

Federal Compliance Audit

Town of Johnson, Vermont

June 30, 2025



Proven Expertise & Integrity

TOWN OF JOHNSON, VERMONT

CONTENTS

JUNE 30, 2025

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT DISCUSSION AND ANALYSIS	5 - 12

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
NOTES TO THE FINANCIAL STATEMENTS	21 - 50

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	51
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGETARY AND ACTUAL - GENERAL FUND	52
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	53

SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	54
NOTES TO THE 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 REVENUES FUNDS DESCRIPTION	61
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	62 - 63
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	64 - 65
CAPITAL PROJECTS FUNDS DESCRIPTION	66
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	67
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	68
PERMANENT FUNDS DESCRIPTION	69
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	70
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	71
GENERAL CAPITAL ASSET DESCRIPTION	72

SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	73
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	74

FEDERAL COMPLIANCE

FEDERAL COMPLIANCE DESCRIPTION	75
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	76
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	77
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>	78 - 79
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	80 - 82
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	83



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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Johnson
Johnson, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Johnson, Vermont, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Town of Johnson, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Johnson, Vermont as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Johnson, 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 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 Johnson, 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 Johnson, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 52 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 Johnson, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and schedule of expenditures of federal awards 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, combining and individual nonmajor fund financial statements, capital asset schedules and schedule of expenditures of federal awards 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 October 5, 2026 on our consideration of the Town of Johnson, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Johnson, 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 Johnson, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
October 5, 2026

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

(UNAUDITED)

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

Financial Statement Overview

The Town of Johnson, Vermont'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 information and other supplementary information which includes combining and other 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.

Both of the above-mentioned financial statements have one column for the Town's activities. The type of activity presented for the Town of Johnson, Vermont is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, library, recreation, skate park and bike trail, historical society, Tuesday night live, highway department, appropriations 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 Johnson, Vermont 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 Johnson, Vermont can be classified as governmental 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 fund financial statement.

The Town of Johnson, Vermont presents four 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, Match Grant and Library Grant. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison 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 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

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, capital asset activity 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 \$934,353 from \$4,987,154 to \$5,921,507.

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 to a deficit balance of \$83,386 for the governmental activities at the end of the fiscal year.

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

	2025	2024
Assets:		
Current Assets	\$ 2,694,796	\$ 2,752,397
Noncurrent Assets - Capital Assets	3,876,726	3,027,320
Noncurrent Assets - Notes Receivable	106,414	67,683
Total Assets	<u>6,677,936</u>	<u>5,847,400</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	150,551	158,542
Total Deferred Outflows of Resources	<u>150,551</u>	<u>158,542</u>
Liabilities:		
Current Liabilities	216,447	262,213
Noncurrent Liabilities	628,947	700,311
Total Liabilities	<u>845,394</u>	<u>962,524</u>
Deferred Inflows of Resources:		
Deferred Revenue	46,435	30,721
Deferred Inflows Related to Pensions	15,151	25,543
Total Deferred Inflows of Resources	<u>61,586</u>	<u>56,264</u>
Net Position:		
Net Investment in Capital Assets	3,657,858	2,661,680
Restricted	2,347,035	1,416,017
Unrestricted (Deficit)	(83,386)	909,457
Total Net Position	<u>\$ 5,921,507</u>	<u>\$ 4,987,154</u>

Table 2
Town of Johnson, Vermont
Change in Net Position
For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 99,822	\$ 102,794
Operating grants and contributions	122,528	932,730
<i>General Revenues:</i>		
Taxes	2,206,866	2,164,173
Grants and contributions not restricted to specific programs	1,731,295	663,392
Investment earnings (net)	87,328	87,645
Miscellaneous	43,740	537,252
Total Revenues	<u>4,291,579</u>	<u>4,487,986</u>
Expenses		
General government	1,062,296	799,019
Public safety	890,166	859,095
Library	144,674	129,148
Recreation	20,298	23,242
Skate park and bike trail	51,085	3,356
Historical society	7,638	15,465
Tuesday night live	17,207	9,764
Highway department	1,007,945	1,020,849
Appropriations	34,767	33,267
Unclassified	109,966	560,918
Interest on long-term debt	11,184	16,257
Total Expenses	<u>3,357,226</u>	<u>3,470,380</u>
Change in Net Position	934,353	1,017,606
Net Position - July 1	<u>4,987,154</u>	<u>3,969,548</u>
Net Position - June 30	<u>\$ 5,921,507</u>	<u>\$ 4,987,154</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 4.38%, while total expenses decreased by 3.26%. The largest decreases in revenues were in operating grants and contributions and miscellaneous. The largest decrease in expenses occurred in unclassified expenditures, partially offset by increases in general government expenditures.

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 Johnson, Vermont
Fund Balances - Governmental Funds
June 30,

	2025	2024 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 27,776	\$ 1,287	\$ 26,489
Assigned	360,000	110,000	250,000
Unassigned (Deficit)	(47,872)	1,091,996	(1,139,868)
Total General Fund	<u>\$ 339,904</u>	<u>\$ 1,203,283</u>	<u>\$ (863,379)</u>
Match Grant Fund			
Restricted	\$ 548,199	\$ -	548,199
Total Match Grant	<u>\$ 548,199</u>	<u>\$ -</u>	<u>\$ 548,199</u>
Library Grant Fund			
Unassigned (Deficit)	\$ (255,322)	\$ -	(255,322)
Total Library Grant	<u>\$ (255,322)</u>	<u>\$ -</u>	<u>\$ (255,322)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 1,237,095	\$ 792,915	\$ 444,180
Unassigned (Deficit)	-	(50,491)	(50,491)
Capital Projects Funds:			
Restricted	538,869	484,120	54,749
Committed	238,368	116,368	122,000
Unassigned (Deficit)	(117,261)	-	(117,261)
Permanent Funds:			
Restricted	22,872	21,460	1,412
Total Nonmajor Funds	<u>\$ 1,919,943</u>	<u>\$ 1,364,372</u>	<u>\$ 454,589</u>

The changes in total fund balances for the General Fund, Match Grant Fund, Library Grant Fund and the 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 \$358,840. This was a result of all revenue categories being receipted above budgeted amounts.

The general fund actual expenditures exceeded budgeted amounts by \$1,112,219. This was a result of all expense categories being receipted above budgeted amounts with the exception of library, recreation, historical society and highway department.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the net book value of capital assets recorded by the Town increased by \$849,406 from the prior year. The increase is the result of net capital additions of \$1,024,289, less net disposal of \$11,352 and current year depreciation of \$163,531.

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

	2025	2024
Land	\$ 830,059	\$ 830,059
Construction in progress	936,054	73,244
Land improvements	90,627	46,536
Buildings and building improvements	368,050	383,675
Machinery, equipment and vehicles	848,391	858,262
Infrastructure	803,545	835,544
Total	<u>\$ 3,876,726</u>	<u>\$ 3,027,320</u>

Debt

At June 30, 2025, the Town had \$218,868 in notes from direct borrowings payable versus \$365,640 last year, a decrease of 40.14%. Refer to Note 7 of the Notes to the Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

In July 2023, the Town of Johnson, Vermont experienced unprecedented flooding which significantly damaged Town property. The Town is working to restore services and repair the flood damage. Costs will be reimbursed through general insurance and from FEMA's Public Assistance program.

