

Town of Montgomery, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2025

Town of Montgomery, Vermont
TABLE OF CONTENTS
June 30, 2025

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Statement of Net Position – Proprietary Fund	7
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Fund	8
Statement of Cash Flows – Proprietary Fund	9
Notes to Basic Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	33
Schedule of the Proportionate Share of the Net Pension Liability	38
Schedule of Contributions	39

Town of Montgomery, Vermont
TABLE OF CONTENTS
June 30, 2025

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Non-Major Special Revenue Funds	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Special Revenue Funds	42
	<u>Report</u>
SINGLE AUDIT ACT – REPORTS AND SCHEDULES	
Schedule of Expenditures of Federal Awards	1
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	3
Schedule of Findings and Questioned Costs	4
Corrective Action Plan	5
Summary Schedule of Prior Audit Findings	6



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Montgomery, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montgomery, 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 Montgomery, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montgomery, 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 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 Montgomery, 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.

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 Montgomery, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Montgomery, 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 substantial doubt about the Town of Montgomery, Vermont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 33 – 37, the schedule of the proportionate share of the net pension liability on page 38 and the schedule of contributions on page 39, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Montgomery, Vermont's basic financial statements. The combining fund financial statements and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2026 on our consideration of the Town of Montgomery, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Montgomery, Vermont's, Inc.'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 Town of Montgomery, Vermont's internal control over financial reporting and compliance.

Kettell, Branagan & Sargent

St. Albans, Vermont
January 20, 2026

Town of Montgomery, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

As management of the Town of Montgomery, Vermont, we offer readers this narrative overview and analysis of the financial activities of the Town of Montgomery, Vermont for the eighteen months ended June 30, 2025

Financial Highlights

The assets of the Town of Montgomery, Vermont exceeded its liabilities at the close of the most recent fiscal year by \$9,401,445 (net position). Of this amount, \$751,429 is unrestricted and may be used the various funds of the Town to meet ongoing obligations.

The Town's total net position increased by \$1,431,717 this fiscal year. Of this amount, net positions attributable to government activities increased by \$269,368 and net positions attributable to business-type activities increased by \$1,162,349.

As of June 30, 2025, the Town's governmental funds reported an ending fund balance of \$1,077,908 as measured on the accrual basis as described in Note 1, a decrease of \$135,026 compared to the prior fiscal year. Of this amount, \$202,633 is unassigned and available for spending at the Town's discretion.

We are not anticipating any significant changes in revenues, which will remain relatively flat, with the only noticeable bump up being in anticipated State Aid for roads (increasing by \$5-7,000). While we continue to receive grant support on multiple fronts, these funds are allocated to various reserve accounts earmarked for specific projects, such as Infrastructure or Building Capital Improvement, as well as the Wastewater project.

On the expense side of the ledger, we will note a few changes, as well as some challenges. Perhaps the most significant challenge we are facing coming into FY26 is the amount of Delinquent Property Taxes the Town is carrying forward. The Town is currently carrying a deficit of over \$200,000 dollars in uncollected property tax revenue, which is the largest hole we have seen since 2020 and the depth of the pandemic. While we anticipate collecting a significant portion of this outstanding revenue during the remainder of FY26 (ending June 30, 2026), the FY26 budget still accounts for over \$200,000 needing to be raised, putting significant upward pressure on the tax rate.

General Government Expenses have seen fluctuations in both directions. We continue to see increases in service costs associated with NEMERC, the vender used to manage various municipal systems such as accounting and the municipal Grand List. We are also seeing increasing in server and tech support as vendors increase their fee structures. The Town is also seeing an increase in General Liability and Property Insurance as rates rise. On the positive side, we continue to see a decrease in costs associated with the municipal website, with management now covered in-house by the Town Clerk.

No significant changes regarding Buildings and Grounds. As noted in the FY25 budget, all expenditures related to the Town Hall/Grange are earmarked to a newly created reserve account following the formation of the Town Hall Committee, charged with management of the building and fundraising activities associated with capital improvements. Big thanks to the Committee for all their work fundraising this last year to facilitate significant upgrades to the Hall's basement, which is now home to Heart Full Kitchen, the non-profit run local food shelf.

Looking at Public Works, it's a bit of an up/down story. Coming into FY26 we're anticipating a reduction in the annual cost of equipment repairs (as many big ticket repairs, such as those to the grader, were made in FY25, and we cycled in newer equipment covered under warranty), but we are anticipating a slight increase in road maintenance budget due to increased materials costs. In FY26 the Town is looking at a new contract agreement for bringing in sand (which includes delivery) which will lead to reductions in fuel costs, as well as vehicle wear, while also freeing up the Road Crew to tackle other projects in the time that would otherwise be spent hauling material (note that the crew annually trucks in about 200 loads of sand, the equivalent time for which accounts for about 20 work days). In FY26 we are budgeting to replace six more culverts, as well as for the required match for grant funds supporting the re-paving of Fuller Bridge Road.

Town of Montgomery, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Town of Montgomery, Vermont. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements:

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus revenues and expenses are reported in this statement for some items that will result in cash flow changes in future fiscal periods, (i.e., uncollected receivables and accrued liabilities).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes (*governmental activities*) from other functions that are intended to recover costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Montgomery, Vermont include public health and safety services, highways and streets maintenance, culture-recreation programs, public improvement projects and general administrative services. The business-type activities of the Town of Montgomery, Vermont include the services of the water department.

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 Montgomery, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Montgomery, Vermont can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal period. Such information may be useful in evaluating the Town's near-term financing requirements.

The focus of the governmental funds is narrower than that of the government-wide financial statements. Therefore, 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 this, readers may better understand the long-term impact of the Town's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provides a reconciliation between the *governmental funds* and *governmental activities*.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Water Fund.

Town of Montgomery, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Notes to the basic financial statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

Long-Term Debt

FY25 saw the payoff of the 2020 Fire Tanker/Pumper Truck.

As of June 30, 2025, the Town had four outstanding bonds. Three of these bonds are from the USDA for construction and upgrade of the municipal water system. The total outstanding principal balance on these three bonds is \$594,786. The fourth bond is from Vermont Municipal Bond Bank and was used to help finance the construction of the Public Works Building. The remaining principal balance of this obligation is \$125,000.

In addition, the Town has two loans through Community Bank, NA. The first is for the purchase of a 2022 CV International Truck for the Highway Department purchased in 2022, of which \$100,000 was financed and \$33,334 remains as a balance. The second is for a 2022 International Truck purchased in February of 2025, of which \$165,047 was financed and the first payment will be made in February of 2026.

Economic Factors, Budgets and Rate

The proposed FY26 Municipal Budget is \$1,441,378 (up about 8% from FY25). Approximately \$1,008,736 will need to be raised by taxes, a decrease from FY25 of about \$11,000. This will bring the projected municipal tax rate to an estimated \$0.5947, a decrease from FY25 of about 1%. While we continue to see cost increases attributed to inflationary pressure around goods and services procured by the town other cost centers have dropped or remained stable. A small increase in the municipal Grand List from FY25 has also helped to limit any increase in the tax rate headed into this next fiscal year.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances to reflect the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact that Town Clerk and Treasurer's Office at 86 Mountain Road, PO Box 356, Montgomery Center VT 05471 or call (802) 326-4719.

