

Audited Financial Statements and
Other Financial Information

Town of Vernon, Vermont

June 30, 2025



Proven Expertise & Integrity

TOWN OF VERNON, VERMONT

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JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Vernon
Vernon, 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 Vernon, 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 Vernon, 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 Town of Vernon, 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 Vernon, 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 Vernon, 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 Vernon, 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 Vernon, 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 and budgetary comparison information on pages 5 through 12 and 43 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 Vernon, 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 and capital asset schedules 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 and capital asset schedules 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 June 4, 2026, on our consideration of the Town of Vernon, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Vernon, 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 Vernon, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration # 092.0000697
June 4, 2026

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

(UNAUDITED)

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

Financial Statement Overview

The Town of Vernon, 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 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 Vernon, Vermont is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, highways and streets, culture and recreation, sanitation and solid waste, cemetery, health and welfare 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 Vernon, 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 Vernon, Vermont can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Town of Vernon, Vermont presents four columns in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, emergency capital reserve fund and capital fund. 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.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Vernon, Vermont. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

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 \$499,673 from \$10,318,395 to \$10,818,068.

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 - increased for governmental activities to a balance of \$7,097,285 at the end of this year.

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

	2025	2024 (Restated)
Assets:		
Current Assets	\$ 7,452,910	\$ 7,034,152
Noncurrent Assets - Capital Assets	3,480,608	3,412,448
Total Assets	10,933,518	10,446,600
Liabilities:		
Current Liabilities	69,829	82,428
Noncurrent Liabilities	27,782	28,830
Total Liabilities	97,611	111,258
Deferred Inflows of Resources:		
Deferred Revenues	13,952	13,952
Prepaid Property Taxes	3,887	2,995
Total Deferred Inflows of Resources	17,839	16,947
Net Position:		
Net Investment in Capital Assets	3,480,608	3,412,448
Restricted: Permanent Funds	240,175	264,680
Unrestricted	7,097,285	6,641,267
Total Net Position	\$ 10,818,068	\$ 10,318,395

Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.70%, while total expenses increased by 6.54% from the prior year. All revenue categories saw increases except for operating grants and contributions and grants and contributions not restricted to specific programs. All expense categories had increases with the exception of public safety, highway and streets, sanitation and solid waste and unclassified.

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

	<u>2025</u>	<u>2024</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 390,872	\$ 384,022
Operating grants and contributions	67,721	286,219
<i>General Revenues:</i>		
Property taxes	2,791,534	2,453,619
Grants and contributions not restricted to specific programs	66,346	126,138
Miscellaneous	322,665	293,517
Total revenues	<u>3,639,138</u>	<u>3,543,515</u>
Expenses		
General government	994,873	893,142
Public safety	328,299	354,477
Highways and streets	522,476	583,720
Culture and recreation	915,823	855,930
Sanitation and solid waste	70,647	141,603
Cemetery	52,557	34,965
Education	16,001	9,095
Health and welfare	30,259	5,582
Unclassified	29,499	34,471
Capital outlay	179,031	33,745
Total expenses	<u>3,139,465</u>	<u>2,946,730</u>
Change in Net Position	<u>499,673</u>	<u>596,785</u>
Net Position - July 1, As Previously Reported	10,309,937	9,713,152
Net Position Correction	<u>8,458</u>	<u>-</u>
Net Position - July 1, As Restated	<u>10,318,395</u>	<u>9,713,152</u>
Net Position - June 30	<u>\$ 10,818,068</u>	<u>\$ 10,309,937</u>

Financial Analysis of the Town's Fund Statements

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

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

	<u>2025</u>	<u>2024</u> <u>(Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 84,522	\$ 54,844	\$ 29,678
Committed	100,000	102,155	(2,155)
Assigned	294,498	253,079	41,419
Unassigned	<u>1,135,913</u>	<u>1,333,400</u>	<u>(197,487)</u>
Total General Fund	<u>\$ 1,614,933</u>	<u>\$ 1,743,478</u>	<u>\$ (128,545)</u>
Emergency Capital Reserve Fund			
Assigned	<u>\$ 1,276,211</u>	<u>\$ 1,265,442</u>	<u>\$ 10,769</u>
Total Emergency Capital Reserve Fund	<u>\$ 1,276,211</u>	<u>\$ 1,265,442</u>	<u>\$ 10,769</u>
Capital Fund			
Assigned	<u>\$ 2,485,884</u>	<u>\$ 2,035,176</u>	<u>\$ 450,708</u>
Total Capital Fund	<u>\$ 2,485,884</u>	<u>\$ 2,035,176</u>	<u>\$ 450,708</u>
Nonmajor Funds:			
Special Revenues Funds:			
Assigned	\$ 568,074	\$ 645,165	\$ (77,091)
Unassigned (deficit)	(38,281)	-	(38,281)
Capital Projects Funds:			
Committed	282,679	269,066	13,613
Assigned	830,426	590,469	239,957
Permanent Funds:			
Restricted	<u>240,175</u>	<u>264,680</u>	<u>(24,505)</u>
Total Nonmajor Funds	<u>\$ 1,883,073</u>	<u>\$ 1,769,380</u>	<u>\$ 113,693</u>

The changes in total fund balances for the general fund, emergency capital reserve fund, capital 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 were over budget by \$238,830. This was due to all revenue categories being receipted above budgeted amounts.

The general fund actual expenditures were over budget by \$149,954. Most expenditures were either at or under budget with the exception of the town clerk's office, selectboard, general expenses, recreation department, town van and miscellaneous expenses.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the net book value of capital assets recorded by the Town increased by \$68,160 from the prior year. This increase is the result of net capital additions of \$369,879 less capital disposals of \$61,419 and current year depreciation of \$240,300.

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

	<u>2025</u>	<u>2024</u>
Land	\$ 253,228	\$ 253,228
Construction in progress	-	35,571
Buildings and Improvements	694,515	536,262
Machinery and Equipment	1,157,743	1,156,859
Infrastructure	1,375,122	1,430,528
Total	<u>\$ 3,480,608</u>	<u>\$ 3,412,448</u>

Debt

At June 30, 2025, the Town does not have any long-term debt.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's maintains a sufficient fund balance to sustain government operations for a period of approximately seven months while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 567 Governor Hunt Road, Vernon, Vermont 05354.

TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,060,333
Investments	2,156,407
Taxes receivable	125,936
Other receivables	25,712
Inventory	59,153
Prepaid expenses	25,369
Total current assets	<u>7,452,910</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	253,228
Buildings and equipment, net of accumulated depreciation	3,227,380
Total noncurrent assets	<u>3,480,608</u>
TOTAL ASSETS	<u>\$ 10,933,518</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 34,181
Accrued payroll and benefits payable	20,798
Due to other governments	873
Current portion of long-term obligations	1,462
Total current liabilities	<u>69,829</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	27,782
Total noncurrent liabilities	<u>27,782</u>
TOTAL LIABILITIES	<u>97,611</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid property taxes	3,887
Deferred revenue	13,952
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,839</u>
NET POSITION	
Net investment in capital assets	3,480,608
Restricted: Permanent funds	240,175
Unrestricted	7,097,285
TOTAL NET POSITION	<u>10,818,068</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 10,933,518</u>

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

STATEMENT B

TOWN OF VERNON, 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	Total Governmental Activities
Governmental activities:					
General government	\$ 994,873	\$ 34,864	\$ 927	\$ -	\$ (959,082)
Public safety	328,299	4,250	-	-	(324,049)
Highways and streets	522,476	-	66,794	-	(455,682)
Culture and recreation	915,823	342,223	-	-	(573,600)
Sanitation and solid waste	70,647	9,535	-	-	(61,112)
Cemetery	52,557	-	-	-	(52,557)
Education	16,001	-	-	-	(16,001)
Health and welfare	30,259	-	-	-	(30,259)
Unclassified	29,499	-	-	-	(29,499)
Capital outlay	179,031	-	-	-	(179,031)
Total government	<u>\$ 3,139,465</u>	<u>\$ 390,872</u>	<u>\$ 67,721</u>	<u>\$ -</u>	<u>(2,680,872)</u>

STATEMENT B (CONTINUED)
TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(2,680,872)
General revenues:	
Property taxes, levied for general purposes	2,791,534
Grants and contributions not restricted to specific programs	66,346
Miscellaneous	322,665
Total general revenues	3,180,545
Change in net position	499,673
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	10,309,937
NET POSITION CORRECTION	8,458
NET POSITION - JULY 1, AS RESTATED	10,318,395
NET POSITION - JUNE 30	\$ 10,818,068

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

TOWN OF VERNON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,999,980	\$ 418,437	\$ 275,011	\$ 366,905	\$ 5,060,333
Investments	142,655	896,362	693,326	424,064	2,156,407
Taxes receivable	125,936	-	-	-	125,936
Other receivables	25,712	-	-	-	25,712
Inventory	59,153	-	-	-	59,153
Prepaid expenses	25,369	-	-	-	25,369
Due from other funds	185,664	-	1,517,547	1,239,423	2,942,634
TOTAL ASSETS	\$ 4,564,469	\$ 1,314,799	\$ 2,485,884	\$ 2,030,392	\$ 10,395,544
LIABILITIES					
Accounts payable	\$ 34,181	\$ -	\$ -	\$ -	\$ 34,181
Accrued payroll and benefits payable	20,798	-	-	-	20,798
Due to delinquent tax collector	12,515	-	-	-	12,515
Due to other governments	873	-	-	-	873
Due to other funds	2,756,970	38,588	-	147,076	2,942,634
TOTAL LIABILITIES	2,825,337	38,588	-	147,076	3,011,001
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax and interest	106,603	-	-	-	106,603
Deferred revenue	13,709	-	-	243	13,952
Prepaid property taxes	3,887	-	-	-	3,887
TOTAL DEFERRED INFLOWS OF RESOURCES	124,199	-	-	243	124,442
FUND BALANCES					
Nonspendable	84,522	-	-	-	84,522
Restricted	-	-	-	240,175	240,175
Committed	100,000	-	-	282,679	382,679
Assigned	294,498	1,276,211	2,485,884	1,398,500	5,455,093
Unassigned	1,135,913	-	-	(38,281)	1,097,632
TOTAL FUND BALANCES	1,614,933	1,276,211	2,485,884	1,883,073	7,260,101
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,564,469	\$ 1,314,799	\$ 2,485,884	\$ 2,030,392	\$ 10,395,544

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

TOWN OF VERNON, 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	\$ 7,260,101
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	3,480,608
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	106,603
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	<u>(29,244)</u>
Net position of governmental activities	<u><u>\$10,818,068</u></u>

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

STATEMENT E

TOWN OF VERNON, VERMONT

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

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 2,807,749	\$ -	\$ -	\$ -	\$ 2,807,749
Intergovernmental	66,346	-	-	67,721	134,067
Investment gains/(losses)	31,236	49,357	99,991	73,500	254,084
Charges for services	373,449	-	-	17,423	390,872
Miscellaneous	58,772	-	-	9,809	68,581
TOTAL REVENUES	3,337,552	49,357	99,991	168,453	3,655,353
EXPENDITURES					
Current:					
General government	955,504	-	-	158,767	1,114,271
Public safety	275,313	-	-	120	275,433
Highways and streets	490,321	-	-	15,720	506,041
Culture and recreation	758,375	-	-	141,044	899,419
Sanitation and solid waste	-	-	-	70,647	70,647
Cemetery	36,050	-	-	52,077	88,127
Education	-	-	-	16,001	16,001
Health and welfare	-	-	-	30,259	30,259
Unclassified	29,499	-	-	-	29,499
Capital outlay	-	38,588	140,443	-	179,031
TOTAL EXPENDITURES	2,545,062	38,588	140,443	484,635	3,208,728
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	792,490	10,769	(40,452)	(316,182)	446,625
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	491,160	429,875	921,035
Transfers (out)	(921,035)	-	-	-	(921,035)
TOTAL OTHER FINANCING SOURCES (USES)	(921,035)	-	491,160	429,875	-
NET CHANGE IN FUND BALANCES					
	(128,545)	10,769	450,708	113,693	446,625
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED					
	1,735,020	1,265,442	2,035,176	1,769,380	6,805,018
FUND BALANCE CORRECTION					
	8,458	-	-	-	8,458
FUND BALANCES - JULY 1, AS RESTATED					
	1,743,478	1,265,442	2,035,176	1,769,380	6,813,476
FUND BALANCES - JUNE 30					
	\$ 1,614,933	\$ 1,276,211	\$ 2,485,884	\$ 1,883,073	\$ 7,260,101

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

TOWN OF VERNON, 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>\$ 446,625</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	369,879
Capital asset disposals	(61,419)
Depreciation expense	<u>(240,300)</u>
	<u>68,160</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Taxes and liens receivable	<u>(16,215)</u>
<p>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:</p>	
Accrued compensated absences	<u>1,103</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 499,673</u></u>

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

TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025

	Total Private- Purpose Trusts
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 61,439
Investments, at fair value	254,946
Due from other governments	873
TOTAL ASSETS	<u><u>\$ 317,258</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted - held in trust for special purposes	<u>317,258</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 317,258</u></u>

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

TOWN OF VERNON, VERMONT

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

	<u>Total Private- Purpose Trusts</u>
ADDITIONS	
Net increase (decrease) in the fair value of investments	\$ 27,578
Total additions	<u>27,578</u>
DEDUCTIONS	
Withdrawals	<u>640</u>
Total deductions	<u>640</u>
Change in net position	26,938
NET POSITION - JULY 1	<u>290,320</u>
NET POSITION - JUNE 30	<u><u>\$ 317,258</u></u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Vernon, Vermont was incorporated under the laws of the State of Vermont. The Town operates under the selectboard-treasurer form of government and provides the following services: general government, public safety, highway and streets, culture and recreation, sanitation and solid waste, cemetery, health and welfare and unclassified.