Economic Factors and Next Year's Budgets and Rates

The Town of Johnson, Vermont continues to work toward maintaining a sufficient unrestricted net position to sustain operations for a period of approximately 3 months. The Town also maintains significant reserve accounts for future capital and program needs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's Office at P.O. Box 383, 293 Lower Main West, Johnson, Vermont 05656.

STATEMENT A

TOWN OF JOHNSON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,218,268
Investments	22,872
Accounts receivable (net of allowance for uncollectibles):	
Taxes	316,204
Other	4,598
Current portion of notes receivable	11,108
Due from other governments	93,970
Prepaid items	27,776
Total current assets	<u>2,694,796</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,766,113
Depreciable assets, net of accumulated depreciation	2,110,613
Other assets:	
Noncurrent portion of notes receivable (net of allowance for uncollectibles)	106,414
Total noncurrent assets	<u>3,983,140</u>
TOTAL ASSETS	<u>6,677,936</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	150,551
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>150,551</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 6,828,487</u></u>

STATEMENT A (CONTINUED)

TOWN OF JOHNSON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 84,195
Due to other governments	334
Current portion of long-term obligations	131,918
Total current liabilities	<u>216,447</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings	95,352
Accrued compensated absences	47,609
Net pension liability	485,986
Total noncurrent liabilities	<u>628,947</u>
TOTAL LIABILITIES	<u>845,394</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	6,470
Deferred revenues	39,965
Deferred inflows related to pensions	15,151
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>61,586</u>
NET POSITION	
Net investment in capital assets	3,657,858
Restricted:	2,347,035
Unrestricted (deficit)	(83,386)
TOTAL NET POSITION	<u>5,921,507</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 6,828,487</u>

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

STATEMENT B

TOWN OF JOHNSON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,062,296	\$ 30,444	\$ -	\$ -	\$ (1,031,852)
Public safety	890,166	-	-	-	(890,166)
Library	144,674	18,090	-	-	(126,584)
Recreation	20,298	8,649	-	-	(11,649)
Skate park and bike trail	51,085	12,423	-	-	(38,662)
Historical society	7,638	11,045	-	-	3,407
Tuesday night live	17,207	13,137	-	-	(4,070)
Highway department	1,007,945	-	122,528	-	(885,417)
Appropriations	34,767	-	-	-	(34,767)
Unclassified	109,966	6,034	-	-	(103,932)
Interest on long-term debt	11,184	-	-	-	(11,184)
Total government	<u>\$ 3,357,226</u>	<u>\$ 99,822</u>	<u>\$ 122,528</u>	<u>\$ -</u>	<u>(3,134,876)</u>

STATEMENT B (CONTINUED)

TOWN OF JOHNSON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(3,134,876)</u>
General revenues:	
Taxes, levied for general purposes	2,206,866
Grants and contributions not restricted to specific programs	1,731,295
Miscellaneous	<u>131,068</u>
Total general revenues	<u>4,069,229</u>
Change in net position	934,353
NET POSITION - JULY 1	<u>4,987,154</u>
NET POSITION - JUNE 30	<u><u>\$ 5,921,507</u></u>

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

STATEMENT C

TOWN OF JOHNSON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Match Grant Fund	Library Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,378,936	\$ -	\$ -	\$ 839,332	\$ 2,218,268
Investments	-	-	-	22,872	22,872
Accounts receivable (net of allowance for uncollectibles):					
Taxes	316,204	-	-	-	316,204
Other	4,598	-	-	-	4,598
Notes receivable (net of allowance for uncollectibles)	-	-	-	117,522	117,522
Due from other governments	93,970	-	-	-	93,970
Prepaid items	27,776	-	-	-	27,776
Due from other funds	372,583	548,199	-	1,176,411	2,097,193
TOTAL ASSETS	\$ 2,194,067	\$ 548,199	\$ -	\$ 2,156,137	\$ 4,898,403
LIABILITIES					
Accounts payable	\$ 82,784	\$ -	\$ -	\$ 1,411	\$ 84,195
Accrued expenses	-	-	-	-	-
Due to other governments	334	-	-	-	334
Due to other funds	1,724,610	-	255,322	117,261	2,097,193
TOTAL LIABILITIES	1,807,728	-	255,322	118,672	2,181,722
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	6,470	-	-	-	6,470
Deferred revenues	39,965	-	-	117,522	157,487
TOTAL DEFERRED INFLOWS OF RESOURCES	46,435	-	-	117,522	163,957
FUND BALANCES					
Nonspendable	27,776	-	-	-	27,776
Restricted	-	548,199	-	1,798,836	2,347,035
Committed	-	-	-	238,368	238,368
Assigned	360,000	-	-	-	360,000
Unassigned (deficit)	(47,872)	-	(255,322)	(117,261)	(420,455)
TOTAL FUND BALANCES	339,904	548,199	(255,322)	1,919,943	2,552,724
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,194,067	\$ 548,199	\$ -	\$ 2,156,137	\$ 4,898,403

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

TOWN OF JOHNSON, VERMONT

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

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,552,724
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	3,876,726
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Notes receivable	117,522
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	150,551
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Notes from direct borrowings	(218,868)
Accrued compensated absences	(56,011)
Net pension liability	(485,986)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(15,151)</u>
Net position of governmental activities	<u><u>\$ 5,921,507</u></u>

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

STATEMENT E

TOWN OF JOHNSON, VERMONT

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

	General Fund	Match Grant Fund	Library Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,206,866	\$ -	\$ -	\$ -	\$ 2,206,866
Intergovernmental	926,141	-	496,744	430,938	1,853,823
Charges for services	93,788	-	-	6,034	99,822
Investment earnings (net)	81,359	-	-	5,969	87,328
Miscellaneous revenues	42,950	-	-	790	43,740
TOTAL REVENUES	3,351,104	-	496,744	443,731	4,291,579
EXPENDITURES					
Current:					
General government	1,042,682	-	-	-	1,042,682
Public safety	890,166	-	-	-	890,166
Library	144,674	-	-	-	144,674
Recreation	16,974	-	-	-	16,974
Skate park and bike trail	51,085	-	-	-	51,085
Historical society	7,638	-	-	-	7,638
Tuesday night live	17,207	-	-	-	17,207
Highway department	964,068	-	-	-	964,068
Appropriations	34,767	-	-	-	34,767
Unclassified	-	-	-	109,966	109,966
Debt service:					
Principal	146,772	-	-	-	146,772
Interest	11,184	-	-	-	11,184
Capital outlay	-	-	752,066	117,261	869,327
TOTAL EXPENDITURES	3,327,217	-	752,066	227,227	4,306,510
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,887	-	(255,322)	216,504	(14,931)
OTHER FINANCING SOURCES (USES)					
Transfers in	273,488	548,199	-	612,555	1,434,242
Transfers (out)	(1,160,754)	-	-	(273,488)	(1,434,242)
TOTAL OTHER FINANCING SOURCES (USES)	(887,266)	548,199	-	339,067	-
NET CHANGE IN FUND BALANCES	(863,379)	548,199	(255,322)	555,571	(14,931)
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	1,203,283	-	-	1,481,894	2,685,177
FUND BALANCE CORRECTION	-	-	-	(117,522)	(117,522)
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	1,203,283	-	-	1,364,372	2,567,655
FUND BALANCES (DEFICITS) - JUNE 30	\$ 339,904	\$ 548,199	\$ (255,322)	\$ 1,919,943	\$ 2,552,724

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

TOWN OF JOHNSON, VERMONT

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (14,931)</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 allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,024,289
Capital asset disposals	(11,352)
Depreciation expense	<u>(163,531)</u>
	<u>849,406</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>(7,991)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>146,772</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>10,392</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	(9,019)
Net pension liability	<u>(40,276)</u>
	<u>(49,295)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 934,353</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Johnson was incorporated under the laws of the State of Vermont. The Town operates under the Selectboard-manager form of government and provides the following services: general government, public safety, library, recreation, skate park and bike trail, historical society, Tuesday night live, highway department, appropriations 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).