Town of Montgomery, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CURRENT ASSETS			
Cash	\$ 1,124,390	\$ 209,300	\$ 1,333,690
Receivables	102,445	46,415	148,860
Due from Other Funds	1,067,231	-	1,067,231
Other Receivables	<u>282,677</u>	<u>1,189,144</u>	<u>1,471,821</u>
TOTAL CURRENT ASSETS	<u>2,576,743</u>	<u>1,444,859</u>	<u>4,021,602</u>
CAPITAL ASSETS, net	<u>2,577,546</u>	<u>6,724,195</u>	<u>9,301,741</u>
DEFERRED OUTFLOWS OF RESOURCES- Pension	<u>65,502</u>	<u>-</u>	<u>65,502</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,219,791</u>	<u>\$ 8,169,054</u>	<u>\$ 13,388,845</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Accrued Payroll and Benefits Payable	\$ 24,634	\$ -	\$ 24,634
Accounts Payable	395,240	-	395,240
Accrued Expense	-	1,277	1,277
Due to Other Funds	-	1,067,230	1,067,230
Line of Credit	998,976	-	998,976
Current Portion Notes and Bonds Payable	<u>110,488</u>	<u>21,550</u>	<u>132,038</u>
TOTAL CURRENT LIABILITIES	<u>1,529,338</u>	<u>1,090,057</u>	<u>2,619,395</u>
LONG-TERM LIABILITIES			
Pension Liability	193,599	-	193,599
Notes and Bonds Payable	<u>212,893</u>	<u>959,077</u>	<u>1,171,970</u>
TOTAL LONG-TERM LIABILITIES	<u>406,492</u>	<u>959,077</u>	<u>1,365,569</u>
TOTAL LIABILITIES	<u>1,935,830</u>	<u>2,049,134</u>	<u>3,984,964</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	500	-	500
Deferred Inflows- Pension	<u>1,936</u>	<u>-</u>	<u>1,936</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,436</u>	<u>-</u>	<u>2,436</u>
NET POSITION			
Net Investment in Capital Assets	2,254,165	5,876,896	8,131,061
Restricted	518,955	-	518,955
Unrestricted	<u>508,405</u>	<u>243,024</u>	<u>751,429</u>
NET POSITION	<u>3,281,525</u>	<u>6,119,920</u>	<u>9,401,445</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 5,219,791</u>	<u>\$ 8,169,054</u>	<u>\$ 13,388,845</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
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 Revenues	Capital Grants and Revenues	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 582,032	\$ 63,424	\$ 17,366	\$ -	\$ (501,242)	\$ -	\$ (501,242)
Public Safety	109,021	-	-	-	(109,021)	-	(109,021)
Highways and Public Works	719,298	14,000	91,425	341,079	(272,794)	-	(272,794)
Recreation	57,039	32,587	35,922	-	11,470	-	11,470
Other Services	5,009	500	-	-	(4,509)	-	(4,509)
Voter Appropriations	30,424	-	-	-	(30,424)	-	(30,424)
Total Governmental Activities	<u>1,502,823</u>	<u>110,511</u>	<u>144,713</u>	<u>341,079</u>	<u>(906,520)</u>	<u>-</u>	<u>(906,520)</u>
Business-type Activities:							
Wastewater	-	-	-	1,146,032	-	\$ 1,146,032	1,146,032
Water	194,839	105,189	-	-	-	(89,650)	(89,650)
Total Business-Type Activities	<u>\$ 194,839</u>	<u>\$ 105,189</u>	<u>\$ -</u>	<u>\$ 1,146,032</u>	<u>-</u>	<u>1,056,382</u>	<u>1,056,382</u>
General Revenues:							
Property Taxes					1,185,545	-	1,185,545
Local Option Tax					-	91,318	91,318
Permits and Licenses					7,540	-	7,540
Fines and Charges					411	-	411
Investment Earnings					14,855	-	14,855
Rentals					1,520	-	1,520
Miscellaneous					(20,246)	912	(19,334)
Transfers					(13,737)	13,737	-
Total General Revenues					<u>1,175,888</u>	<u>105,967</u>	<u>1,281,855</u>
Change in Net Position					269,368	1,162,349	1,431,717
Net position, Beginning of Year					<u>3,012,157</u>	<u>4,957,571</u>	<u>7,969,728</u>
Net position, End of Year					\$ 3,281,525	\$ 6,119,920	\$ 9,401,445

Interest expense of \$8,580 has been included in the governmental activities.

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 941,637	\$ 182,753	\$ 1,124,390
Due from Other Funds	388,912	678,338	1,067,250
Delinquent Tax Receivable	22,465	-	22,465
Prepaid Expenses	4,296	-	4,296
Other Receivable	<u>282,677</u>	<u>-</u>	<u>282,677</u>
 TOTAL ASSETS	 <u>\$ 1,639,987</u>	 <u>\$ 861,091</u>	 <u>\$ 2,501,078</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>			
LIABILITIES			
Accrued Payroll and Benefits Payable	\$ 28,930	\$ -	\$ 28,930
Accounts Payable	395,244	-	395,244
Line of Credit	998,976	-	998,976
Due to Other Funds	<u>-</u>	<u>20</u>	<u>20</u>
 TOTAL LIABILITIES	 <u>1,423,150</u>	 <u>20</u>	 <u>1,423,170</u>
 FUND BALANCE			
Restricted	8,204	518,955	527,159
Committed	-	342,116	342,116
Unassigned	<u>208,633</u>	<u>-</u>	<u>208,633</u>
 TOTAL FUND BALANCE	 <u>216,837</u>	 <u>861,071</u>	 <u>1,077,908</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ 1,639,987</u>	 <u>\$ 861,091</u>	 <u>\$ 2,501,078</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2025

Total fund balances - governmental funds	\$ 1,077,908
---	---------------------

Amounts reported for governmental activities in the statement of net position
are different because:

Capital Assets- governmental fund expenditures	2,577,546
--	-----------

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds.

Reserve for non-current tax	79,980
-----------------------------	--------

Long-term and accrued liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported as liabilities in the funds.

Notes payable	(323,381)
---------------	-----------

Pension Liability	(193,599)
-------------------	-----------

Deferred outflows of resources represent the consumption of net assets that
is applicable to a future reporting period and therefore not reported as
assets in the funds.

	65,502
--	--------

Deferred inflows of resources represent the acquisition of net assets applicable
to a future reporting period and therefore are not reported as liabilities in the funds.

	<u>(2,431)</u>
--	----------------

Total net position - governmental activities	<u><u>\$ 3,281,525</u></u>
---	-----------------------------------

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,141,797	\$ -	\$ 1,141,797
Permits and Licenses	7,540	-	7,540
Clerk Fees	13,322	-	13,322
Fees	-	43,046	43,046
Sales	-	12,781	12,781
Rental	22,533	-	22,533
Donations	-	23,979	23,979
Miscellaneous	22,651	10,777	33,428
Highway Revenue	97,932	-	97,932
Grant	341,079	30,004	371,083
	<u>1,646,854</u>	<u>120,587</u>	<u>1,767,441</u>
TOTAL REVENUES			
EXPENDITURES			
General Government	327,693	40,304	367,997
Emergency Services	42,764	-	42,764
Highway	1,154,757	-	1,154,757
Public Works	115,080	79,108	194,188
Public Safety	31,734	40,381	72,115
Voter Appropriations	30,424	-	30,424
Debt Service	117,017	-	117,017
Recreation	-	68,242	68,242
Other Services	-	20,009	20,009
	<u>1,819,469</u>	<u>248,044</u>	<u>2,067,513</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	<u>(172,615)</u>	<u>(127,457)</u>	<u>(300,072)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of Long-Term Debt	165,047	-	165,047
Transfers In (Out)	(41,088)	41,088	-
	<u>123,959</u>	<u>41,088</u>	<u>165,047</u>
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS OF REVENUES AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(48,656)	(86,369)	(135,025)
FUND BALANCE, Beginning of Year	<u>265,493</u>	<u>947,440</u>	<u>1,212,933</u>
FUND BALANCE, End of Year	<u>\$ 216,837</u>	<u>\$ 861,071</u>	<u>\$ 1,077,908</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, 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 - governmental funds	\$ (135,025)
---	---------------------

Amounts reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures. However,
 in the statement of activities, the cost of those assets is allocated
 over their estimated useful lives and reported as depreciation expense.

Depreciation Expense	(154,724)
Capital Outlay	617,242

Revenues in the statement of activities that do not provide current financial
 resources are not reported as revenues in the funds.

Increase in the reserve for non-current taxes	35,244
Unearned grant revenue	

Issuance and repayment of long-term debt are revenue and expenditures in the
 governmental funds, but the issuance and repayment increase and decrease
 long-term liabilities in the statement of net assets.

Proceeds from issuance of long-term debt	(165,047)
Repayment of long-term debt	95,508

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.