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

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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). Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the entity as governmental.

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

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

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

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

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

TOWN OF VERNON, 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. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these 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 Emergency Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major projects or equipment. The primary source of revenues is from transfers from other funds.
- c. The Capital Fund is used to account for financial resources to be used for the acquisition or construction of the major facilities or equipment. The primary source of revenues is from transfers from other funds.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- 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.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trust or custodial capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

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

Basis of Accounting

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

1. Accrual

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

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

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

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

Deposits and Investments

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town of Vernon, Vermont has a formal investment policy but also follows the State of Vermont Statutes.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. 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 netted with allowances for uncollectible accounts were \$25,712 for the year ended June 30, 2025.

Prepaid Items

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

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Town consists of highway parts, gas and diesel fuel at the end of the year.

Interfund Receivables and Payables

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

Transactions between Funds

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. 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. The war memorial monument has been capitalized under works of art. This item is categorized as a non-depreciable asset as it is considered inexhaustible.

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

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

All long-term obligations to be repaid from governmental resources are reported as liabilities in government-wide statements. The long-term obligations consist of accrued compensated absences.

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 fund is the same in the fund statements as it is in the government-wide statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

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 property tax and interest, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. 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 August 3, 2024, on the assessed value listed as of April 1, 2024, for all real and personal property located in the Town. Taxes were due on September 14, 2024, January 11, 2025, and May 2, 2025. Payments received after the due dates were charged interest of 1% per month. Payments received after May 2, 2025, were considered delinquent and subject to a penalty of 8% plus interest accrued at 1% per month.

Property tax revenues are recognized when they become available. Available includes those property tax receivables collected by June 1. The remaining receivables due for the current fiscal year have been recorded as deferred revenues.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax liens are placed on real property within twenty-four months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property two months after the filing of the lien if tax liens and associated costs remain unpaid.

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 capital grants and contributions, including special assessments).

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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.

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. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. Town funds that may exceed insurance limits are fully collateralized with securities held by the financial institution in the Town's name.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2025, the Town’s cash and cash equivalents balance of \$5,121,772 were comprised of bank deposits and cash equivalents amounting to \$5,198,115. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town’s cash and cash equivalents balance. Of these bank deposits, \$624,875 were insured by federal depository insurance and consequently, were not exposed to custodial credit risk and the remaining bank balances of \$3,813,416 were collateralized with securities held by the financial institution in the Town’s name. Of the cash equivalents balances of \$759,824, \$264,259 was collateralized by the Securities Investor Protection Corporation (SIPC) and the remaining balance of \$495,565 was uncollateralized and uninsured.

Account Type	Bank Balance
Checking accounts	\$ 4,070,338
Money market accounts	209,678
Savings accounts	158,275
Cash equivalents	759,824
	\$ 5,198,115

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 the possession of an outside party. In accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and brokers/dealers.

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.

Of the Town’s investments of \$2,411,353, \$681,894 were covered by the Securities Investor Protection Corporation (SIPC) and the remaining investments of \$1,729,459 were uncollateralized and uninsured.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2025, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Equity securities:					
Mutual funds:					
Fixed income	\$ 2,100,633	\$ 121,174	\$ 274,519	\$ 154,878	\$ 1,550,062
Equities	310,720	310,720	-	-	-
	<u>\$ 2,411,353</u>	<u>\$ 431,894</u>	<u>\$ 274,519</u>	<u>\$ 154,878</u>	<u>\$ 1,550,062</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2025:

	June 30, 2025 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds and exchange traded funds	\$ 2,411,353	\$ 2,411,353	\$ -	\$ -
Total equity securities	<u>2,411,353</u>	<u>2,411,353</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	2,411,353	<u>\$ 2,411,353</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	759,824			
Total cash equivalents measured at the NAV	<u>759,824</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 3,171,177</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Town has no Level II or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2025 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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. As of June 30, 2025, the Town's investments in corporate bonds were rated Aaa (\$2,100,633) by Moody's Investors Services.

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	\$ 185,664	\$ 2,756,970
Emergency capital reserve fund	-	38,588
Capital fund	1,517,547	-
Nonmajor special revenue funds	269,108	103,045
Nonmajor capital projects funds	967,990	-
Nonmajor permanent funds	2,325	44,031
	\$ 2,942,634	\$ 2,942,634

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

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

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers From	Transfers To
General fund	\$ 921,035	\$ -
Capital fund	-	491,160
Nonmajor special revenue funds	-	260,875
Nonmajor capital projects funds	-	169,000
	\$ 921,035	\$ 921,035

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

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/24	Additions	Disposals	Balance, 6/30/25
Non-depreciated assets:				
Land	\$ 221,800	\$ -	\$ -	\$ 221,800
Works of Art	31,428	-	-	31,428
Construction in progress	35,571	-	(35,571)	-
	288,799	-	(35,571)	253,228
Depreciated assets:				
Buildings and improvements	1,841,493	198,752	-	2,040,245
Vehicles	1,961,215	110,835	(132,266)	1,939,784
Machinery and equipment	991,785	72,363	-	1,064,148
Infrastructure	3,140,381	23,500	-	3,163,881
	7,934,874	405,450	(132,266)	8,208,058
Less: accumulated depreciation	(4,811,225)	(240,300)	70,847	(4,980,678)
	3,123,649	165,150	(61,419)	3,227,380
Net capital assets	\$ 3,412,448	\$ 165,150	\$ (96,990)	\$ 3,480,608

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

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>	
Town clerk	\$ 6,728
Fire department	52,866
Highway	142,876
Recreation	16,404
Historians	671
Town wide	<u>20,755</u>
Total depreciation	<u>\$ 240,300</u>

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

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

	<u>Balance, 7/1/24</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, 6/30/25</u>	<u>Current Year Portion</u>
Accrued compensated absences	<u>\$ 30,347</u>	<u>\$ -</u>	<u>\$ (1,103)</u>	<u>\$ 29,244</u>	<u>\$ 1,462</u>

Please see Note 7 for detailed information on the other long-term obligations.

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation within each year. Employees are reimbursed for unused vacation days when terminating employment with the Town. As of June 30, 2025, the Town's liability for compensated absences is \$29,244, which represents a decrease of \$1,103 from the prior year.