In accordance with Governmental Accounting Standards Board Statement Number 14 (as amended by Number 39 and 61), the Town has evaluated all potential component units. Based on this evaluation, the financial statements do not include the Town of Johnson School district, Johnson Conservation Commission or the Johnson Public Library.

Implementation of New Accounting Standards

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

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

Statement No. 102 "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. A disclosure should be made in the notes to financial statements if a government determines that those criteria for disclosures have been met for a concentration or constraint. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Match Grant Fund is used to account for resources designated by the Town as matching funds for current and future grant opportunities. The fund is restricted for grant matching purposes in accordance with actions of the Selectboard. Primary revenues are transfers, interest income, and other funding designated for grant matching requirements
- c. The Library Grant Fund is used to account for federal American Rescue Plan Act (ARPA) funds and related expenditures for the renovation and improvement of the Town library. Primary revenues are intergovernmental revenues and interest income.

Nonmajor funds:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- f. Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

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

Basis of Accounting

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

1. Accrual

Governmental activities in the government-wide financial statements 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. In the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A Town meeting of the residents 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. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. 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

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables with the exception of notes receivable are current and therefore due within one year. Notes receivable are presented with both current and noncurrent portions. 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 accounts is estimated to be \$0 as of June 30, 2025. Accounts receivable and revolving loan fund - notes receivable netted with allowances for uncollectible accounts were \$216,090 for the year ended June 30, 2025.

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

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 both Governmental and Proprietary Funds.

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.

Capital Assets

The Town generally capitalizes furniture, equipment and small tools with cost of \$5,000 or more for governmental funds and \$50,000 or greater for infrastructure 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.

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.

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Buildings and improvements	10 - 40 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 10 years
Vehicles	3 - 12 years

Long-term Obligations

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

All long-term obligations to be repaid from governmental resources are reported as liabilities in government-wide statements. The long-term debt consists of notes from direct borrowings payable, 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.

Net Position

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

Fund Balance

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

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the taxpayers and is expressed by the Selectboard.

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

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

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on July 1, 2024 on the assessed value listed as of April 1, for all real property located in the Town. Taxes were due in four installments on August 10, 2024, November 13, 2024, February 12, 2025 and May 10, 2025. Interest accrues at 1% per month for the first three months; and thereafter at 1.5% per month. An 8% penalty fee is added to the entire unpaid principal tax balance after May 10.

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

Program Revenues

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town's investment policies, which follow state statutes, 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. 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 or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2025, the Town's cash balance of \$2,218,268 was comprised of bank deposits amounting to \$2,427,041. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these deposits, \$1,107,294 was insured by the Federal Deposit Insurance Corporation (FDIC) and consequently was not exposed to custodial credit risk, \$786,519 was covered by the Securities Investors Protection Corporation (SIPC) and \$533,228 was uninsured but collateralized by securities held in the name of the Town.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,107,294
Money market accounts	786,519
Repurchase agreement	<u>533,228</u>
	<u><u>\$ 2,427,041</u></u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$22,872 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2025 the Town's investments of \$22,872 were comprised of a certificate of deposit. The certificate of deposit was fully insured by federal depository insurance and consequently not exposed to custodial risk.

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 not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 372,583	\$ 1,724,610
Match Grant Fund	548,199	-
Library Grant Fund	-	255,322
Nonmajor Capital Projects Funds	327,841	117,261
Nonmajor Special Revenue Funds	848,570	-
	<u>\$ 2,097,193</u>	<u>\$ 2,097,193</u>

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, 2025 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 1,160,754	\$ 273,488
Match Grant Fund	-	548,199
Nonmajor Special Revenue Funds	19,950	184,712
Nonmajor Capital Projects Funds	253,538	427,843
	<u>\$ 1,434,242</u>	<u>\$ 1,434,242</u>

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

NOTE 5 - NOTES RECEIVABLE AND REVOLVING LOAN FUND

The Town of Johnson Vermont's Community Loan Fund (Revolving Loan Fund) is a lending program administered by the Town and the Vermont Community Development Program. The program was established in 2014 through funding received under a federal Community Development Block Grant (CDBG) to promote small business growth and economic development within the Town. The program is designed to assist businesses located within the Town that may not qualify for conventional financing. Funds may be used for working capital, inventory, leasehold improvements to commercial or owner

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - NOTES RECEIVABLE AND REVOLVING LOAN FUND (CONTINUED)

occupied real estate, equipment purchases, or mezzanine financing. The use of these funds is intended to result in the retention and/or creation of jobs within the Town.

The program was established with a maximum fund balance of \$250,000. The Town's Community Loan Fund Committee is responsible for oversight of the program and makes recommendations to the Selectboard, which has ultimate authority over loan approvals. At June 30, 2025, the Community Loan Fund consisted of three outstanding loans to local businesses. Management has evaluated the collectability of the outstanding loans and determined that no allowance for loan losses was necessary at June 30, 2025. Bad debt expense for the year ended June 30, 2025 was \$0. Any future adjustments to the allowance for uncollectible amounts are not known at this time.

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

Balance, 7/1/24	Additions	Deletions	Balance, 6/30/25	Current Portion
\$ 73,969	\$ 50,000	\$ (6,447)	\$ 117,522	\$ 11,108

Scheduled principal repayments on notes receivable at June 30, are as follows:

Year Ending	Principal payments
2026	\$ 11,108
2027	11,391
2028	11,682
2029	11,981
2030	12,289
2031-2035	58,761
2036-2040	310
Total	<u>\$ 117,522</u>

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - CAPITAL ASSETS

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

	Balance, 7/1/24	Additions	Disposals/ Transfers	Balance, 6/30/25
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 830,059	\$ -	\$ -	\$ 830,059
Construction in progress	73,244	862,810	-	936,054
Total non-depreciated assets	903,303	862,810	-	1,766,113
Depreciated assets:				
Land improvements	49,860	47,415	-	97,275
Buildings and building improvements	900,124	-	-	900,124
Vehicles	564,324	102,678	(19,865)	647,137
Machinery and equipment	821,578	-	-	821,578
Infrastructure	1,275,375	11,386	-	1,286,761
Total depreciated assets	3,611,261	161,479	(19,865)	3,752,875
Less: accumulated depreciation				
Land improvements	(3,324)	(3,324)	-	(6,648)
Buildings and building improvements	(516,449)	(15,625)	-	(532,074)
Vehicles	(195,750)	(54,446)	8,513	(241,683)
Machinery and equipment	(331,890)	(46,751)	-	(378,641)
Infrastructure	(439,831)	(43,385)	-	(483,216)
Total accumulated depreciation	(1,487,244)	(163,531)	8,513	(1,642,262)
Net governmental capital assets	\$ 3,027,320	\$ 860,758	\$ (11,352)	\$ 3,876,726
<u>Current year depreciation:</u>				
<u>Governmental activities</u>				
General government				\$ 13,618
Highway				146,589
Recreation				3,324
Total depreciation expense				<u>\$ 163,531</u>