Pension Expense	<u>(23,830)</u>
-----------------	-----------------

Change in net position of governmental activities	<u><u>\$ 269,368</u></u>
--	---------------------------------

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2025

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total Proprietary Fund</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 209,300	\$ -	\$ 209,300
Accounts Receivable, net of allowance for doubtful accounts	46,415	-	46,415
Grant Receivables	<u>-</u>	<u>1,189,144</u>	<u>1,189,144</u>
 TOTAL CURRENT ASSETS	 <u>255,715</u>	 <u>1,189,144</u>	 <u>1,444,859</u>
 CAPITAL ASSETS, net	 <u>3,474,072</u>	 <u>3,250,123</u>	 <u>6,724,195</u>
 TOTAL ASSETS	 <u>\$ 3,729,787</u>	 <u>\$ 4,439,267</u>	 <u>\$ 8,169,054</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Current portion of long term debt	\$ 21,550	\$ -	\$ 21,550
Accrued expenses	1,277	-	1,277
Due to other funds	<u>11,414</u>	<u>1,055,816</u>	<u>1,067,230</u>
 TOTAL CURRENT LIABILITIES	 <u>34,241</u>	 <u>1,055,816</u>	 <u>1,090,057</u>
 LONG-TERM LIABILITIES			
Notes Payable, net of current portion	<u>573,236</u>	<u>385,841</u>	<u>959,077</u>
 TOTAL LIABILITIES	 <u>607,477</u>	 <u>1,441,657</u>	 <u>2,049,134</u>
 NET POSITION			
Net Investment in capital assets	2,879,286	2,997,610	5,876,896
Unrestricted	<u>243,024</u>	<u>-</u>	<u>243,024</u>
 TOTAL NET POSITION	 <u>3,122,310</u>	 <u>2,997,610</u>	 <u>6,119,920</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 3,729,787</u>	 <u>\$ 4,439,267</u>	 <u>\$ 8,169,054</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2025

	Water Fund	WasteWater Fund	Total Proprietary Fund
OPERATING REVENUES			
User Fees	\$ 71,076	\$ -	\$ 71,076
Bond Fees	34,087	-	34,087
Service Fees	<u>26</u>	<u>-</u>	<u>26</u>
TOTAL OPERATING REVENUES	<u>105,189</u>	<u>-</u>	<u>105,189</u>
OPERATING EXPENDITURES			
Salaries	7,873	-	7,873
Social Security	515	-	515
Office Supplies	606	-	606
Telephone	1,648	-	1,648
Electricity	8,905	-	8,905
Propane	1,889	-	1,889
Contracted Services	18,416	-	18,416
Dues	1,256	-	1,256
Testing	1,005	-	1,005
Equipment	5,843	-	5,843
Building Maintenance	1,778	-	1,778
Treatment Supplies	507	-	507
Fees	393	-	393
Miscellaneous	293	-	293
Depreciation and Amortization	<u>118,363</u>	<u>-</u>	<u>118,363</u>
TOTAL OPERATING EXPENDITURES	<u>169,326</u>	<u>-</u>	<u>169,326</u>
(LOSS) FROM OPERATIONS	<u>(64,137)</u>	<u>-</u>	<u>(64,137)</u>
NON-OPERATING REVENUE (EXPENSE)			
Interest Income	912	-	912
Grant Revenue	-	1,146,032	1,146,032
Local Option Tax	-	91,318	91,318
Interest Expense	(25,513)	-	(25,513)
Transfers	<u>13,737</u>	<u>-</u>	<u>13,737</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(10,864)</u>	<u>1,237,350</u>	<u>1,226,486</u>
INCREASE (DECREASE) IN NET POSITION	(75,001)	1,237,350	1,162,349
NET POSITION, Beginning of Year	<u>3,197,311</u>	<u>1,760,260</u>	<u>4,957,571</u>
NET POSITION, End of Year	<u>\$ 3,122,310</u>	<u>\$ 2,997,610</u>	<u>\$ 6,119,920</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2025

	Water Fund	WasteWater Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customer and Users	\$ 98,350	\$ -	\$ 98,350
Payments to Employees	(8,388)		
Payments to Suppliers	(46,080)	-	(46,080)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>43,882</u>	<u>-</u>	<u>43,882</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grants Received	-	688,480	688,480
Acquisition and Construction of Capital Assets	-	(1,347,986)	(1,347,986)
Loan From General Fund	-	568,188	
Principal Paid on Capital Debt	(20,687)	-	(20,687)
Interest Paid on Capital Debt	(25,513)		
Local Option Tax Collections	-	91,318	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(46,200)</u>	<u>-</u>	<u>(46,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of Interest and Dividends	912	-	912
Transfers	13,737	-	13,737
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>14,649</u>	<u>-</u>	<u>14,649</u>
NET INCREASE IN CASH	12,331	-	12,331
CASH - BEGINNING OF YEAR	<u>196,969</u>	<u>-</u>	<u>196,969</u>
CASH - END OF YEAR	<u>\$ 209,300</u>	<u>\$ -</u>	<u>\$ 209,300</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating (loss)	\$ (64,137)	\$ -	\$ (64,137)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and Amortization	118,363	-	118,363
Change in net assets and liabilities:			
Receivables, net	(6,839)	-	(6,839)
Due to other funds	(4,240)	-	(4,240)
Net cash provided by operating activities	<u>\$ 43,882</u>	<u>\$ -</u>	<u>\$ 43,882</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Town of Montgomery, Vermont's ("Town") is organized as a Town under the applicable laws and regulations of the State of Vermont. It is governed by a Select Board elected by registered voters of the Town to provide public health and safety, highways and streets, public improvements, water, planning and zoning, recreation, and general administration. Except where noted, the accounting policies conform to generally accepted accounting principles, as applicable to governmental units.

The Town financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity: The reporting entity for the Town is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. The financial reporting entity consists of (1) organizations for which the standalone government is financially accountable and (2) the standalone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All the accounts of the Town comprise the standalone government.

The Select Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, Town is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within these financial statements. A component unit is another operation in the Town that has a separately elected Board such as the Town School District.

Basic Financial Statements – Government-wide: The Town's basic financial statements include both Government-wide (reporting Town as a whole) and fund financial statements (reporting Town's major funds). Both the Government-wide and fund financial statements categorized primary activities as either governmental or business type.

The Government-wide Statement of Net Position reports all the non-fiduciary activities of Town. Both the governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Government-wide Statement of Activity demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include fees paid by recipients or goods or services provided by a function, and grants that are restricted to a particular function. General State Support and other revenues not identified with a function are presented as general revenues.

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

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Fund Financial Statements: The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Town reports major governmental funds as follows:

Governmental Fund Types:

- General Fund – The general fund is the Town's primary operating fund and is always classified as a major fund which accounts for typical general government revenues and a wide variety of activities that benefit the Town's as a whole. It accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – The special revenue fund focus is on revenues that are restricted or committed to expenditures for specific purposes (other than major capital projects or expendable trusts). The Town accounts for resources restricted to, or committed for, specific purposes by the Town or a grantor in the special revenue fund. Most federal, some State financial assistance and voter committed funds are accounted for in the Special Revenue Fund and sometimes unused balances must be returned to the grantor or the voters at the close of specified project periods.

Proprietary Fund Types:

Proprietary Fund –The Proprietary Funds consist of Enterprise Funds. Revenues generally come from fees for services. They use the economic resources measurement focus and full accrual basis of accounting.

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

Both Government-wide and business-type activity statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when liabilities are incurred regardless of when related cash flows take place. Grant revenues are recognized when eligibility requirements are satisfied. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recorded when a liability is incurred except for early retirement, and compensated absences, which are recognized to the extent they have matured. When both restricted and unrestricted resources are available for use, restricted resources are used first.

Other Accounting Policies:

Cash and Cash Equivalents:

For the purposes of the statement of cash flows for proprietary and similar fund-types, the Town considers highly liquid investments to be cash equivalents if they have a maturity of twelve months or less when purchased.

Inter-fund Receivables and Payables:

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". All other outstanding balances between funds are also reported as "due to/from other funds". As a general rule, the effect of inter-fund activity has been eliminated from the government wide financial statements.

Transfers:

Advances between funds that are not expected to be repaid are accounted for as transfers.

Deposits and Investments:

Resources from each fund are pooled for deposit and investment purposes. A separate accounting is maintained for each fund. Deposits and Investments are stated at fair value and are managed in accordance with any legal constraints.

Accounts Receivable:

All receivables are reported net of estimated uncollectible amounts. The accounts receivable balances at year end are from governmental entities, except in the proprietary funds which may have some receivables from individuals, and no allowance for doubtful accounts is considered necessary.