NOTE 8 - 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	\$ 8,461,286
Accumulated depreciation	<u>(4,980,678)</u>
	<u>\$ 3,480,608</u>

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

NOTE 9 - NONSPENDABLE FUND BALANCE

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

General Fund:	
Prepaid expenses	\$ 25,369
Inventory	59,153
	<u>\$ 84,522</u>

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

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

Nonmajor permanent funds (Schedule I):	
A. Perry cemetery fund	\$ 5,771
North cemetery fund	62,384
P.A. Lee cemetery fund	2,062
South cemetery fund	18,868
Tyler cemetery fund	150,827
Whithed cemetery fund	263
	<u>\$ 240,175</u>

NOTE 11 - COMMITTED FUND BALANCES

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

General fund:	
General fund expenses	\$ 100,000
Nonmajor capital projects funds (Schedule G)	282,679
	<u>\$ 382,679</u>

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

NOTE 12 - ASSIGNED FUND BALANCES

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

General fund:	
Dog fund	\$ 15,420
Unemployment fund	37,460
Reserve fund	19,029
J. M. Miller Forest fund	173,431
Grant transfer fund	49,158
Emergency capital reserve fund	1,276,211
Capital fund	2,485,884
Nonmajor capital projects funds (Schedule F)	830,426
Nonmajor special revenue funds (Schedule E)	568,074
	<u>\$5,455,093</u>

NOTE 13 - DEFICIT FUND BALANCE

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

Nonmajor special revenue funds (Schedule E):	
Professional services fund	<u>\$ 38,281</u>

NOTE 14 - EXPENDITURES OVER APPROPRIATIONS

The Town was non-compliant with the legally adopted budget, over expending the entire allowed appropriation of \$3,316,143 by \$301,051 at June 30, 2025.

Town clerk's office	\$ 483
Selectboard	8,363
General expenses	193,244
Recreation department	83,392
Town van	3,471
Miscellaneous expenses	12,098
	<u>\$ 301,051</u>

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

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2025. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

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

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

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

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

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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

NOTE 16 - CONTINGENCIES

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

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

NOTE 17 - BENEFIT PLAN

The Town offers its employees a deferred compensation plan in accordance with IRS Code Section 457. The Town is the administrator of the plan. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Town has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

NOTE 18 - CONCENTRATION OF REVENUE

The Town receives a major portion of its property tax revenue from the Vermont Yankee Nuclear Power Plant. For the year ended June 30, 2025, the Town received 16.17% of its total property tax revenue from the Vermont Yankee Nuclear Power Plant.

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

NOTE 19 - RESTATEMENT

During fiscal year 2025, the Town determined that fund balance corrections needed to be made to the general fund. The fund balance correction resulted in adjustments to and restatements of net position and fund balance as follows:

	<u>6/30/24 As Previously Reported</u>	<u>Fund Balance/ Net Position Correction</u>	<u>6/30/24 As Restated</u>
Government-Wide			
Governmental Activities	<u>\$ 10,309,937</u>	<u>\$ 8,458</u>	<u>\$ 10,318,395</u>
Governmental Funds			
Major Funds:			
General Fund	\$ 1,735,020	\$ 8,458	\$ 1,743,478
Capital Reserve Fund	1,265,442	-	1,265,442
Emergency Capital Fund	2,035,176	-	2,035,176
Other Governmental Funds	1,769,380	-	1,769,380
	<u>\$ 6,805,018</u>	<u>\$ 8,458</u>	<u>\$ 6,813,476</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

TOWN OF VERNON, VERMONT

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance - July 1, Restated	\$ 1,743,478	\$ 1,743,478	\$ 1,743,478	\$ -
Resources (Inflows):				
Property taxes	2,790,722	2,790,722	2,807,749	17,027
Intergovernmental revenues	64,300	64,300	66,346	2,046
Charges for services	218,000	218,000	373,449	155,449
Current interest income	25,000	25,000	31,236	6,236
Other revenue	700	700	58,772	58,072
Amounts Available for Appropriation	<u>4,842,200</u>	<u>4,842,200</u>	<u>5,081,030</u>	<u>238,830</u>
Charges to Appropriations (Outflows):				
Town clerk's office	113,452	113,452	113,935	(483)
Town treasurer's office	119,072	119,072	106,810	12,262
Listers	62,486	62,486	45,043	17,443
Selectboard	215,223	215,223	223,586	(8,363)
General expenses	196,576	196,576	389,820	(193,244)
Planning	8,881	8,881	5,846	3,035
Recreation department	438,758	438,758	522,150	(83,392)
School rental	231,105	231,105	231,105	-
Building and grounds	59,679	59,679	54,341	5,338
Cemeteries	39,926	39,926	36,050	3,876
Vernon seniors	2,550	2,550	-	2,550
Town van	12,652	12,652	16,123	(3,471)
Historians south school	6,450	6,450	5,120	1,330
County sheriff's	112,320	112,320	112,320	-
Fire department	127,097	127,097	106,062	21,035
Rescue operating budget	53,704	53,704	53,704	-
Other public safety	3,700	3,700	3,227	473
Highway maintenance	104,100	104,100	96,593	7,507
Town garage operation	357,549	357,549	337,251	20,298
Road equipment repair/maint	105,202	105,202	56,477	48,725
Miscellaneous expenses	-	-	12,098	(12,098)
Appropriations	24,626	24,626	17,401	7,225
Transfers to other funds	921,035	921,035	921,035	-
Total Charges to Appropriations	<u>3,316,143</u>	<u>3,316,143</u>	<u>3,466,097</u>	<u>(149,954)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,526,057</u>	<u>\$ 1,526,057</u>	<u>\$ 1,614,933</u>	<u>\$ 88,876</u>
Utilization of assigned fund balance	<u>\$ 217,421</u>	<u>\$ 217,421</u>	<u>\$ -</u>	<u>\$ (217,421)</u>

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

Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Combining Schedule of Net Position - Fiduciary Funds - Private-Purpose Trust Funds
- Combining Schedule of Changes in Net Position - Fiduciary Funds - Private-Purpose Trust Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF VERNON, VERMONT

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes	\$ 2,790,722	\$ 2,790,722	\$ 2,807,749	\$ 17,027
Intergovernmental revenues:				
State of Vermont - current use	40,000	40,000	39,343	(657)
State of Vermont - natural resources	8,300	8,300	10,633	2,333
State of Vermont - reimb services	12,000	12,000	-	(12,000)
State of Vermont - railroad tax	4,000	4,000	4,797	797
Other grants	-	-	11,573	11,573
Charges for services:				
Dog license fees	-	-	2,876	2,876
Treasurer	1,000	1,000	1,105	105
Clerk fees	20,000	20,000	22,995	2,995
Police income	2,000	2,000	4,250	2,250
Recreation department	195,000	195,000	342,223	147,223
Interest income:				
Current tax interest	8,000	8,000	380	(7,620)
Interest income	17,000	17,000	30,856	13,856
Miscellaneous revenues	700	700	58,772	58,072
Amounts Available for Appropriation	<u>\$ 3,098,722</u>	<u>\$ 3,098,722</u>	<u>\$ 3,337,552</u>	<u>\$ 238,830</u>