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

NOTE 7 - LONG-TERM DEBT

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

	Balance, 7/1/24	Additions	Deletions	Balance, 6/30/25	Current Portion
Notes from direct borrowings payable	\$ 365,640	\$ -	\$ (146,772)	\$ 218,868	\$ 123,516

The following is a summary of the outstanding notes from direct borrowings payable:

Notes from direct borrowings payable:

\$78,538 Capital Equipment Note payable to Union Bank for a Tractor. Annual principal and interest payments in the amount of \$16,590 are due through July of 2025. Interest is charged at a rate of 1.85% per annum. \$ 16,609

\$89,422 Highway Equipment Note payable to Union Bank for a 2021 Salt Truck. Annual principal and interest installments of \$18,895 are due through June of 2026. Interest is charged at a fixed rate of 1.99% per annum. 18,475

\$168,000 Highway Note payable to Union bank for a 2022 International Truck. Annual principal and interest payments in the amount of \$35,568 are due through June of 2026. Interest is charged at a fixed rate of 1.99% per annum. 34,778

\$265,000 Capital Equipment Note payable to Union Bank for a new grader. Annual principal and interest payments in the amount of \$60,348 are due through January of 2028. Interest is charged at a fixed rate of 4.49% per annum. 149,006

Total governmental activities notes from direct borrowings payable \$ 218,868

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

	Notes from Direct Borrowings Payable		
	Principal	Interest	Total
2026	\$ 123,516	\$ 6,949	\$ 130,465
2027	56,114	3,125	59,239
2028	39,238	662	39,900
	<u>\$ 218,868</u>	<u>\$ 10,736</u>	<u>\$ 229,604</u>

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 7 - LONG-TERM DEBT (CONTINUED)

All 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 is payable from taxes levied on all taxable property within the Town.

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2025 is as follows:

	Balance, 7/1/24	Additions	Deletions	Balance, 6/30/25	Current Portion
Accrued compensated absences	\$ 46,992	\$ 13,533	\$ (4,514)	\$ 56,011	\$ 8,402
Net pension liability	445,710	106,637	(66,361)	485,986	-
	<u>\$ 492,702</u>	<u>\$ 120,170</u>	<u>\$ (70,875)</u>	<u>\$ 541,997</u>	<u>\$ 8,402</u>

Refer to Note 9 and 19 of Notes to the Financial Statements for detailed information regarding accrued compensated absences and net pension liability.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies allow employees after completing six months of employment, eligible employees will be credited with combined time off equal to a six month accrual. Combined time off accrues in increments of hours after each weekly payroll based on the employees' accrual rates. The accrual rate is based on length of service and number of hours worked in a week. The maximum balance allowed in an employee's bank is one and one-half times their annual accrual rate. Employees are entitled to the maximum accrual upon termination. Hours over the one and one-half times will be transferred to their sick leave reserve bank. The maximum accrual for the sick leave reserve bank is 480 hours. The maximum payout shall be 25% of actual accrued hours up to the cap of 480 hours. Hours over the 480 hours will be transferred to their catastrophic sick leave bank. Employees may only use their catastrophic sick leave when all combined time off and sick leave reserves have been exhausted. 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. As of June 30, 2025, the Town's liability for compensated absences is \$56,011 which represents a net increase of \$9,019 from the prior year.

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

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

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

Invested in capital assets	\$ 5,518,988
Accumulated depreciation	(1,642,262)
Outstanding capital related debt	<u>(218,868)</u>
	<u><u>\$ 3,657,858</u></u>

NOTE 11 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

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

Match Grant Fund	\$ 548,199
Nonmajor special revenue funds (Schedule E)	
Reappraisal fund	203,998
Recreation department reserve	34,742
UB spending reserve	1,797
Historical fund reserve	37,620
Conservation fund reserve	6,492
Records fund reserve	35,776
Tree board fund reserve	498
Tax anticipation reserve	320,780
Audit reserve	34,473
Emergency management	75,131
Highway policy management	12,043
Community development loan	166,833
Library reserve	33,334
VDCP grant	25
Flood insurance fund	273,553
Nonmajor capital projects funds (Schedule G)	
FLB small capital equipment	234,970
Capital equipment	192,044
Bridges and culverts	97,751
Skatepark and bike reserve	14,104
Nonmajor permanent funds (Schedule I)	
Plot cemetery CD	<u>22,872</u>
	<u><u>\$ 2,347,035</u></u>

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

NOTE 12 - NONSPENDABLE FUND BALANCE

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

General fund:	
Prepaid items	<u>\$ 27,776</u>

NOTE 13 - COMMITTED FUND BALANCES

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

Nonmajor Capital Projects Funds (Schedule G)	<u>\$ 238,368</u>
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NOTE 14 - ASSIGNED FUND BALANCES

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

General fund:	
FY26 budget	\$ 180,000
FY27 budget	<u>180,000</u>
	<u>\$ 360,000</u>

NOTE 15 - DEFICIT FUND BALANCES

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

Library Grant	\$ 255,322
Nonmajor capital projects funds (Schedule G)	
Riverbank Fund	89,076
Industrial Park Fund	<u>28,185</u>
	<u>\$ 372,583</u>

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

The Town was non-compliant with the legally adopted budget, overspending the entire allowed appropriation of \$3,375,752 by \$1,112,219 at June 30, 2025. Revenues collected in excess of budget amounting to \$358,840 were used to partially offset this over-expenditure.

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

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 and amounts of settlements have not exceeded insurance coverage in the past three years. 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 two insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Employment Resource Benefits Trust (VERB) for unemployment, life, disability and other ancillary coverage. PACIF and VERB 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.

To provide unemployment insurance coverage, VERB has established a self-funded fully insured program. Contributions fund unemployment claims and are based on payroll expense and the claim experience from the best four years out of the last five. Other benefits available include dental insurance, vision plans, flexible spending accounts, life insurance, disability insurance and long-term care insurance. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VERB is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of

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

NOTE 17 - RISK MANAGEMENT (CONTINUED)

revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 18 - 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 requirements 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 19 - 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 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

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

30, 2023 (the most recent data available), the retirement system consisted of 18,463 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 Annual Comprehensive 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

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

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

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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	4.000% of gross salary	6.375% of gross salary	11.500% of gross salary	12.850% of gross salary
Employer Contributions	5.500% of gross salary	7.000% of gross salary	8.750% of gross salary	11.350% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2025 totaled \$43,734. The Town contributed \$48,196 for the year ended June 30, 2025. The Town's total payroll for the year ended June 30, 2025 for all employees covered under this plan was \$714,024.

Pension Liabilities

At June 30, 2025, the Town reported a liability of \$485,986 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2024 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2023. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2024, the Town's proportion was 0.14632% for VMERS, which was an increase of 0.00716% from its proportion measured as of June 30, 2023 for VMERS.

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$37,875 for the VMERS plan. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,634	\$ -
Changes of assumptions	2,619	-
Net difference between projected and actual earnings on pension plan investments	11,988	-
Changes in proportion and differences between contributions and proportionate share of contributions	24,940	15,151
Contributions subsequent to the measurement date	58,370	-
Total	<u>\$ 150,551</u>	<u>\$ 15,151</u>

\$58,370 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2025	\$ 18,662
2026	58,595
2027	7,635
2028	(7,863)
2029	-
Thereafter	-

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Significant Actuarial Assumptions and Methods

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

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

Inflation: 2.30%

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

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

Pre-Retirement:

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

Healthy Post-Retirement - Retirees:

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

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

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Healthy Post-Retirement - Beneficiaries:

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

Disabled Post-Retirement:

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

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

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

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

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

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

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

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

who receive a disability retirement benefit). The January 1, 2025, COLA is expected to be 1.90% for Group A and 1.90% for Groups B, C and D. The January 1, 2024, COLA was 1.10% for Group A and 1.10% for Groups B, C and D.