Deferred Inflows of Resources:

The Town recognizes differences between the receipt of funds and the recognition of revenues through the use of unearned revenue accounts. These unearned revenue accounts represent funds that will be recognized as revenues in some future period when the conditions have been met.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets:

Capital assets, which include land, construction in progress, buildings, improvements, furniture, equipment, infrastructure, and vehicles are reported in the applicable governmental activities column in the governmental wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year (categories of assets are depreciated over the following lives; land improvements 10-40 years, buildings 25-50 years, building improvements 10-50 years, infrastructure 10-50 years, furniture & equipment 3-20 years, and vehicles 3-15 years). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets, except for land and construction in progress are depreciated using the straight-line method over the estimated useful lives with a full year of depreciation taken in the year acquired and none taken in the year of disposal. Land and construction in progress are not depreciated.

Long-term Obligations:

In the Government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. The face amount of obligations issued is reported as other financing sources.

Pensions:

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

Budgetary Data:

The Town is required by state law to adopt a budget for the General Fund and Highway Fund. The budget is prepared on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). Annual appropriations lapse at the end of each fiscal year with the exception of restricted programs indicated as a fund balance restricted or committed. The following procedures are used to establish a budget:

The Select Board, with assistance from the Town department heads drafts a budget. The operating budget includes proposed expenditures by line item and the means of financing them.

The budget is adopted by the Select Board for presentation to the voters as a warning or article in the annual report.

The voters vote on some individual expense lines and the total expense balances as a whole at the Town's annual meeting or subsequent special meetings.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the General Fund, Special Revenue Funds, and Capital Projects Fund. Encumbrances are not liabilities and should be recorded as a reservation of fund balance at year end. For budgetary purposes, appropriations lapse at fiscal year-end. The Town has elected to treat its encumbrances as liabilities for budgetary control purposes.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Net Position and Fund Balance:

Government-wide Financial Statements:

When the Town incurs an expense for which it may use either restricted or unrestricted net assets, it generally uses restricted net assets first. Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets, net of Related Debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted for Other Purposes – It consists of assets that are restricted by the Town's creditors, by the state enabling legislation, by grantors and by other contributors.

Restricted for Capital Projects – The component of net position that reports the amount of revenue from bond proceeds, grants, and special assessments in excess of expenditures. These funds are restricted for the construction or acquisition of capital assets.

Unrestricted – All other net position that do not meet the definition of "Restricted for Other Purposes" or "Net Investment in Capital Assets, net of Related Debt".

Fund Based Financial Statements:

In the fund financial statements, governmental funds report fund balances as unassigned, assigned, restricted, committed, spendable, or non-spendable fund balance.

Unassigned Fund Balance – That portion of the general fund, fund balance that contains all spendable amounts not contained in the other classifications. It is used in other funds only to report a deficit.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned Fund Balance – Includes amounts intended to be used by the government for specific purposes, as determined by the Board, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Restricted Fund Balance – Includes amounts constrained to specific purposes stipulated by constitution, external resource providers (grantors and contributors), or through enabling legislation.

Committed Fund Balance – Includes amounts constrained for the specific purposes determined by a formal action of the government's highest level of decision-making authority, generally the voters.

Spendable Fund Balance – The portion of the permanent fund balance that is available to be spent on the designated purpose of the fund.

Non-spendable Fund Balance – The portion of the permanent fund balance that has to be maintained, and cannot be spent, or an asset such as inventory or prepaid that are not expected to be converted to cash.

NOTE 2 CASH, CASH EQUIVALENTS AND REPURCHASE AGREEMENTS

At June 30, 2025, the carrying amount of the Town's cash deposits was \$1,333,690 and the bank balance was \$1,434,09. Of the bank balance, \$300,071 was covered by federal depository insurance, \$103,842 was covered by the right to offset, \$685,334 was collateralized and \$37,111 was uncollateralized.

NOTE 3 INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

In compliance with GASB the Town does not maintain separate bank accounts for each fund, unless it is required by law or grant agreement. The composition of amounts due to and from other funds as of June 30, 2025 is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
General Fund	\$ 388,912	\$ -
Water Fund	-	(11,414)
Wastewater Fund	-	(1,055,816)
Fire Department Fund	47,089	-
Recreation Fund	63,501	-
Library Fund	55,123	-
Cemetery Fund	5,424	-
Restoration Fund	70,273	-
Reappraisal Fund	147,686	-

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES (continued)

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
Infrastructure Replacement Reserve Fund	17,910	-
Capital Improvement Reserve Fund	183,336	-
Machinery Replacement Fund	15,373	-
Police Assistance Grant Fund		(20)
Conservation Commission Fund	11,909	-
Community Garden Fund	1,569	-
Flood Emergency Management Fund	20,000	-
Conservation Reserve Fund	34,657	-
Emergency Management Fund	<u>4,488</u>	<u>-</u>
Total	<u>\$ 1,067,250</u>	<u>\$ (1,067,250)</u>

NOTE 4 CAPITAL ASSETS

Capital activity for the Town for the year ended June 30, 2025 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in Progress	<u>\$ 545,682</u>	<u>\$ 439,336</u>	<u>\$ (427,722)</u>	<u>\$ 557,296</u>
Capital Assets, being depreciation:				
Buildings	591,840	-	-	591,840
Building Improvements	86,967	-	-	86,967
Infrastructure	1,088,558	427,723	-	1,516,281
Furniture and Equipment	327,262	12,858	-	340,120
Vehicles	<u>1,008,685</u>	<u>165,047</u>	<u>-</u>	<u>1,173,732</u>
Totals	<u>3,103,312</u>	<u>605,628</u>	<u>-</u>	<u>3,708,940</u>
Less accumulated depreciation for:				
Buildings	(214,542)	(14,796)	-	(229,338)
Building Improvements	(23,539)	(5,396)	-	(28,935)
Infrastructure	(689,973)	(47,487)	-	(737,460)
Furniture and Equipment	(214,917)	(19,255)	-	(234,172)
Vehicles	<u>(390,995)</u>	<u>(67,790)</u>	<u>-</u>	<u>(458,785)</u>
Totals	<u>(1,533,966)</u>	<u>(154,724)</u>	<u>-</u>	<u>(1,688,690)</u>
Total capital assets, being depreciated, net	<u>1,569,346</u>	<u>450,904</u>	<u>-</u>	<u>2,020,250</u>
Governmental activities - Capital Assets, net	<u>\$ 2,115,028</u>	<u>\$ 890,240</u>	<u>\$ (427,722)</u>	<u>\$ 2,577,546</u>

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 CAPITAL ASSETS (continued)

Business- type Activities	Beginning Balance	Increase	Decrease	Ending Balance
<u>Water utility:</u>				
Capital assets, being depreciation:				
Buildings	\$ 3,851,399	\$ -	\$ -	\$ 3,851,399
Infrastructure	1,984,618	-	-	1,984,618
Totals	<u>5,836,017</u>	<u>-</u>	<u>-</u>	<u>5,836,017</u>
Less accumulated depreciation:				
Buildings	(1,336,424)	(77,677)	-	(1,414,101)
Infrastructure	(907,158)	(40,686)	-	(947,844)
Totals	<u>(2,243,581)</u>	<u>(118,363)</u>	<u>-</u>	<u>(2,361,945)</u>
Water utility, capital assets, net	<u>3,592,436</u>	<u>(118,363)</u>	<u>-</u>	<u>3,474,072</u>
<u>Wastewater utility:</u>				
Capital assets, not being depreciated				
Construction in Progress	<u>1,902,137</u>	<u>1,347,986</u>	<u>-</u>	<u>3,250,123</u>
Wastewater utility, capital assets, net	<u>1,902,137</u>	<u>1,347,986</u>	<u>-</u>	<u>3,250,123</u>
Business-type activities, capital assets, net	<u>\$ 5,494,573</u>	<u>\$ 1,229,623</u>	<u>\$ -</u>	<u>\$ 6,724,195</u>

NOTE 5 ACCOUNTS RECEIVABLE

The account receivable at June 30, 2025 consist of:

	Governmental Activities	Business-Type Activities	Total
Delinquent Taxes Receivable	\$ 88,139	\$ -	\$ 88,139
Penalties and Interest Receivable	14,306	-	14,306
Billed Services	-	21,458	21,458
Unbilled Services	<u>-</u>	<u>24,957</u>	<u>24,957</u>
	<u>\$ 102,445</u>	<u>\$ 46,415</u>	<u>\$ 148,860</u>

