)	(15,050)	-	(15,050)
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>362,870</u>	<u>387,870</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(64,643)	(31,246)	(95,889)
FUND BALANCES - JULY 1	<u>257,396</u>	<u>907,997</u>	<u>1,165,393</u>
FUND BALANCES - JUNE 30	<u>\$ 192,753</u>	<u>\$ 876,751</u>	<u>\$ 1,069,504</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, 2024

	Parks and Recreation	Audit	Reappraisal	Legal	Cemetery	Restoration	Grants	PHRRL	Total
ASSETS									
Cash and cash equivalents	\$ 8,417	\$ -	\$ 213,967	\$ -	\$ 15,054	\$ 18,219	\$ -	\$ -	\$ 255,657
Due from other funds	-	28,621	-	21,560	-	-	-	-	50,181
TOTAL ASSETS	\$ 8,417	\$ 28,621	\$ 213,967	\$ 21,560	\$ 15,054	\$ 18,219	\$ -	\$ -	\$ 305,838
LIABILITIES									
Due to other funds	\$ -	-	-	-	\$ -	\$ -	\$113,085	\$ -	\$ 113,085
TOTAL LIABILITIES	-	-	-	-	-	-	113,085	-	113,085
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	28,621	213,967	21,560	-	-	-	-	264,148
Assigned	8,417	-	-	-	15,054	18,219	-	-	41,690
Unassigned	-	-	-	-	-	-	(113,085)	-	(113,085)
TOTAL FUND BALANCES (DEFICITS)	8,417	28,621	213,967	21,560	15,054	18,219	(113,085)	-	192,753
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 8,417	\$ 28,621	\$ 213,967	\$ 21,560	\$ 15,054	\$ 18,219	\$ -	\$ -	\$ 305,838

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, 2024

	Parks and Recreation	Audit	Reappraisal	Legal	Cemetery	Restoration	Grants	PHRRL	Total
REVENUES									
Interest income	\$ 7	\$ -	\$ 214	\$ -	\$ 4	\$ 16	\$ 4	\$ 13	\$ 258
Other income	3,899	-	-	-	-	6,668	102,084	-	112,651
TOTAL REVENUES	<u>3,906</u>	<u>-</u>	<u>214</u>	<u>-</u>	<u>4</u>	<u>6,684</u>	<u>102,088</u>	<u>13</u>	<u>112,909</u>
EXPENDITURES									
Other	650	5,561	-	-	-	1,696	190,895	3,750	202,552
TOTAL EXPENDITURES	<u>650</u>	<u>5,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696</u>	<u>190,895</u>	<u>3,750</u>	<u>202,552</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,256</u>	<u>(5,561)</u>	<u>214</u>	<u>-</u>	<u>4</u>	<u>4,988</u>	<u>(88,807)</u>	<u>(3,737)</u>	<u>(89,643)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	5,000	10,000	10,000	15,050	-	-	-	40,050
Transfers (out)	-	-	-	-	-	-	-	(15,050)	(15,050)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,000</u>	<u>10,000</u>	<u>10,000</u>	<u>15,050</u>	<u>-</u>	<u>-</u>	<u>(15,050)</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>3,256</u>	<u>(561)</u>	<u>10,214</u>	<u>10,000</u>	<u>15,054</u>	<u>4,988</u>	<u>(88,807)</u>	<u>(18,787)</u>	<u>(64,643)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>5,161</u>	<u>29,182</u>	<u>203,753</u>	<u>11,560</u>	<u>-</u>	<u>13,231</u>	<u>(24,278)</u>	<u>18,787</u>	<u>257,396</u>
FUND BALANCES (DEFICITS) - JUNE 30	<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>\$ -</u>	<u>\$ 192,753</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, 2024