Actuarial Cost Method: Entry age normal cost method.

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

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

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

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

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

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

NOTE 19 - 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	\$ 743,002	\$ 485,986	\$ 275,035

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 JOHNSON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 20 - TAX ABATEMENTS

The State of Vermont operates a Current Use Program and enters into tax abatement agreements directly with landowners. Enrolled landowners are required to manage their land in accordance with an approved plan and the land is subject to a lien to recover taxes abated if the land is ever developed. In exchange, the landowners receive a reduction in assessed value on their property tax bills, which results in a reduction of property tax revenue to the Town. For fiscal year 2024, the amount of Town property taxes foregone as a result of the Current Use Program was approximately \$103,049. In accordance With 32 V.S.A § 3760, the State of Vermont limits the total loss of revenue to zero by providing the Town with a hold harmless payment in the following year that is equivalent to the taxes previously foregone.

NOTE 21 - SUBSEQUENT EVENTS

Subsequent to June 30, 2025, the Town continued to undertake significant capital and economic development projects, including the following:

- In August 2025, the Town awarded a contract to Dale Percy, Inc. for armoring of Lendway Lane in the amount of approximately \$235,000.
- In November 2025, the Town awarded a contract to Boulder Construction for the Holmes Meadow project in the amount of approximately \$453,509.
- In December 2025, the Town awarded a contract to Back Forty Builders for the Library project in the amount of approximately \$1,480,000.
- The Town approved a \$40,000 Community Loan Fund loan to Johnson General Store with a 36-month term and an interest rate of 4%.
- The Town authorized borrowing of approximately \$592,000 through the Vermont Municipal Bond Bank to support improvements at the Industrial Park.

TOWN OF JOHNSON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 22 - RESTATEMENT

During fiscal year 2025, the Town determined that notes receivable related to the Community Loan Fund (Revolving Loan Fund) were not properly offset by deferred inflows of resources in the governmental fund financial statements at June 30, 2024. As a result, fund balance in the Other Governmental Funds was overstated by \$117,522. The accompanying financial statements have been restated to correct this error. The correction affected only the governmental fund financial statements and had no effect on the government-wide statement of net position.

	6/30/24 As Previously Reported	Fund Balance/ Net Position Correction	6/30/24 As Restated
Government-Wide			
Governmental Activities	\$ 4,987,154	\$ -	\$ 4,987,154
Total Government-Wide	<u>\$ 4,987,154</u>	<u>\$ -</u>	<u>\$ 4,987,154</u>
Governmental Funds			
Major Funds:			
General Fund	\$ 1,203,283	\$ -	\$ 1,203,283
Other Governmental Funds	1,481,894	(117,522)	1,364,372
Total Governmental Funds	<u>\$ 2,685,177</u>	<u>\$ (117,522)</u>	<u>\$ 2,567,655</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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF JOHNSON, VERMONT

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,203,283	\$ 1,203,283	\$ 1,203,283	\$ -
Resources (Inflows):				
Property taxes	2,192,186	2,192,186	2,206,866	14,680
Intergovernmental	712,000	712,000	926,141	214,141
Charges for services	83,670	83,670	93,788	10,118
Investment earnings	41,755	41,755	81,359	39,604
Miscellaneous revenues	17,258	17,258	23,085	5,827
Sale of highway equipment	-	-	19,865	19,865
Transfers from other funds	218,883	218,883	273,488	54,605
Amounts Available for Appropriation	<u>4,469,035</u>	<u>4,469,035</u>	<u>4,827,875</u>	<u>358,840</u>
Charges to Appropriations (Outflows):				
General government	838,890	838,890	1,042,682	(203,792)
Public safety	886,578	886,578	890,166	(3,588)
Library	150,003	150,003	144,674	5,329
Recreation	24,150	24,150	16,974	7,176
Skate park and bike trail	7,250	7,250	51,085	(43,835)
Historical society	12,100	12,100	7,638	4,462
Tuesday night live	13,150	13,150	17,207	(4,057)
Highway department	1,251,120	1,251,120	964,068	287,052
Appropriations	33,267	33,267	34,767	(1,500)
Debt service:				
Principal	146,772	146,772	146,772	-
Interest	12,472	12,472	11,184	1,288
Transfers to other funds	-	-	1,160,754	(1,160,754)
Total Charges to Appropriations	<u>3,375,752</u>	<u>3,375,752</u>	<u>4,487,971</u>	<u>(1,112,219)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,093,283</u>	<u>\$ 1,093,283</u>	<u>\$ 339,904</u>	<u>\$ (753,379)</u>
Utilization of Unassigned Fund Balance	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ (110,000)</u>

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

SCHEDULE 2

TOWN OF JOHNSON, VERMONT

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>										
Proportion of the net pension liability	0.15%	0.14%	0.13%	0.14%	0.16%	0.16%	0.15%	0.16%	0.16%	0.16%
Proportionate share of the net pension liability	\$ 485,986	\$ 445,710	\$ 390,307	\$ 208,472	\$ 399,540	\$ 273,018	\$ 214,568	\$ 192,611	\$ 202,176	\$ 126,185
Covered payroll	\$ 714,024	\$ 659,250	\$ 515,032	\$ 524,857	\$ 569,271	\$ 532,792	\$ 485,747	\$ 472,045	\$ 434,110	\$ 425,655
Proportionate share of the net pension liability as a percentage of its covered payroll	68.06%	67.61%	75.78%	39.72%	70.18%	51.24%	44.17%	40.80%	46.57%	29.64%
Plan fiduciary net position as a percentage of the total pension liability	75.22%	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

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

SCHEDULE 3

TOWN OF JOHNSON, VERMONT

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>VMERS:</u>										
Contractually required contribution	\$ 58,370	\$ 48,196	\$ 43,650	\$ 32,190	\$ 31,491	\$ 32,733	\$ 30,236	\$ 26,716	\$ 25,963	\$ 23,876
Contributions in relation to the contractually required contribution	<u>(58,370)</u>	<u>(48,196)</u>	<u>(43,650)</u>	<u>(32,190)</u>	<u>(31,491)</u>	<u>(32,733)</u>	<u>(30,236)</u>	<u>(26,716)</u>	<u>(25,963)</u>	<u>(23,876)</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	\$ 833,854	\$ 714,024	\$ 659,250	\$ 515,032	\$ 524,857	\$ 569,271	\$ 532,792	\$ 485,747	\$ 472,045	\$ 434,110
Contributions as a percentage of covered payroll	7.00%	6.75%	6.25%	6.25%	6.00%	5.75%	5.68%	5.50%	5.50%	5.50%

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

TOWN OF JOHNSON, VERMONT

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

Changes of Assumptions

VMERS Pension Plan:

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

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules 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
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF JOHNSON, VERMONT