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 LONG-TERM OBLIGATIONS

The Town issues general obligation bonds and notes to finance the acquisition and construction of major capital facilities, renovations, and equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 5 to 20-year serial bonds with equal amounts of principal maturing each year.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bond Payable, Vermont Municipal Bond Bank; principal payments of \$25,000 through 2025, then \$20,000 until 2030 payable on December 1, annually, interest rate of 2.96% payable on June 1, December 1, due December, 2030.	\$ 150,000	\$ -	\$ 25,000	\$ 125,000	\$ 25,000
Note Payable, Community Bank, N.A., Firetruck, interest at 2.79%, paid annually on March 26, principal of \$37,176 plus interest, due March, 2026	37,175	-	37,175	-	-
Note Payable, Community Bank, N.A., Truck, interest at 2.79%, paid annually on August 22, principal of \$33,333 plus interest, due August, 2025	66,667	-	33,333	33,334	33,334
Note Payable, Community Bank, N.A., Truck, interest at 5.39%, paid annually on February 19, principal of \$55,016 plus interest, due February, 2028	-	165,047	-	165,047	52,154
Total Governmental Funds	<u>\$ 253,842</u>	<u>\$ 165,047</u>	<u>\$ 95,508</u>	<u>\$ 323,381</u>	<u>\$ 110,488</u>

The annual requirement to amortize all governmental activities debts outstanding as of June 30, 2025 is as follows:

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 LONG-TERM OBLIGATIONS (continued)

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 110,488	\$ 13,813	\$ 124,301
2027	74,965	9,168	84,133
2028	77,928	5,520	83,448
2029	20,000	1,713	21,713
2030	20,000	1,028	21,028
2031-2035	20,000	343	20,343
TOTAL	\$ 323,381	\$ 31,585	\$ 354,966

	Beginning Balance	Additions	Principal Reduction	Ending Balance	Current Portion
<u>Business-Type Funds</u>					
<u>Water Fund:</u>					
Bond Payable, USDA - Rural Development Water Improvements, principal and interest payments of \$10,625 payable on May 13th and November 13th semi-annually, interest at 4.5%, due November, 2041.	\$ 255,185	\$ -	\$ 9,874	\$ 245,311	\$ 10,323
Bond Payable, USDA - Rural Development Water Improvements, principal and interest payments of \$3,758 payable on May 13th and November 13th semi-annually, interest at 3.25%, due November, 2041.	99,811	-	4,315	95,496	4,456
Bond Payable, USDA - Rural Development Water Improvements, principal and interest payments of \$8,718 payable on June 10th and December 10th semi-annually, interest at 4.125%, due December, 2047.	260,479	-	6,500	253,979	6,771
Total Water Fund	615,475	-	20,689	594,786	21,550

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 LONG-TERM OBLIGATIONS (continued)

<u>Business-Type Funds</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<u>Wastewater Fund:</u>					
Bond Payable, VMBB - Vermont State Revolving Fund loan for wastewater improvements, 0.0% interest, principal payments of \$84,995 payable annually on December 1st starting in 2028, due December, 2037.	385,841	-	-	385,841	-
Total Wastewater Fund	385,841	-	-	385,841	-
Total Business-Type Funds	<u>\$ 1,001,316</u>	<u>\$ -</u>	<u>\$ 20,689</u>	<u>\$ 980,627</u>	<u>\$ 21,550</u>

The annual requirement to amortize all business-type activities debts outstanding as of June 30, 2025 is as follows:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 21,550	\$ 24,819	\$ 46,369
2027	22,448	23,460	45,908
2028	62,274	22,512	84,786
2029	62,944	21,842	84,786
2030	25,709	20,493	46,202
2031-2035	332,663	89,340	422,003
2036-2040	213,138	64,272	277,410
2041-2045	204,004	20,101	224,105
2046-2050	35,897	4,551	40,448
TOTAL	<u>\$ 980,627</u>	<u>\$ 291,390</u>	<u>\$ 1,272,017</u>

NOTE 7 SHORT-TERM DEBT

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

<u>Governmental Activities</u>	<u>Balance 06/30/2024</u>	<u>Additions</u>	<u>Principal Repayments</u>	<u>Balance 06/30/2025</u>
\$1,000,000 Revenue Anticipation Line of Credit Community Bank N.A., due June 1, 2026 plus interest at 4.99%	\$ -	\$ 998,976	\$ -	\$ 998,976

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 RESTRICTED AND COMMITTED FUND BALANCES (Fund Financial Statements)

Restricted, committed and assigned fund balances represent amounts that must be used for specific purposes within that fund with board approval. A more detailed explanation is provided in Note 1. Reservations at year end are for the following:

GENERAL FUND

Restricted for:	
Town Hall Renovations/Repairs	\$ 8,204

SPECIAL REVENUE FUNDS

Restricted for:	
Recreation Fund	\$ 63,501
Police Assistant Grant	(20)
Library Fund	55,180
Cemetery Fund	109,189
Fire Department Reserve Fund	47,089
Reappraisal Fund	147,686
Restoration of Records Fund	70,273
Community Garden Fund	1,569
Flood Management Support Fund	20,000
Management Support Fund	<u>4,488</u>
 Total Restricted Fund Balance	 \$ 518,955

Committed for:	
Conservation Commission Fund	\$ 90,840
Infrastructure Replacement Reserve Fund	17,910
Capital Improvement Reserve Fund	183,336
Conservation Reserve	34,657
Machinery Replacement Fund	<u>15,373</u>
 Total Committed Fund Balance	 \$ 342,116

NOTE 9 TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS

The Town transfers funds to cover expenditures made in one fund for which the revenues are in another fund, or at the request of the voters, or from a grant to another program as approved by the grantor. The following transfers were made during the year.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 TRANSFERS IN THE FUND BASED FINANCIAL STATEMENTS (continued)

Net funds of \$41,088 were transferred between the General Fund and the following Special Revenue Fund per articles passed by the voters to support the following activities:

	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Net Transfers</u>
Fire Department Reserve	\$ 34,000	\$ -	\$ 34,000
Recreation Fund	22,700	-	22,700
Library	24,630	-	24,630
ARPA Funds	-	(31,689)	(31,689)
Infrastructure Replacement Reserve Fund	10,000	(35,000)	(25,000)
Capital Improvement Fund	10,000	(3,553)	6,447
Machinery Replacement Fund	10,000	-	10,000
Town Hall Reserve Fund	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
	<u>\$ 121,330</u>	<u>\$ (80,242)</u>	<u>\$ 41,088</u>

NOTE 10 PROPERTY TAXES

The Town voters vote an amount to be raised in taxes. In July the Select Board sets the tax rate at an amount based on the April 1st grant list certified by the listed. Taxes are due on the 2nd Friday in October. Unpaid taxes go delinquent on the following Saturday. Delinquent taxes become a lien on the property.

NOTE 11 ACCRUED LEAVE BENEFITS

It is the policy of the Town to permit employees to accumulate earned but unused vacation and sick time. The amount of these leave benefits accumulated as of June 30, 2025 is \$11,576.

	<u>06/30/2024 Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>06/30/2025 Balance</u>	<u>Current Portion</u>
Termination Benefits	<u>\$ -</u>	<u>\$ 11,576</u>	<u>\$ -</u>	<u>\$ 11,576</u>	<u>\$ 11,576</u>

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide Town of Montgomery, Vermont's proportional share of the overall amounts of the VMERS plan. Town of Montgomery, Vermont's portion has been allocated based on Town of Montgomery, Vermont's proportional share of employer contributions to the total contributions to VMERS during the fiscal year.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Town of Montgomery, Vermont's reporting date June 30, 2025 and for the Town of Montgomery, Vermont's reporting period (the year ended June 30, 2025). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2025, the State has chosen to use the end of the prior fiscal year (June 30, 2024) as the measurement date, and the year ended June 30, 2024 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2024, to the measurement date of June 30, 2025.