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

TOWN OF VERNON, VERMONT

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

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Clerk's Office:				
Town clerk/treasurer's office	\$ 58,842	\$ 58,842	\$ 61,946	\$ (3,104)
Assistant town clerk	19,158	19,158	13,217	5,941
Town clerk's office FICA	5,967	5,967	5,292	675
Health insurance	22,793	22,793	21,572	1,221
Dental insurance	692	692	472	220
New/replace office equip	200	200	5,171	(4,971)
Postage for ballots	300	300	225	75
Vote scanner equipment	2,400	2,400	916	1,484
Travel and conferences	1,000	1,000	1,219	(219)
Miscellaneous (elections)	600	600	980	(380)
Marriage license qtr return	1,500	1,500	2,925	(1,425)
	<u>113,452</u>	<u>113,452</u>	<u>113,935</u>	<u>(483)</u>
Town Treasurer's Office:				
Treasurer/finance director	68,047	68,047	68,112	(65)
Assistant treasurer/finance director	20,700	20,700	14,248	6,452
Treasurer's office FICA	6,790	6,790	5,724	1,066
Health insurance	22,793	22,793	18,219	4,574
Dental insurance	692	692	472	220
Travel and conferences	50	50	35	15
	<u>119,072</u>	<u>119,072</u>	<u>106,810</u>	<u>12,262</u>
Listers:				
Listers	49,553	49,553	37,099	12,454
Listers' FICA	3,791	3,791	2,811	980
Health insurance	7,950	7,950	4,234	3,716
Dental insurance	692	692	630	62
Travel and conferences	500	500	269	231
	<u>62,486</u>	<u>62,486</u>	<u>45,043</u>	<u>17,443</u>
Selectboard:				
Selectboard salaries	18,000	18,000	20,738	(2,738)
Town administrator	98,880	98,880	98,720	160
FICA	10,500	10,500	12,133	(1,633)
Health insurance	14,510	14,510	15,773	(1,263)
Dental insurance	692	692	630	62
457(b) contribution	34,507	34,507	38,405	(3,898)
New/replace office equipment	100	100	90	10
Printing of town report	1,584	1,584	1,617	(33)
Postage for town report	250	250	212	38
Legal services	15,500	15,500	10,920	4,580
Outside audit	14,900	14,900	20,950	(6,050)
Travel	1,500	1,500	329	1,171
Contributions and gifts	300	300	92	208
Green-up	275	275	-	275
Appreciation activities	1,600	1,600	1,570	30
Welcome signs	575	575	875	(300)
Flag	450	450	390	60
Hiring expenses	1,100	1,100	142	958
	<u>215,223</u>	<u>215,223</u>	<u>223,586</u>	<u>(8,363)</u>

SCHEDULE B (CONTINUED)
TOWN OF VERNON, VERMONT

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

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Expenses:				
Webmaster	3,065	3,065	3,065	-
General office supplies	5,000	5,000	4,014	986
Advertising	2,000	2,000	1,180	820
Telephone	17,000	17,000	20,809	(3,809)
Postage	2,500	2,500	3,468	(968)
Dues and subscriptions	1,500	1,500	909	591
VT League of Cities and Towns	4,111	4,111	8,313	(4,202)
County tax	45,000	45,000	39,440	5,560
Contracts, maintenance and repairs	26,400	26,400	32,163	(5,763)
Technology upgrades	3,000	3,000	3,000	-
Insurance and bonds	85,000	85,000	75,118	9,882
Communications	2,000	2,000	2,800	(800)
ARPA grant expenses	-	-	195,541	(195,541)
	<u>196,576</u>	<u>196,576</u>	<u>389,820</u>	<u>(193,244)</u>
Planning:				
Postage and miscellaneous	100	100	-	100
Windham Regional Planning Commission	5,581	5,581	5,846	(265)
Professional assistance	1,000	1,000	-	1,000
Matching grant	2,200	2,200	-	2,200
	<u>8,881</u>	<u>8,881</u>	<u>5,846</u>	<u>3,035</u>
Recreation Department				
Director	64,176	64,176	63,929	247
Assistant director	47,573	47,573	47,291	282
Maintenance	9,154	9,154	5,541	3,613
Water Safety instructors	24,545	24,545	24,784	(239)
Day camp staff	17,616	17,616	23,890	(6,274)
Customer service	7,555	7,555	7,399	156
Pre-school instructor	37,665	37,665	35,011	2,654
Pre-school assistant	43,874	43,874	38,254	5,620
Weekend supervisor	3,565	3,565	4,201	(636)
FICA	19,563	19,563	17,433	2,130
Health insurance	99,781	99,781	103,619	(3,838)
Dental insurance	2,766	2,766	2,519	247
Supplies	23,400	23,400	28,226	(4,826)
Utilities/fuel oil	10,500	10,500	10,925	(425)
Telephone	1,650	1,650	1,318	332
Contracts and rentals	2,025	2,025	1,923	102
Repairs and maintenance	1,250	1,250	2,589	(1,339)
Programs	20,100	20,100	21,416	(1,316)
Partnership - preschool	-	-	74,101	(74,101)
Preschool fundraiser	-	-	5,946	(5,946)
L Peduzzi scholarship	-	-	400	(400)
Matching Grant	2,000	2,000	-	2,000
	<u>438,758</u>	<u>438,758</u>	<u>522,150</u>	<u>(83,392)</u>

SCHEDULE B (CONTINUED)
TOWN OF VERNON, VERMONT

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

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
School Rental	231,105	231,105	231,105	-
Building and Grounds:				
Maintenance	23,389	23,389	21,486	1,903
FICA	1,790	1,790	1,643	147
Groundskeeping	-	-	-	-
Cleaning	-	-	-	-
Supplies	800	800	1,262	(462)
Grounds	-	-	606	(606)
Custodial equipment	1,000	1,000	636	364
Fuel oil	14,000	14,000	10,912	3,088
Electric town/library/north	13,000	13,000	10,366	2,634
Repairs to equipment	200	200	-	200
Repairs to building	5,500	5,500	7,430	(1,930)
	<u>59,679</u>	<u>59,679</u>	<u>54,341</u>	<u>5,338</u>
Cemeteries:				
Caretaking	30,676	30,676	25,140	5,536
Supplies	750	750	-	750
Repair and maintenance	7,500	7,500	10,910	(3,410)
Memorial Day supplies	1,000	1,000	-	1,000
	<u>39,926</u>	<u>39,926</u>	<u>36,050</u>	<u>3,876</u>
Vernon Seniors:				
Activities	2,550	2,550	-	2,550
	<u>2,550</u>	<u>2,550</u>	<u>-</u>	<u>2,550</u>
Town Van:				
Van driver	8,500	8,500	5,785	2,715
FICA	652	652	443	209
Gasoline	1,500	1,500	2,130	(630)
Van maintenance	2,000	2,000	7,765	(5,765)
	<u>12,652</u>	<u>12,652</u>	<u>16,123</u>	<u>(3,471)</u>
Historians South School :				
Electricity	450	450	445	5
Building repairs and maintenance	3,600	3,600	2,375	1,225
Grounds	1,500	1,500	1,500	-
Lawn care	900	900	800	100
	<u>6,450</u>	<u>6,450</u>	<u>5,120</u>	<u>1,330</u>
Windham County Sheriffs Office	112,320	112,320	112,320	-