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 2,192,186	\$ 2,192,186	\$ 2,206,866	\$ 14,680
Intergovernmental revenues:				
State aid - highways	115,000	115,000	122,528	7,528
PILOT	484,000	484,000	472,838	(11,162)
Current use reimbursement	100,000	100,000	107,628	7,628
Grants	-	-	209,607	209,607
Other	13,000	13,000	13,540	540
Charges for services:				
Fees and fines	33,900	33,900	30,444	(3,456)
Recreation committee	8,100	8,100	8,649	549
Library	14,700	14,700	18,090	3,390
Skate park and bike track	6,375	6,375	12,423	6,048
Historical society	13,445	13,445	11,045	(2,400)
Tuesday night live	7,150	7,150	13,137	5,987
Other income:				
Interest and penalties	40,000	40,000	64,223	24,223
Investment income (net)	1,755	1,755	17,136	15,381
Rental/lease	10,108	10,108	9,825	(283)
Other income	7,150	7,150	13,260	6,110
Sale of highway equipment	-	-	19,865	19,865
Transfers from other funds	218,883	218,883	273,488	54,605
TOTAL REVENUES	<u>\$ 3,265,752</u>	<u>\$ 3,265,752</u>	<u>\$ 3,624,592</u>	<u>\$ 358,840</u>

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

TOWN OF JOHNSON, VERMONT

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
General Government:				
Salaries and benefits	\$ 418,005	\$ 418,005	\$ 438,414	\$ (20,409)
Selectboard	258,735	258,735	344,855	(86,120)
Town offices	76,050	76,050	146,043	(69,993)
Buildings and grounds	86,100	86,100	113,370	(27,270)
	<u>838,890</u>	<u>838,890</u>	<u>1,042,682</u>	<u>(203,792)</u>
Public safety	<u>886,578</u>	<u>886,578</u>	<u>890,166</u>	<u>(3,588)</u>
Library	<u>150,003</u>	<u>150,003</u>	<u>144,674</u>	<u>5,329</u>
Recreation	<u>24,150</u>	<u>24,150</u>	<u>16,974</u>	<u>7,176</u>
Skate park and bike trail	<u>7,250</u>	<u>7,250</u>	<u>51,085</u>	<u>(43,835)</u>
Historical society	<u>12,100</u>	<u>12,100</u>	<u>7,638</u>	<u>4,462</u>
Tuesday night live	<u>13,150</u>	<u>13,150</u>	<u>17,207</u>	<u>(4,057)</u>
Highway department				
Salaries and benefits	522,331	522,331	514,082	8,249
Buildings and grounds	31,700	31,700	34,076	(2,376)
Summer roads	286,350	286,350	156,585	129,765
Winter roads	63,000	63,000	77,047	(14,047)
Bridges and culverts	66,000	66,000	59,130	6,870
Equipment	275,639	275,639	111,598	164,041
Other	6,100	6,100	11,550	(5,450)
	<u>1,251,120</u>	<u>1,251,120</u>	<u>964,068</u>	<u>287,052</u>
Appropriations				
North Country Animal League	1,410	1,410	1,410	-
L.C. Home Health	10,338	10,338	10,338	-
Lamoille Family Center	2,000	2,000	2,000	-
Meals on Wheels	3,760	3,760	3,760	-
Central Vermont Council Ageing	2,247	2,247	2,247	-
Rural Community Transport	2,820	2,820	2,820	-
Adult Basic Ed	940	940	940	-
Adult Day Care	611	611	611	-
L.C. Court Diversion	1,175	1,175	1,175	-
Lamoille Housing Partners	752	752	752	-
C.V. Community Action	470	470	470	-
Clarina Howard Center	1,320	1,320	1,320	-
American Red Cross	500	500	500	-
L.C. Special Investigations	2,224	2,224	2,224	-
North Central VT Recovery	2,000	2,000	2,000	-
Salvation Farms	700	700	700	-
River Arts	-	-	1,500	(1,500)
	<u>33,267</u>	<u>33,267</u>	<u>34,767</u>	<u>(1,500)</u>
Debt Service				
Principal	146,772	146,772	146,772	-
Interest	12,472	12,472	11,184	1,288
Total Debt Service	<u>159,244</u>	<u>159,244</u>	<u>157,956</u>	<u>1,288</u>
Transfers to other funds	<u>-</u>	<u>-</u>	<u>1,160,754</u>	<u>(1,160,754)</u>
Total Expenditures	<u>\$ 3,375,752</u>	<u>\$ 3,375,752</u>	<u>\$ 4,487,971</u>	<u>\$ (1,112,219)</u>

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

TOWN OF JOHNSON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Revenue Funds	Projects Funds	Permanent Funds	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 389,936	\$ 449,396	\$ -	\$ 839,332
Investments	-	-	22,872	22,872
Notes receivable (net of allowance for uncollectibles)	117,522	-	-	117,522
Due from other funds	848,570	327,841	-	1,176,411
TOTAL ASSETS	<u>\$ 1,356,028</u>	<u>\$ 777,237</u>	<u>\$ 22,872</u>	<u>\$ 2,156,137</u>
LIABILITIES				
Accounts payable	\$ 1,411	\$ -	\$ -	\$ 1,411
Due to other funds	-	117,261	-	117,261
TOTAL LIABILITIES	<u>1,411</u>	<u>117,261</u>	<u>-</u>	<u>118,672</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	117,522	-	-	117,522
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>117,522</u>	<u>-</u>	<u>-</u>	<u>117,522</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	1,237,095	538,869	22,872	1,798,836
Committed	-	238,368	-	238,368
Assigned	-	-	-	-
Unassigned (Deficit)	-	(117,261)	-	(117,261)
TOTAL FUND BALANCES	<u>1,237,095</u>	<u>659,976</u>	<u>22,872</u>	<u>1,919,943</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,356,028</u>	<u>\$ 777,237</u>	<u>\$ 22,872</u>	<u>\$ 2,156,137</u>

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

TOWN OF JOHNSON, VERMONT

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

	Revenue Funds	Projects Funds	Permanent Funds	Governmental Funds
REVENUES				
Intergovernmental	\$ 430,938	\$ -	\$ -	\$ 430,938
Charges for services	6,034	-	-	6,034
Investment earnings (net)	2,113	2,444	1,412	5,969
Other income	790	-	-	790
TOTAL REVENUES	<u>439,875</u>	<u>2,444</u>	<u>1,412</u>	<u>443,731</u>
EXPENDITURES				
Capital outlay	-	117,261	-	117,261
Other	109,966	-	-	109,966
TOTAL EXPENDITURES	<u>109,966</u>	<u>117,261</u>	<u>-</u>	<u>227,227</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>329,909</u>	<u>(114,817)</u>	<u>1,412</u>	<u>216,504</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	184,712	427,843	-	612,555
Transfers (out)	(19,950)	(253,538)	-	(273,488)
TOTAL OTHER FINANCING SOURCES (USES)	<u>164,762</u>	<u>174,305</u>	<u>-</u>	<u>339,067</u>
NET CHANGE IN FUND BALANCES	<u>494,671</u>	<u>59,488</u>	<u>1,412</u>	<u>555,571</u>
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	859,946	600,488	21,460	1,481,894
FUND BALANCE CORRECTION	<u>(117,522)</u>	<u>-</u>	<u>-</u>	<u>(117,522)</u>
FUND BALANCES - JULY 1, AS RESTATED	<u>742,424</u>	<u>600,488</u>	<u>21,460</u>	<u>1,364,372</u>
FUND BALANCES - JUNE 30	<u>\$ 1,237,095</u>	<u>\$ 659,976</u>	<u>\$ 22,872</u>	<u>\$ 1,919,943</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 JOHNSON, VERMONT