Schedule A – Employers' Allocation as of June 30, 2023

Fiscal Year Ended June 30, 2023						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Liability 1% Decrease (6.50% Discount Rate)	Liability 1% Increase (8.50% Discount Rate)
\$ 12,539	0.0501%	\$ 152,656	\$ 64,484	\$ 7,594	\$ 227,829	\$ 89,705

Schedule B – Employers' Allocation as of June 30, 2024

Fiscal Year Ended June 30, 2024						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Liability 1% Decrease (6.00% Discount Rate)	Liability 1% Increase (8.00% Discount Rate)
\$ 19,146	0.0581%	\$ 193,599	\$ 46,584	\$ 1,936	\$ 295,154	\$ 109,256

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS (continued)

Schedule C – Employers’ Allocation of Pension Amounts of June 30, 2024

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions	Total Deferred Outflows
0.05812%	\$ 193,599	\$ 20,908	\$ 1,040	\$ -	\$ 4,762	\$ 19,874	\$46,584

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Difference Between Employer Contributions and Proportionate Share of Total Contributions	Total Deferred Inflows
\$ -	\$ -	\$ -	\$ -	\$ 1,936	\$ 1,936

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Change in Proportional Share of Contributions	Total
\$ 38,248	\$ 4,502	\$ 42,750

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2024

Fiscal Year					
2025	2026	2027	2028	2029	Thereafter
\$ 13,123	\$ 27,872	\$ 6,777	\$ (3,124)	\$ -	\$ -

Schedule E – Contribution History for Fiscal Years 2021-2023

FY 2023	FY 2022	FY 2021
\$ 14,072	\$ 12,539	\$ 10,162

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS (continued)

Schedule E – Contribution History for Fiscal Years 2022-2024

FY 2024	FY 2023	FY 2022
\$ 19,146	\$ 14,071	\$ 12,539

The full report containing the schedules of all employers in the VMERS plan is available on the State of Vermont Treasurer's website at:

<http://www.vermonttreasurer.gov/content/retirement/vmers/financial-reports>

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report (ACFR). The ACFR can be viewed on the State's Department of Finance & Management website at:

<http://finance.vermont.gov/reports-and-publications/annual-comprehensive-financial-report>

Plan Description

The Vermont Municipal Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2024, the retirement system consisted of 357 participating employees.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS (continued)

Summary of System Provisions

Membership	Full time employees of participating municipalities. Municipality elect's coverage under Groups A, B, C or D provisions.
Creditable Service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Group A – average annual compensation during the highest 5 consecutive years. Groups B and C – average annual compensation during the highest 3 consecutive years. Group D – average annual compensation during the highest 2 consecutive years.
Service Retirement Allowance Eligibility	Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service. Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service. Groups C and D – Age 55 with 5 years of service.
Benefit Formula	Group A – 1.4% of AFC x service Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC. Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC. Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC. The maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS (continued)

Early Retirement Allowance Eligibility	Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B member, and payable without reduction to Group D members.
Vested Retirement Allowance Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.
Disability Retirement Allowance Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.
Death Benefit	
Eligibility	Death after 5 years of service.
Amount	For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS (continued)

Optional Benefit and Death
after Retirement

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contribution

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

Post-Retirement Adjustments

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.

Retirement Stipend

\$25 per month payable at the option of the Board of retirees.

Member Contributions

<u>Group</u>	<u>For Fiscal year ended 6/30/2023</u>	<u>Effective 7/1/2023</u>
Group A	3.50%	3.75%
Group B	5.875%	6.125%
Group C	11.00%	11.25%
Group D	12.35%	12.60%

Employer Contributions

<u>Group</u>	<u>For Fiscal year ended 6/30/2023</u>	<u>Effective 7/1/2023</u>
Group A	5.00%	5.25%
Group B	6.50%	6.75%
Group C	8.25%	8.50%
Group D	10.85%	11.10%

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS (continued)

Significant Actuarial Assumptions and Methods

Interest Rate: 7.00%, net of pension plan investment expenses, including inflation.

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

Mortality:

Pre-Retirement:

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

Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021.

Group D – PubS-2010 Public Safety Employee Amount-Weighted below-median, with generational projection using scale MP-2021.

Healthy Post-Retirement - Retirees:

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

Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

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

Healthy Post-Retirement – Beneficiaries:

Groups A, B, C, D – Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement:

Groups A, B, C – PubNS-2010 Non-Safety Disable Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

Spouse's Age:

Females three years younger than males

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS (continued)

Cost-of-Living Adjustments:

1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members. The January 1, 2024, COLA is expected to be 1.10% for Group A and 1.10% for Groups B, C and D. The January 1, 2024, COLAs were 2.00% for Group A members and 3.00% for Groups B, C and D members.

Actuarial Cost Method:

Entry Age Actuarial Cost Method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Assets:

The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Inflation: 2.30% per year

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
US Agg fixed Income	19.00%	1.70%
TIPS	2.00%	1.70%
Large/Mid Cap US Equity	4.00%	4.20%
Small Cap US Equity	3.00%	4.70%
Developed Large/Mid Cap International Equity	5.00%	5.95%
Global Equities	32.00%	5.25%
Private Equity	11.00%	7.45%
Private Credit	11.00%	5.70%
Private Core Infrastructure	4.00%	4.95%

The long-term expected rate of return on pension plan assets is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closes date prior to the valuation date of June 30, 2024, is 3.93%, as published by The Bond Buyer.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 PENSIONS (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 295,154	\$ 193,056	\$ 109,256

NOTE 13 CHANGES IN ACCOUNTING PRINCIPLE

On July 1, 2024, Town of Montgomery, Vermont implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB No. 101 will supersede GASB No. 16, which was issued in 1992. This statement requires retrospective application of material accruals. GASB No. 101 will result in a more robust estimate of liabilities for compensated absences and greater consistency in how these liabilities are reported. This change was applied prospectively and had no effect on the financial statements.

NOTE 14 RISK MANAGEMENT

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

In addition, Town of Montgomery, Vermont is a member of Vermont League of Cities and Towns (VLCT) and participates in that entity's public entity risk pools. The VLCT has set up two insurance Trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multiline insurance, the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, 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.

Town of Montgomery, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 14 RISK MANAGEMENT

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 results in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 15 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund's expenditure exceeded budgeted amounts by \$610,796. These expenses were offset by excess revenues of \$334,026, issuance of debt of \$165,047, transfers from reserve funds \$80,242, leaving a net over expenditure of \$31,481.

NOTE 16 SUBSEQUENT EVENTS

In September of 2025 the Town obtained a Highway Equipment Note with Community Bank, N.A in the amount of \$84,773 for a new vehicle at an interest rate of 5.32% due annually.