SCHEDULE B (CONTINUED)

TOWN OF VERNON, VERMONT

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

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Fire Department:				
Fire chief stipend	7,250	7,250	7,250	-
Asst. chief stipend	3,550	3,550	3,500	50
Line officer stipend	5,500	5,500	5,000	500
FICA	1,247	1,247	1,205	42
Uniforms	1,500	1,500	1,091	409
Inoculations	500	500	-	500
Physicals	2,000	2,000	-	2,000
EAP	500	500	475	25
Supplies	1,000	1,000	270	730
EMS Vernon rescue supplies	2,500	2,500	1,594	906
New/replace equipment	13,500	13,500	6,629	6,871
Public education	1,000	1,000	905	95
Fuel oil	13,000	13,000	11,244	1,756
Electricity - fire dept	2,250	2,250	3,252	(1,002)
Dues and subscriptions	3,800	3,800	4,192	(392)
Southwest mutual aid	34,500	34,500	35,876	(1,376)
Gasoline	2,500	2,500	1,303	1,197
Equipment repair and maintenance	6,000	6,000	2,920	3,080
Truck repair and maintenance	8,000	8,000	6,605	1,395
Fire pond maintenance	1,500	1,500	-	1,500
Building repair and maintenance	4,000	4,000	2,163	1,837
Training, travel and conferences	1,000	1,000	900	100
Rescue training, travel, conferences	1,500	1,500	650	850
Matching grant	1,000	1,000	-	1,000
Travel reimbursements	8,000	8,000	9,038	(1,038)
	127,097	127,097	106,062	21,035
 Rescue Operating Budget	 53,704	 53,704	 53,704	 -
 Other Public Safety:				
Health officer	3,000	3,000	2,500	500
Fire warden - permits	500	500	-	500
Public safety FICA	200	200	191	9
EOC building expense	-	-	536	(536)
	3,700	3,700	3,227	473
 Highway Maintenance:				
Equipment rental	5,500	5,500	3,446	2,054
Guard rails	1,100	1,100	-	1,100
Culverts	6,000	6,000	5,233	767
Gravel	8,000	8,000	6,729	1,271
Chloride	6,700	6,700	5,941	759
Asphalt	1,500	1,500	3,572	(2,072)
Salt	55,000	55,000	44,622	10,378
Sand	10,500	10,500	13,222	(2,722)
Tree warden	5,000	5,000	9,500	(4,500)
Stormwater run-off permit	4,800	4,800	4,328	472
	104,100	104,100	96,593	7,507

SCHEDULE B (CONTINUED)
TOWN OF VERNON, VERMONT

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

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Garage Operation:				
Road commissioner	77,627	77,627	76,513	1,114
Equipment operator	57,040	57,040	55,819	1,221
Operator/mechanic	60,459	60,459	59,122	1,337
Part-time operator	4,000	4,000	-	4,000
FICA	15,310	15,310	12,882	2,428
Health insurance	77,747	77,747	80,737	(2,990)
Dental insurance	2,766	2,766	1,215	1,551
Uniforms	3,000	3,000	3,340	(340)
Drug and alcohol testing	400	400	520	(120)
Supplies	4,000	4,000	2,896	1,104
Fuel oil	19,000	19,000	14,587	4,413
Electricity	3,500	3,500	4,695	(1,195)
Dumpster fee	1,300	1,300	1,270	30
Dues and subscriptions	200	200	2,007	(1,807)
Gas and diesel	21,000	21,000	11,290	9,710
Road tools and supplies	4,000	4,000	2,568	1,432
Safety equipment	2,000	2,000	2,709	(709)
Building repair and maintenance	4,000	4,000	5,051	(1,051)
Travel and conferences	200	200	30	170
	<u>357,549</u>	<u>357,549</u>	<u>337,251</u>	<u>20,298</u>
Road Equipment Repair/Maintenance:				
Trucks	11,000	11,000	18,772	(7,772)
Grader	2,500	2,500	2	2,498
Tractor	6,500	6,500	7,354	(854)
Snow plows and sander	3,000	3,000	6,754	(3,754)
Front end loader	2,500	2,500	1,657	843
Small equipment	2,700	2,700	1,264	1,436
Radios	500	500	210	290
Prior year carry over	76,502	76,502	20,464	56,038
	<u>105,202</u>	<u>105,202</u>	<u>56,477</u>	<u>48,725</u>
Miscellaneous Expenses	-	-	12,098	(12,098)
Appropriations	<u>24,626</u>	<u>24,626</u>	<u>17,401</u>	<u>7,225</u>
Transfers to other funds:				
Special revenue funds	240,875	240,875	240,875	-
Capital project funds	129,000	129,000	129,000	-
PAYT fund	-	-	-	-
Capital fund	491,160	491,160	491,160	-
Culvert reserve fund	40,000	40,000	40,000	-
Cusick Scholarship	20,000	20,000	20,000	-
	<u>921,035</u>	<u>921,035</u>	<u>921,035</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 3,316,143</u>	<u>\$ 3,316,143</u>	<u>\$ 3,466,097</u>	<u>\$ (149,954)</u>

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

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 249,499	\$ 41,213	\$ 76,193	\$ 366,905
Investments	114,474	103,902	205,688	424,064
Due from other funds	269,108	967,990	2,325	1,239,423
TOTAL ASSETS	\$ 633,081	\$ 1,113,105	\$ 284,206	\$ 2,030,392
LIABILITIES				
Due to other funds	\$ 103,045	\$ -	\$ 44,031	\$ 147,076
TOTAL LIABILITIES	103,045	-	44,031	147,076
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	243	-	-	243
TOTAL DEFERRED INFLOWS OF RESOURCES	243	-	-	243
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	240,175	240,175
Committed	-	282,679	-	282,679
Assigned	568,074	830,426	-	1,398,500
Unassigned (deficits)	(38,281)	-	-	(38,281)
TOTAL FUND BALANCES	529,793	1,113,105	240,175	1,883,073
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 633,081	\$ 1,113,105	\$ 284,206	\$ 2,030,392

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

TOWN OF VERNON, VERMONT

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 927	\$ 66,794	\$ -	\$ 67,721
Investment gains/(losses)	12,432	33,496	27,572	73,500
Charges for services	17,423	-	-	17,423
Other income	9,809	-	-	9,809
TOTAL REVENUES	<u>40,591</u>	<u>100,290</u>	<u>27,572</u>	<u>168,453</u>
EXPENDITURES				
Other	416,838	15,720	52,077	484,635
TOTAL EXPENDITURES	<u>416,838</u>	<u>15,720</u>	<u>52,077</u>	<u>484,635</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(376,247)</u>	<u>84,570</u>	<u>(24,505)</u>	<u>(316,182)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	260,875	169,000	-	429,875
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>260,875</u>	<u>169,000</u>	<u>-</u>	<u>429,875</u>
NET CHANGE IN FUND BALANCES	(115,372)	253,570	(24,505)	113,693
FUND BALANCES - JULY 1	<u>645,165</u>	<u>859,535</u>	<u>264,680</u>	<u>1,769,380</u>
FUND BALANCES - JUNE 30	<u>\$ 529,793</u>	<u>\$ 1,113,105</u>	<u>\$ 240,175</u>	<u>\$ 1,883,073</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 VERNON, VERMONT