	TS Building	TS Equipment	Voter Machine	Capital	Gravel Crushing	Landfill
ASSETS						
Due from other funds	\$ 37,521	\$ 60,137	\$ 2,350	\$ 55,513	\$ 1,216	\$ -
TOTAL ASSETS	<u>\$ 37,521</u>	<u>\$ 60,137</u>	<u>\$ 2,350</u>	<u>\$ 55,513</u>	<u>\$ 1,216</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	4,677
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,677</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	37,521	60,137	2,350	55,513	1,216	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(4,677)
TOTAL FUND BALANCES (DEFICITS)	<u>37,521</u>	<u>60,137</u>	<u>2,350</u>	<u>55,513</u>	<u>1,216</u>	<u>(4,677)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 37,521</u>	<u>\$ 60,137</u>	<u>\$ 2,350</u>	<u>\$ 55,513</u>	<u>\$ 1,216</u>	<u>\$ -</u>

TOWN OF POWNAL, VERMONT

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

	Blacktop	Box Culverts	Equipment	Building	General Bridges	Road Capital	Total
ASSETS							
Due from other funds	\$ 42,573	\$ 115,903	\$ 68,139	\$ 121,477	\$ 306,444	\$ 70,155	\$ 881,428
TOTAL ASSETS	<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>\$ 881,428</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,677
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,677</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	42,573	115,903	68,139	121,477	306,444	70,155	881,428
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(4,677)
TOTAL FUND BALANCES (DEFICITS)	<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>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<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>\$ 881,428</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, 2024

	TS Building	TS Equipment	Voter Machine	Capital	Gravel Crushing	Landfill
REVENUES						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Other	3,539	211	-	8,995	33,784	9,726
EXPENDITURES	<u>3,539</u>	<u>211</u>	<u>-</u>	<u>8,995</u>	<u>33,784</u>	<u>9,726</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,539)</u>	<u>(211)</u>	<u>-</u>	<u>(8,995)</u>	<u>(33,784)</u>	<u>(9,726)</u>
OTHER FINANCING SOURCES (USES)						
Note proceeds	-	-	-	-	-	8,870
Transfers in	10,000	500	-	5,000	35,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>500</u>	<u>-</u>	<u>5,000</u>	<u>35,000</u>	<u>8,870</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	6,461	289	-	(3,995)	1,216	(856)
FUND BALANCES (DEFICITS) - JULY 1	<u>31,060</u>	<u>59,848</u>	<u>2,350</u>	<u>59,508</u>	<u>-</u>	<u>(3,821)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 37,521</u>	<u>\$ 60,137</u>	<u>\$ 2,350</u>	<u>\$ 55,513</u>	<u>\$ 1,216</u>	<u>\$ (4,677)</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, 2024

	Blacktop	Box Culverts	Equipment	Building	General Bridges	Road Capital	Total
REVENUES							
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	160,510	25,620	92,218	-	-	59,105	337,453
Other	408	-	-	-	-	-	56,663
EXPENDITURES	<u>160,918</u>	<u>25,620</u>	<u>92,218</u>	<u>-</u>	<u>-</u>	<u>59,105</u>	<u>394,116</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(160,918)</u>	<u>(25,620)</u>	<u>(92,218)</u>	<u>-</u>	<u>-</u>	<u>(59,105)</u>	<u>(394,116)</u>
OTHER FINANCING SOURCES (USES)							
Note proceeds	-	-	-	-	-	-	8,870
Transfers in	143,500	5,000	100,000	25,000	20,000	10,000	354,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>143,500</u>	<u>5,000</u>	<u>100,000</u>	<u>25,000</u>	<u>20,000</u>	<u>10,000</u>	<u>362,870</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(17,418)</u>	<u>(20,620)</u>	<u>7,782</u>	<u>25,000</u>	<u>20,000</u>	<u>(49,105)</u>	<u>(31,246)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>59,991</u>	<u>136,523</u>	<u>60,357</u>	<u>96,477</u>	<u>286,444</u>	<u>119,260</u>	<u>907,997</u>
FUND BALANCES (DEFICITS) - JUNE 30	<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>

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, 2024 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 16, 2025.

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 December 20, 2024.

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 16, 2025