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

	Reappraisal Fund	Recreation Dept. Reserve	Historical Fund Reserve	UB Spending Reserve	Conservation Fund Reserve	Records Fund Reserve	Tree Board Fund Reserve
ASSETS							
Cash and cash equivalents	\$ 130,855	\$ 22,286	\$ 34,806	\$ 1,797	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	73,143	12,456	2,814	-	6,492	35,776	498
TOTAL ASSETS	<u>\$ 203,998</u>	<u>\$ 34,742</u>	<u>\$ 37,620</u>	<u>\$ 1,797</u>	<u>\$ 6,492</u>	<u>\$ 35,776</u>	<u>\$ 498</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	203,998	34,742	37,620	1,797	6,492	35,776	498
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>203,998</u>	<u>34,742</u>	<u>37,620</u>	<u>1,797</u>	<u>6,492</u>	<u>35,776</u>	<u>498</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 203,998</u>	<u>\$ 34,742</u>	<u>\$ 37,620</u>	<u>\$ 1,797</u>	<u>\$ 6,492</u>	<u>\$ 35,776</u>	<u>\$ 498</u>

SCHEDULE E (CONTINUED)

TOWN OF JOHNSON, VERMONT

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

	Tax Anticipation Reserve	Audit Reserve	Emergency Management	Highway Policy Management	Community Development Loan	Library Reserve	VDCP Grant	Flood Insurance Fund	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 166,833	\$ 33,334	\$ 25	\$ -	\$ 389,936
Notes receivable (net of allowance for uncollectibles)	-	-	-	-	117,522	-	-	-	117,522
Due from other funds	320,780	34,473	75,131	12,043	-	-	-	274,964	848,570
TOTAL ASSETS	\$ 320,780	\$ 34,473	\$ 75,131	\$ 12,043	\$ 284,355	\$ 33,334	\$ 25	\$ 274,964	\$ 1,356,028
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,411	\$ 1,411
TOTAL LIABILITIES	-	-	-	-	-	-	-	1,411	1,411
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	-	-	-	-	117,522	-	-	-	117,522
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	117,522	-	-	-	117,522
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	320,780	34,473	75,131	12,043	166,833	33,334	25	273,553	1,237,095
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	320,780	34,473	75,131	12,043	166,833	33,334	25	273,553	1,237,095
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 320,780	\$ 34,473	\$ 75,131	\$ 12,043	\$ 284,355	\$ 33,334	\$ 25	\$ 274,964	\$ 1,356,028

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

TOWN OF JOHNSON, VERMONT

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

	Reappraisal Fund	Recreation Dept. Reserve	Historical Fund Reserve	UB Spending Reserve	Conservation Fund Reserve	Records Fund Reserve	Tree Board Fund Reserve
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	6,034	-
Investment earnings (net)	92	26	44	-	-	-	-
Other income	-	-	-	-	492	-	298
TOTAL REVENUES	<u>92</u>	<u>26</u>	<u>44</u>	<u>-</u>	<u>492</u>	<u>6,034</u>	<u>298</u>
EXPENDITURES							
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>92</u>	<u>26</u>	<u>44</u>	<u>-</u>	<u>492</u>	<u>6,034</u>	<u>298</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	106,143	17,631	8,071	-	500	3,300	-
Transfers (out)	-	-	-	-	-	(7,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>106,143</u>	<u>17,631</u>	<u>8,071</u>	<u>-</u>	<u>500</u>	<u>(4,200)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>106,235</u>	<u>17,657</u>	<u>8,115</u>	<u>-</u>	<u>992</u>	<u>1,834</u>	<u>298</u>
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	97,763	17,085	29,505	1,797	5,500	33,942	200
FUND BALANCE CORRECTION	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	<u>97,763</u>	<u>17,085</u>	<u>29,505</u>	<u>1,797</u>	<u>5,500</u>	<u>33,942</u>	<u>200</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 203,998</u>	<u>\$ 34,742</u>	<u>\$ 37,620</u>	<u>\$ 1,797</u>	<u>\$ 6,492</u>	<u>\$ 35,776</u>	<u>\$ 498</u>

TOWN OF JOHNSON, VERMONT

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

	Tax Anticipation Reserve	Audit Reserve	Emergency Management	Highway Policy Management	Community Development Loan	Library Reserve	VDCP Grant	Flood Insurance Fund	Total
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,938	\$ 430,938
Charges for services	-	-	-	-	-	-	-	-	6,034
Investment earnings (net)	-	-	-	-	1,951	-	-	-	2,113
Other income	-	-	-	-	-	-	-	-	790
TOTAL REVENUES	-	-	-	-	1,951	-	-	430,938	439,875
EXPENDITURES									
Other	-	-	-	3,000	72	-	-	106,894	109,966
TOTAL EXPENDITURES	-	-	-	3,000	72	-	-	106,894	109,966
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(3,000)	1,879	-	-	324,044	329,909
OTHER FINANCING SOURCES (USES)									
Transfers in	10,000	-	5,733	-	-	33,334	-	-	184,712
Transfers (out)	-	(12,450)	-	-	-	-	-	-	(19,950)
TOTAL OTHER FINANCING SOURCES (USES)	10,000	(12,450)	5,733	-	-	33,334	-	-	164,762
NET CHANGE IN FUND BALANCES (DEFICITS)	10,000	(12,450)	5,733	(3,000)	1,879	33,334	-	324,044	494,671
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	310,780	46,923	69,398	15,043	282,476	-	25	(50,491)	859,946
FUND BALANCE CORRECTION	-	-	-	-	(117,522)	-	-	-	(117,522)
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	310,780	46,923	69,398	15,043	164,954	-	25	(50,491)	742,424
FUND BALANCES (DEFICITS) - JUNE 30	\$ 320,780	\$ 34,473	\$ 75,131	\$ 12,043	\$ 166,833	\$ 33,334	\$ 25	\$ 273,553	\$ 1,237,095

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 JOHNSON, VERMONT

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

	FLB Small Capital Equipment	Capital Equipment	Bridges and Culverts	Skatepark and Bike Reserve	Paving Reserve	Riverbank Fund	Industrial Park Fund	Total
ASSETS								
Cash and cash equivalents	\$ 162,589	\$ 185,128	\$ 97,751	\$ 3,928	\$ -	\$ -	\$ -	\$ 449,396
Due from other funds	72,381	6,916	-	10,176	238,368	-	-	327,841
TOTAL ASSETS	<u>\$ 234,970</u>	<u>\$ 192,044</u>	<u>\$ 97,751</u>	<u>\$ 14,104</u>	<u>\$ 238,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,237</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,076	\$ 28,185	\$ 117,261
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,076</u>	<u>28,185</u>	<u>117,261</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	234,970	192,044	97,751	14,104	-	-	-	538,869
Committed	-	-	-	-	238,368	-	-	238,368
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(89,076)	(28,185)	(117,261)
TOTAL FUND BALANCES (DEFICITS)	<u>234,970</u>	<u>192,044</u>	<u>97,751</u>	<u>14,104</u>	<u>238,368</u>	<u>(89,076)</u>	<u>(28,185)</u>	<u>659,976</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 234,970</u>	<u>\$ 192,044</u>	<u>\$ 97,751</u>	<u>\$ 14,104</u>	<u>\$ 238,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,237</u>