In accordance with professional accounting standards, the Town has evaluated subsequent events through January 20, 2026, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes:				
Current Taxes	\$ 1,019,446	\$ 1,019,446	\$ 939,085	\$ (80,361)
Delinquent Taxes	40,000	40,000	49,347	9,347
Penalties & Interest	15,000	15,000	40,170	25,170
State Land Tax	16,000	16,000	16,952	952
PILOT	2,500	2,500	2,654	154
Land Use & Current Use	85,000	85,000	93,589	8,589
Total Taxes	<u>1,177,946</u>	<u>1,177,946</u>	<u>1,141,797</u>	<u>(36,149)</u>
Permits and Licenses:				
Zoning Permits	2,500	2,500	2,655	155
Dog Licenses	2,200	2,200	2,705	505
Hunting/Fishing Licenses	500	500	485	(15)
Liquor Licenses	1,000	1,000	715	(285)
Marriage Licenses	500	500	640	140
DMV/Fleet Permit Fees	400	400	340	(60)
Total Permits and Licenses	<u>7,100</u>	<u>7,100</u>	<u>7,540</u>	<u>440</u>
Clerk Fees:				
Recording Fees	10,000	10,000	11,185	1,185
Office Fees	1,600	1,600	1,303	(297)
Copier/Fax	200	200	279	79
Vital Records	500	500	555	55
Total Clerk Fees	<u>12,300</u>	<u>12,300</u>	<u>13,322</u>	<u>1,022</u>
Rental Income:				
Town Hall	500	500	21,013	20,513
ATM	1,491	1,491	1,520	29
Total Rental Income	<u>1,991</u>	<u>1,991</u>	<u>22,533</u>	<u>20,542</u>
Miscellaneous				
Water Department Stipent	8,000	8,000	8,000	-
Grant	-	-	341,079	341,079
Investment Income	6,800	6,800	8,648	1,848
Miscellaneous	-	-	5,039	5,039
Lister/Equalization	970	970	964	(6)
Total Miscellaneous	<u>15,770</u>	<u>15,770</u>	<u>363,730</u>	<u>347,960</u>
Highway Revenue				
State Aid to Highways	88,000	88,000	91,425	3,425
Plowing	2,000	2,000	2,000	-
Miscellaneous	7,721	7,721	4,507	(3,214)
Total Highway Revenue	<u>97,721</u>	<u>97,721</u>	<u>97,932</u>	<u>211</u>
TOTAL REVENUES	<u>1,312,828</u>	<u>1,312,828</u>	<u>1,646,854</u>	<u>334,026</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
EXPENDITURES				
Town Office Payroll:				
Town Clerk	42,003	42,003	42,836	(833)
Town Treasurer	31,748	31,748	32,039	(291)
Assistant Clerks	35,927	35,927	16,173	19,754
Selectman	5,000	5,000	5,000	-
Dog Officers	750	750	225	525
Board of Civil Authority	350	350	-	350
Health Officer	300	300	-	300.00
Delinquent Tax Collector	11,000	11,000	11,190	(190)
Social Security	10,281	10,281	14,002	(3,721)
Retirement	5,455	5,455	3,413	2,042
Health Insurance	25,534	25,534	26,924	(1,390)
Total Town Office Payroll	168,348	168,348	151,802	16,546
Town Office Expenses:				
Office Supplies	2,000	2,000	1,959	41
Land/Vital Supplies	1,000	1,000	-	1,000
Postage	3,200	3,200	1,818	1,382
DRB Expense	800	800	717	83
Office Equipment	2,000	2,000	677	1,323
Telephone	2,500	2,500	2,843	(343)
Contracted Services	7,500	7,500	2,875	4,625
Equipment Rental	2,400	2,400	2,140	260
Education	600	600	-	600
Miscellaneous	3,000	3,000	652	2,348
Total Town Office Expenses	25,000	25,000	13,681	11,319
Lister's:				
Assessor Fees	-	-	5,294	(5,294)
Salaries	20,000	20,000	319	19,681
Social Security	1,200	1,200	24	1,176
Supplies	500	500	-	500
Postage	500	500	52	448
Mileage Reimbursement	100	100	-	100
Dues and Fees	2,000	2,000	1,938	62
Training and Conferences	500	500	-	500
Miscellaneous	2,500	2,500	1,774	726
Total Lister's	27,300	27,300	9,401	17,899
Zoning:				
Administrator	5,000	5,000	10,066	(5,066)
Social Security	383	383	305	78
Supplies	100	100	-	100
Legal Advertisements	500	500	-	500
Training and Conferences	200	200	-	200
Miscellaneous	100	100	(2,532)	2,632
Total Zoning	6,283	6,283	7,839	(1,556)

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
General Government Expenses:				
Planning - Misc	5,080	5,080	20,608	(15,528)
Delinquent Postage and Supplies	450	450	-	450
Delinquent Taxes	50,000	50,000	-	50,000
Town Reports and Postage	977	977	1,214	(237)
Legal Services	3,000	3,000	3,581	(581)
Legal Advertisements	2,000	2,000	1,031	969
Audit Services	28,000	28,000	60,550	(32,550)
Website Costs	2,000	2,000	1,073	927
Server & Tech Support	12,000	12,000	15,510	(3,510)
Insurance and Bonds	25,000	25,000	23,945	1,055
Unemployment Compensation	4,000	4,000	1,856	2,144
Workers Compensation	15,000	15,000	10,223	4,777
Bank Fees	-	-	157	(157)
Miscellaneous	2,000	2,000	1,580	420
Education	-	-	10	(10)
Total General Government Expenses	<u>149,507</u>	<u>149,507</u>	<u>141,338</u>	<u>8,169</u>
Licenses and Vital Records				
VT Fish/Wildlife Fees	600	600	340	260
Dog License Fees	1,400	1,400	2,512	(1,112)
Civil Marriage Fees	800	800	780	20
Total Licenses & Vital Records	<u>2,800</u>	<u>2,800</u>	<u>3,632</u>	<u>(832)</u>
Emergency Services:				
Payroll	1,900	1,900	2,022	(122)
Payroll Taxes	100	100	143	(43)
EMS Contracted Service	40,000	40,000	40,599	(599)
Total Emergency Services	<u>42,000</u>	<u>42,000</u>	<u>42,764</u>	<u>(764)</u>
Debt Services:				
PWB Bond Payment	28,000	28,000	29,805	(1,805)
Village Water Bond	13,737	13,737	13,737	-
2020 Fire Tanker	40,000	40,000	38,213	1,787
2022 CV Int'l Highway	<u>35,000</u>	<u>35,000</u>	<u>35,262</u>	<u>(262)</u>
Total Debt Services:	<u>116,737</u>	<u>116,737</u>	<u>117,017</u>	<u>(280)</u>
Highway:				
Payroll:				
Road Labor	188,181	188,181	217,065	(28,884)
Social Security	15,656	15,656	10,888	4,768
Retirement	13,546	13,546	14,730	(1,184)
Health Insurance	73,025	73,025	49,770	23,255
Uniforms	-	-	881	(881)
Road Maintenance:				
Contracted Services	30,000	30,000	38,625	(8,625)
Equipment Rental	8,000	8,000	760	7,240
DEC Fees	1,350	1,350	1,350	-

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Materials:				
Salt	15,000	15,000	16,238	(1,238)
Gravel	60,000	60,000	20,896	39,104
Sand	20,000	20,000	23,063	(3,063)
Calcium Chloride	12,000	12,000	16,407	(4,407)
Cold Patch	2,000	2,000	1,294	706
Culverts	11,000	11,000	28,842	(17,842)
Miscellaneous	1,000	1,000	511	489
Machinery Repair:				
Vehicle Maintenance	2,500	2,500	4,684	(2,184)
Loader	4,000	4,000	1,846	2,154
Grader	12,000	12,000	6,973	5,027
Tractor	2,500	2,500	28	2,472
2016 International Truck	16,000	16,000	14,052	1,948
2018 International Truck	10,000	10,000	26,002	(16,002)
2022 International Truck	6,000	6,000	8,182	(2,182)
2013 International Truck	5,000	5,000	21,343	(16,343)
Miscellaneous	-	-	1,143	(1,143)
Projects and Events				
Grant Related Expenses	-	-	428,133	(428,133)
Machinery Fuel:				
Diesel Fuel	40,000	40,000	35,976	4,024
Gasoline	100	100	28	72
Total Highway	<u>548,858</u>	<u>548,858</u>	<u>1,154,757</u>	<u>(605,899)</u>
Public Works Building & Grounds:				
Payroll	10,176	10,176	11,016	(840)
Social Security	824	824	573	251
Retirement	713	713	775	(62)
Health Insurance	3,843	3,843	2,619	1,224
Office Supplies/Equipment	1,000	1,000	-	1,000
Telephone	2,400	2,400	2,245	155
Electricity	2,600	2,600	3,256	(656)
Propane	5,500	5,500	6,549	(1,049)
Water	390	390	360	30
Contracted Services	5,500	5,500	5,194	306
Building Maintenance	4,000	4,000	5,999	(1,999)
Tools	2,000	2,000	1,727	273
Miscellaneous	5,000	5,000	7,997	(2,997)
Street Lights	14,000	14,000	13,844	156
Mowing	16,000	16,000	16,597	(597)
Total Public Works Building & Grounds:	<u>73,946</u>	<u>73,946</u>	<u>78,797</u>	<u>(4,851)</u>
98 Main and Town Hall:				
Electricity	600	600	586	14
Heating Oil	2,200	2,200	2,233	(33)
Water	360	360	360	-
Contracted Services	-	-	3,972	(3,972)