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

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
ASSETS					
Cash and cash equivalents	\$ 31,643	\$ 6,350	\$ 39,395	\$ 27,993	\$ -
Investments	69,898	16,009	785	1,797	-
Due from other funds	-	139,406	53,604	4,000	10,019
TOTAL ASSETS	\$ 101,541	\$ 161,765	\$ 93,784	\$ 33,790	\$ 10,019
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	101,541	161,765	93,784	33,790	10,019
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	101,541	161,765	93,784	33,790	10,019
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 101,541	\$ 161,765	\$ 93,784	\$ 33,790	\$ 10,019

TOWN OF VERNON, VERMONT

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

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Pool Fund	Library Fund	Total
ASSETS						
Cash and cash equivalents	\$ 10,307	\$ 32,701	\$ -	\$ -	\$ 101,110	\$ 249,499
Investments	25,985	-	-	-	-	114,474
Due from other funds	-	-	43,420	18,659	-	269,108
TOTAL ASSETS	\$ 36,292	\$ 32,701	\$ 43,420	\$ 18,659	\$ 101,110	\$ 633,081
LIABILITIES						
Due to other funds	\$ 74,573	\$ 20,750	\$ -	\$ -	\$ 7,722	\$ 103,045
TOTAL LIABILITIES	74,573	20,750	-	-	7,722	103,045
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	243	243
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	243	243
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	11,951	43,420	18,659	93,145	568,074
Unassigned	(38,281)	-	-	-	-	(38,281)
TOTAL FUND BALANCES (DEFICITS)	(38,281)	11,951	43,420	18,659	93,145	529,793
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 36,292	\$ 32,701	\$ 43,420	\$ 18,659	\$ 101,110	\$ 633,081

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

TOWN OF VERNON, VERMONT

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

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
REVENUES					
Intergovernmental	\$ -	\$ 927	\$ -	\$ -	\$ -
Charges for services	-	7,888	-	-	9,535
Investment gain/(losses)	3,848	4,705	109	126	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>3,848</u>	<u>13,520</u>	<u>109</u>	<u>126</u>	<u>9,535</u>
EXPENDITURES					
Other	<u>120</u>	<u>-</u>	<u>70,647</u>	<u>16,001</u>	<u>8,304</u>
TOTAL EXPENDITURES	<u>120</u>	<u>-</u>	<u>70,647</u>	<u>16,001</u>	<u>8,304</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,728</u>	<u>13,520</u>	<u>(70,538)</u>	<u>(15,875)</u>	<u>1,231</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	67,419	20,000	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>67,419</u>	<u>20,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	3,728	13,520	(3,119)	4,125	1,231
FUND BALANCES (DEFICITS) - JULY 1	<u>97,813</u>	<u>148,245</u>	<u>96,903</u>	<u>29,665</u>	<u>8,788</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 101,541</u>	<u>\$ 161,765</u>	<u>\$ 93,784</u>	<u>\$ 33,790</u>	<u>\$ 10,019</u>

TOWN OF VERNON, VERMONT

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

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Pool Fund	Library Fund	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 927
Charges for services	-	-	-	-	-	17,423
Investment gain/(losses)	1,888	7	1,221	428	100	12,432
Other income	-	-	6,137	-	3,672	9,809
TOTAL REVENUES	1,888	7	7,358	428	3,772	40,591
EXPENDITURES						
Other	147,304	30,259	3,159	1,876	139,168	416,838
TOTAL EXPENDITURES	147,304	30,259	3,159	1,876	139,168	416,838
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(145,416)	(30,252)	4,199	(1,448)	(135,396)	(376,247)
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	5,000	-	10,000	133,456	260,875
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	25,000	5,000	-	10,000	133,456	260,875
NET CHANGE IN FUND BALANCES (DEFICITS)	(120,416)	(25,252)	4,199	8,552	(1,940)	(115,372)
FUND BALANCES (DEFICITS) - JULY 1	82,135	37,203	39,221	10,107	95,085	645,165
FUND BALANCES (DEFICITS) - JUNE 30	\$ (38,281)	\$ 11,951	\$ 43,420	\$ 18,659	\$ 93,145	\$ 529,793

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 VERNON, VERMONT

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

	Road Upgrade Fund	Culvert Reserve Fund	Farmland Fund	Parking Lot Maintenance Fund	Total
ASSETS					
Cash and cash equivalents	\$ 381	\$ -	\$ 40,718	\$ 114	\$ 41,213
Investments	961	-	102,652	289	103,902
Due from other funds	356,959	472,125	104,748	34,158	967,990
TOTAL ASSETS	<u>\$ 358,301</u>	<u>\$ 472,125</u>	<u>\$ 248,118</u>	<u>\$ 34,561</u>	<u>\$1,113,105</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	248,118	34,561	282,679
Assigned	358,301	472,125	-	-	830,426
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>358,301</u>	<u>472,125</u>	<u>248,118</u>	<u>34,561</u>	<u>1,113,105</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 358,301</u>	<u>\$ 472,125</u>	<u>\$ 248,118</u>	<u>\$ 34,561</u>	<u>\$1,113,105</u>

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

TOWN OF VERNON, VERMONT

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

	Road Upgrade Fund	Culvert Reserve Fund	Farmland Fund	Parking Lot Maintenance Fund	Total
REVENUES					
Intergovernmental	\$ 278,294	\$ 6,996	\$ -	\$ -	\$ 285,290
Investment gain/(losses)	5,119	11,430	6,324	779	23,652
TOTAL REVENUES	<u>283,413</u>	<u>18,426</u>	<u>6,324</u>	<u>779</u>	<u>308,942</u>
EXPENDITURES					
Other	686,287	5,387	-	-	691,674
TOTAL EXPENDITURES	<u>686,287</u>	<u>5,387</u>	<u>-</u>	<u>-</u>	<u>691,674</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(402,874)</u>	<u>13,039</u>	<u>6,324</u>	<u>779</u>	<u>(382,732)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	125,000	40,000	-	4,000	169,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>125,000</u>	<u>40,000</u>	<u>-</u>	<u>4,000</u>	<u>169,000</u>
NET CHANGE IN FUND BALANCES	(277,874)	53,039	6,324	4,779	(213,732)
FUND BALANCES - JULY 1	<u>449,747</u>	<u>365,557</u>	<u>233,176</u>	<u>24,787</u>	<u>1,073,267</u>
FUND BALANCES - JUNE 30	<u>\$ 171,873</u>	<u>\$ 418,596</u>	<u>\$ 239,500</u>	<u>\$ 29,566</u>	<u>\$ 859,535</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 Vernon, 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 Vernon, Vermont.