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

TOWN OF JOHNSON, VERMONT

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

	FLB Small Capital Equipment	Capital Equipment	Bridges and Culverts	Skatepark and Bike Reserve	Paving Reserve	Riverbank Fund	Industrial Park Fund	Total
REVENUES								
Investment earnings (net)	\$ 1,337	\$ 868	\$ 239	\$ -	\$ -			\$ 2,444
TOTAL REVENUES	<u>1,337</u>	<u>868</u>	<u>239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,444</u>
EXPENDITURES								
Capital outlay	-	-	-	-	-	89,076	28,185	117,261
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,076</u>	<u>28,185</u>	<u>117,261</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,337</u>	<u>868</u>	<u>239</u>	<u>-</u>	<u>-</u>	<u>(89,076)</u>	<u>(28,185)</u>	<u>(114,817)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	92,375	205,000	-	8,468	122,000	-	-	427,843
Transfers (out)	-	(243,486)	-	(10,052)	-	-	-	(253,538)
TOTAL OTHER FINANCING SOURCES (USES)	<u>92,375</u>	<u>(38,486)</u>	<u>-</u>	<u>(1,584)</u>	<u>122,000</u>	<u>-</u>	<u>-</u>	<u>174,305</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	93,712	(37,618)	239	(1,584)	122,000	(89,076)	(28,185)	59,488
FUND BALANCES (DEFICITS) - JULY 1	<u>141,258</u>	<u>229,662</u>	<u>97,512</u>	<u>15,688</u>	<u>116,368</u>	<u>-</u>	<u>-</u>	<u>600,488</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 234,970</u>	<u>\$ 192,044</u>	<u>\$ 97,751</u>	<u>\$ 14,104</u>	<u>\$ 238,368</u>	<u>\$ (89,076)</u>	<u>\$ (28,185)</u>	<u>\$ 659,976</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Johnson, Vermont that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including provision for the maintenance of cemeteries in the Town of Johnson.

TOWN OF JOHNSON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2025

	Plot Cemetery CD	Total
ASSETS		
Investments	\$ 22,872	\$ 22,872
TOTAL ASSETS	<u>\$ 22,872</u>	<u>\$ 22,872</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	22,872	22,872
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>22,872</u>	<u>22,872</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,872</u>	<u>\$ 22,872</u>

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

TOWN OF JOHNSON, VERMONT

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

	Plot Cemetery CD	Total
REVENUES		
Investment earnings (net)	\$ 1,412	\$ 1,412
TOTAL REVENUES	<u>1,412</u>	<u>1,412</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,412	1,412
FUND BALANCES - JULY 1	<u>21,460</u>	<u>21,460</u>
FUND BALANCES - JUNE 30	<u>\$ 22,872</u>	<u>\$ 22,872</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF JOHNSON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2025

	Land and Non-depreciable Assets	Buildings, Land Improvements and Building Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 1,766,113	\$ 660,541	\$ 66,623	\$ -	\$ 2,493,277
Highway	-	239,583	1,402,092	1,286,761	2,928,436
Recreation	-	97,275	-	-	97,275
Total General Capital Assets	1,766,113	997,399	1,468,715	1,286,761	5,518,988
Less: Accumulated Depreciation	-	(538,722)	(620,324)	(483,216)	(1,642,262)
Net General Capital Assets	<u>\$ 1,766,113</u>	<u>\$ 458,677</u>	<u>\$ 848,391</u>	<u>\$ 803,545</u>	<u>\$ 3,876,726</u>

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

TOWN OF JOHNSON, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2025

	General Capital Assets 7/1/24	Additions	Deletions	General Capital Assets 6/30/25
General government	\$ 1,630,467	\$ 862,810	\$ -	\$ 2,493,277
Highway	2,834,237	114,064	(19,865)	2,928,436
Recreation	<u>49,860</u>	<u>47,415</u>	<u>-</u>	<u>97,275</u>
Total General Capital Assets	4,514,564	1,024,289	(19,865)	5,518,988
Less: Accumulated Depreciation	<u>(1,487,244)</u>	<u>(163,531)</u>	<u>8,513</u>	<u>(1,642,262)</u>
Net General Capital Assets	<u>\$ 3,027,320</u>	<u>\$ 860,758</u>	<u>\$ (11,352)</u>	<u>\$ 3,876,726</u>

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

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- 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*
- Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF JOHNSON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2025

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Pass-Through Entity #</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures (\$)</i>
United States Department of Agriculture Inflation Reduction Act Urban & Community Forestry Program					
Inflation Reduction Act Urban & Community Forestry Program	10.727	Vermont Department of Forests, Parks, & Recreation	06130-UCF-UCF-24-10	\$ -	\$ 37,637
Total Inflation Reduction Act Urban & Community Forestry Program				-	37,637
<i>Total United States Department of Agriculture</i>				-	37,637
Department of Transportation Highway Planning and Construction					
Highway Planning and Construction	20.205	State of Vermont Agency of Transportation	08100-CA0708	-	27,366
Total Highway Planning and Construction				-	27,366
<i>Total Department of Transportation</i>				-	27,366
Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds					
Coronavirus State and Local Fiscal Recovery Funds	21.027	Vermont Department of Environmental Conservation	01640-02022-APRA-CWB-06	-	12,478
Coronavirus State and Local Fiscal Recovery Funds	21.027	State of Vermont Department of Public Safety	02140-33500-005	-	62,540
Total Coronavirus State and Local Fiscal Recovery Funds				-	75,018
Coronavirus Capital Projects Fund					
Coronavirus Capital Projects Fund	21.029	State of Vermont Department of Libraries	01130-2024-CPF-034	-	752,066
Total Coronavirus Capital Projects Fund				-	752,066
<i>Total Department of the Treasury</i>				-	827,084
National Endowment for the Humanities Grants to States					
Grants to States	45.310	State of Vermont Department of Libraries	01130-024-Courier-059	-	684
Total Grants to States				-	684
<i>Total National Endowment for the Humanities</i>				-	684
Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	State of Vermont Department of Public Safety	02140-84720-072	-	106,894
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	106,894
<i>Total Department of Homeland Security</i>				-	106,894
<i>Total Expenditures of Federal Awards</i>				\$ -	\$ 999,665

The accompanying notes are an integral part of this schedule

TOWN OF JOHNSON, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Johnson, Vermont under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Johnson, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Johnson, Vermont.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Johnson, Vermont does not use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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 Johnson
Johnson, 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 Johnson, Vermont as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Town of Johnson, Vermont's basic financial statements and have issued our report thereon dated October 5, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Johnson, Vermont's internal control over financial reporting (internal control) as a basis for designing the 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 Johnson, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Johnson, 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 organization'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.

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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 Johnson, 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*.

Additionally, as part of obtaining reasonable assurance about whether the Town of Johnson, Vermont's financial statements are free of material misstatement, we considered the Town of Johnson, Vermont's internal controls. We did this for the purpose of determining our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of the Town of Johnson, Vermont's internal control over financial reporting or compliance. We provided a separate letter reporting the results of our consideration of internal control to the management of the Town of Johnson, Vermont dated October 5, 2026.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
October 5, 2026



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
REQUIRED BY THE UNIFORM GUIDANCE

Selectboard
Town of Johnson, Vermont
Johnson, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Johnson, Vermont's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Johnson, Vermont's major federal programs for the year ended June 30, 2025. The Town of Johnson, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Johnson, Vermont complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Johnson, Vermont and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient

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and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Johnson, Vermont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Johnson, Vermont's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on Town of Johnson, Vermont's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Johnson, Vermont's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Johnson, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Johnson, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of

expressing an opinion on the effectiveness of the Town of Johnson, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
October 5, 2026

TOWN OF JOHNSON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no
- Noncompliance material to financial statements noted? ☐yes ☒no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? ☐yes ☒no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.029	Coronavirus Capital Projects

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? ☐yes ☒no

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None