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2025

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
ASSETS							
Cash and cash equivalents	\$ 4,122	\$ 14,533	\$ -	\$ 10,334	\$ 47,204	\$ -	\$ 76,193
Investments	1,649	48,061	-	8,909	147,069	-	205,688
Due from other funds	-	-	2,062	-	-	263	2,325
TOTAL ASSETS	<u>\$ 5,771</u>	<u>\$ 62,594</u>	<u>\$ 2,062</u>	<u>\$ 19,243</u>	<u>\$ 194,273</u>	<u>\$ 263</u>	<u>\$ 284,206</u>
LIABILITIES							
Due to others funds	\$ -	\$ 210	\$ -	\$ 375	\$ 43,446	\$ -	\$ 44,031
TOTAL LIABILITIES	<u>-</u>	<u>210</u>	<u>-</u>	<u>375</u>	<u>43,446</u>	<u>-</u>	<u>44,031</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,771	62,384	2,062	18,868	150,827	263	240,175
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,771</u>	<u>62,384</u>	<u>2,062</u>	<u>18,868</u>	<u>150,827</u>	<u>263</u>	<u>240,175</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,771</u>	<u>\$ 62,594</u>	<u>\$ 2,062</u>	<u>\$ 19,243</u>	<u>\$ 194,273</u>	<u>\$ 263</u>	<u>\$ 284,206</u>

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

TOWN OF VERNON, VERMONT

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

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
REVENUES							
Investment gain/(losses)	\$ 166	\$ 7,447	\$ 60	\$ 2,154	\$ 17,737	\$ 8	\$ 27,572
TOTAL REVENUES	<u>166</u>	<u>7,447</u>	<u>60</u>	<u>2,154</u>	<u>17,737</u>	<u>8</u>	<u>27,572</u>
EXPENDITURES							
Other	75	4,857	-	1,122	46,023	-	52,077
TOTAL EXPENDITURES	<u>75</u>	<u>4,857</u>	<u>-</u>	<u>1,122</u>	<u>46,023</u>	<u>-</u>	<u>52,077</u>
NET CHANGE IN FUND BALANCES	91	2,590	60	1,032	(28,286)	8	(24,505)
FUND BALANCES - JULY 1	<u>5,680</u>	<u>59,794</u>	<u>2,002</u>	<u>17,836</u>	<u>179,113</u>	<u>255</u>	<u>264,680</u>
FUND BALANCES - JUNE 30	<u>\$ 5,771</u>	<u>\$ 62,384</u>	<u>\$ 2,062</u>	<u>\$ 18,868</u>	<u>\$ 150,827</u>	<u>\$ 263</u>	<u>\$ 240,175</u>

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

Fiduciary Funds

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

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2025

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ASSETS					
Cash and cash equivalents	\$ 50,441	\$ 3,462	\$ 7,536	\$ -	\$ 61,439
Investments, at fair value	149,414	12,994	63,798	28,740	254,946
Due from other governments	-	-	-	873	873
TOTAL ASSETS	<u>\$ 199,855</u>	<u>\$ 16,456</u>	<u>\$ 71,334</u>	<u>\$ 29,613</u>	<u>\$ 317,258</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Restricted - held in trust for special purposes	<u>199,855</u>	<u>16,456</u>	<u>71,334</u>	<u>29,613</u>	<u>317,258</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 199,855</u>	<u>\$ 16,456</u>	<u>\$ 71,334</u>	<u>\$ 29,613</u>	<u>\$ 317,258</u>

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

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ADDITIONS					
Net increase (decrease) in the fair value of investments	\$ 17,149	\$ 1,947	\$ 7,332	\$ 1,150	\$ 27,578
Total additions	<u>17,149</u>	<u>1,947</u>	<u>7,332</u>	<u>1,150</u>	<u>27,578</u>
DEDUCTIONS					
Withdrawals	640	-	-	-	640
Total deductions	<u>640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640</u>
Change in net position	16,509	1,947	7,332	1,150	26,938
NET POSITION - JULY 1	<u>183,346</u>	<u>14,509</u>	<u>64,002</u>	<u>28,463</u>	<u>290,320</u>
NET POSITION - JUNE 30	<u>\$ 199,855</u>	<u>\$ 16,456</u>	<u>\$ 71,334</u>	<u>\$ 29,613</u>	<u>\$ 317,258</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 VERNON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2025

	Land and Non-depreciable Assets	Buildings and Improvements	Furniture, Equipment and Vehicles	Infrastructure	Total
Town clerk	\$ -	\$ 72,454	\$ 22,088	\$ -	\$ 94,542
Town treasurer	-	-	19,465	-	19,465
Police department	-	-	10,105	-	10,105
Fire department	251	154,822	1,219,178	-	1,374,251
Highway	1	366,136	1,292,221	3,089,761	4,748,119
Recreation	1	632,115	95,981	57,220	785,317
Cemeteries	-	71,141	-	-	71,141
Historians	1	47,295	15,877	-	63,173
Town wide	252,974	799,527	225,772	16,900	1,295,173
Total General Capital Assets	253,228	2,143,490	2,900,687	3,163,881	8,461,286
Less: Accumulated Depreciation	-	(1,448,975)	(1,742,944)	(1,788,759)	(4,980,678)
Net General Capital Assets	\$ 253,228	\$ 694,515	\$ 1,157,743	\$ 1,375,122	\$ 3,480,608

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

TOWN OF VERNON, 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
Town clerk	\$ 94,542	\$ -	\$ -	\$ 94,542
Town treasurer	19,465	-	-	19,465
Police department	10,105	-	-	10,105
Fire department	1,443,754	8,456	(77,959)	1,374,251
Highway	4,621,678	180,748	(54,307)	4,748,119
Recreation	769,137	16,180	-	785,317
Cemeteries	35,571	35,570	-	71,141
Historians	41,328	21,845	-	63,173
Town wide	<u>1,188,093</u>	<u>107,080</u>	<u>-</u>	<u>1,295,173</u>
 Total General Capital Assets	 8,223,673	 369,879	 (132,266)	 8,461,286
 Less: Accumulated Depreciation	 <u>(4,811,225)</u>	 <u>(240,300)</u>	 <u>70,847</u>	 <u>(4,980,678)</u>
 Net General Capital Assets	 <u>\$ 3,412,448</u>	 <u>\$ 129,579</u>	 <u>\$ (61,419)</u>	 <u>\$ 3,480,608</u>

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



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 Vernon
Vernon, 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 Vernon, 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 Vernon, Vermont's basic financial statements and have issued our report thereon dated June 4, 2026.

Report on Internal Control Over Financial Reporting

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

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 Vernon, 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.

Additionally, as part of obtaining reasonable assurance about whether the Town of Vernon, Vermont's financial statements are free of material misstatement, we considered the Town of Vernon, 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 Vernon, 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 Vernon, Vermont dated June 4, 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
June 4, 2026