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Period Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Grounds Maintenance	100	100	233	(133)
Telephone	-	-	1,237	(1,237)
Electricity	-	-	3,102	(3,102)
Heat	-	-	2,248	(2,248)
Water	-	-	360	(360)
Building Maintenance	-	-	21,177	(21,177)
Miscellaneous	-	-	775	(775)
Total Public Works	<u>3,260</u>	<u>3,260</u>	<u>36,283</u>	<u>(33,023)</u>
Public Safety Building:				
Telephone	750	750	783	(33)
Electricity	3,500	3,500	3,900	(400)
Heat	6,000	6,000	7,629	(1,629)
Water	360	360	360	-
Contracted Services	3,000	3,000	2,691	309
Building Maintenance	1,500	1,500	15,711	(14,211)
Miscellaneous	-	-	660	(660)
Total Public Safety Building	<u>15,110</u>	<u>15,110</u>	<u>31,734</u>	<u>(16,624)</u>
Voter Appropriations:				
Age Well	2,500	2,500	2,500	-
County Tax	16,464	16,464	17,282	(818)
Franklin County Industrial Development Corp.	500	500	500	-
Franklin County Home Health	2,522	2,522	2,522	-
Green Mountain Transit	626	626	626	-
Green Up VT	100	100	100	-
Missisquoi River Basin	600	600	600	-
NW Access TV	600	600	600	-
NW Regional Planning Commission	1,415	1,415	1,415	-
NW Solid Waste Management	1,539	1,539	1,539	-
VT League of Cities and Towns	2,658	2,658	2,740	(82)
Total Voter Appropriations	<u>29,524</u>	<u>29,524</u>	<u>30,424</u>	<u>(900)</u>
TOTAL EXPENDITURES	<u>1,208,673</u>	<u>1,208,673</u>	<u>1,819,469</u>	<u>(610,796)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>104,155</u>	<u>104,155</u>	<u>(172,615)</u>	<u>(276,770)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from debt	-	-	165,047	165,047
Transfers In	-	-	80,242	80,242
Transfers Out	(121,330)	(121,330)	(121,330)	-
Total Other Financing Sources(Uses)	<u>(121,330)</u>	<u>(121,330)</u>	<u>123,959</u>	<u>245,289</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES AND OTHER USES	<u>(17,175)</u>	<u>(17,175)</u>	<u>(48,656)</u>	<u>(31,481)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (17,175)</u>	<u>\$ (17,175)</u>	<u>\$ (48,656)</u>	<u>\$ (31,481)</u>

See Accompanying Notes to Basic Financial Statements.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the net pension liability (asset)	0.0581%	0.0490%	0.0501%	0.0457%	0.0531%	0.6307%	0.6343%	0.4871%	0.5336%	0.5313%
Town's proportionate share of the net pension liability (asset)	<u>\$ 193,599</u>	<u>\$ 158,664</u>	<u>\$ 152,656</u>	<u>\$ 67,553</u>	<u>\$ 92,198</u>	<u>\$ 88,725</u>	<u>\$ 76,846</u>	<u>\$ 62,690</u>	<u>\$ 41,135</u>	<u>\$ 4,849</u>
Town's covered-employee payroll	<u>\$ 270,252</u>	<u>\$ 283,642</u>	<u>\$ 216,481</u>	<u>\$ 200,626</u>	<u>\$ 197,788</u>	<u>\$ 184,239</u>	<u>\$ 200,028</u>	<u>\$ 188,065</u>	<u>\$ 143,417</u>	<u>\$ 128,893</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.64%	55.94%	70.52%	33.67%	46.61%	48.16%	38.42%	33.33%	28.68%	3.76%
Plan fiduciary net position as a percentage of the total pension liability	75.22%	74.01%	73.60%	86.29%	74.52%	82.60%	83.64%	80.95%	87.42%	98.32%

*Significant Actuarial Assumptions and methods are described in Note 13 to the financial statements.
The following were changes in methods or assumptions during the year ended June 30, 2025:*

Changes in Assumptions:

There have been no changes in assumptions since the last measurement date.

Town of Montgomery, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contributions (Actuarially Determined)	<u>\$ 19,146</u>	<u>\$ 14,071</u>	<u>\$ 12,593</u>	<u>\$ 10,162</u>	<u>\$ 10,146</u>	<u>\$ 10,211</u>	<u>\$ 11,047</u>	<u>\$ 7,403</u>	<u>\$ 7,458</u>	<u>\$ 6,230</u>
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 19,146</u>	<u>\$ 14,071</u>	<u>\$ 12,593</u>	<u>\$ 10,162</u>	<u>\$ 10,146</u>	<u>\$ 10,211</u>	<u>\$ 11,047</u>	<u>\$ 7,403</u>	<u>\$ 7,458</u>	<u>\$ 6,230</u>
Covered Employee Payroll	<u>\$ 270,252</u>	<u>\$ 283,642</u>	<u>\$ 216,481</u>	<u>\$ 200,626</u>	<u>\$ 197,788</u>	<u>\$ 184,239</u>	<u>\$ 200,028</u>	<u>\$ 188,065</u>	<u>\$ 143,417</u>	<u>\$ 128,893</u>
Contributions as a Percentage of Covered Employee Payroll	7.08%	4.96%	5.82%	5.07%	5.13%	5.54%	5.52%	3.94%	5.20%	4.83%

*Significant Actuarial Assumptions and methods are described in Note 13 to the financial statements.
The following were changes in methods or assumptions during the year ended June 30, 2025:*

Changes in Assumptions:

There have been no changes in assumptions since the last measurement date.

OTHER SUPPLEMENTARY INFORMATION

Town of Montgomery, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2025

	Fire Department Reserve	Recreation	Library	Cemetery	ARPA Grant	Infrastructure Replacement Reserve	Capital Improvement Reserve	Machinery Replacement	Conservation Reserve	Subtotals
<u>ASSETS</u>										
ASSETS										
Cash	\$ -	\$ -	\$ 57	\$ 103,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,822
Due from other funds	<u>47,089</u>	<u>63,501</u>	<u>55,123</u>	<u>5,424</u>	<u>-</u>	<u>17,910</u>	<u>183,336</u>	<u>15,373</u>	<u>34,657</u>	<u>422,413</u>
TOTAL ASSETS	<u>\$ 47,089</u>	<u>\$ 63,501</u>	<u>\$ 55,180</u>	<u>\$ 109,189</u>	<u>\$ -</u>	<u>\$ 17,910</u>	<u>\$ 183,336</u>	<u>\$ 15,373</u>	<u>\$ 34,657</u>	<u>\$ 526,235</u>
<u>LIABILITIES AND NET POSITION</u>										
LIABILITIES										
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION										
Restricted	47,089	63,501	55,180	109,189	-	-	-	-	-	274,959
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,910</u>	<u>183,336</u>	<u>15,373</u>	<u>34,657</u>	<u>251,276</u>
TOTAL NET POSITION	<u>47,089</u>	<u>63,501</u>	<u>55,180</u>	<u>109,189</u>	<u>-</u>	<u>17,910</u>	<u>183,336</u>	<u>15,373</u>	<u>34,657</u>	<u>526,235</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 47,089</u>	<u>\$ 63,501</u>	<u>\$ 55,180</u>	<u>\$ 109,189</u>	<u>\$ -</u>	<u>\$ 17,910</u>	<u>\$ 183,336</u>	<u>\$ 15,373</u>	<u>\$ 34,657</u>	<u>\$ 526,235</u>

Town of Montgomery, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2025

	Reappraisal	Restoration of Records	Police Assistant Grant	Community Garden	Conservation Commission	Emergency Management Support	Flood Management Support	Previous Page Subtotal	Total Non-major Special Revenue Funds
<u>ASSETS</u>									
ASSETS									
Cash	\$ -	\$ -	\$ -	\$ -	\$ 78,931	\$ -	\$ -	\$ 103,822	\$ 182,753
Due to other funds	<u>147,686</u>	<u>70,273</u>	<u>-</u>	<u>1,569</u>	<u>11,909</u>	<u>4,488</u>	<u>20,000</u>	<u>422,413</u>	<u>678,338</u>
TOTAL ASSETS	<u>\$ 147,686</u>	<u>\$ 70,273</u>	<u>-</u>	<u>\$ 1,569</u>	<u>\$ 90,840</u>	<u>\$ 4,488</u>	<u>\$ 20,000</u>	<u>\$ 526,235</u>	<u>\$ 861,091</u>
<u>LIABILITIES AND FUND BALANCE</u>									
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
FUND BALANCES									
Restricted	147,686	70,273	(20)	1,569	-	4,488	20,000	\$ 274,959	518,955
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,840</u>	<u>-</u>	<u>-</u>	<u>251,276</u>	<u>342,116</u>
TOTAL FUND BALANCE	<u>147,686</u>	<u>70,273</u>	<u>(20)</u>	<u>1,569</u>	<u>90,840</u>	<u>4,488</u>	<u>20,000</u>	<u>526,235</u>	<u>861,071</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 147,686</u>	<u>\$ 70,273</u>	<u>\$ -</u>	<u>\$ 1,569</u>	<u>\$ 90,840</u>	<u>\$ 4,488</u>	<u>\$ 20,000</u>	<u>\$ 526,235</u>	<u>\$ 861,091</u>

Town of Montgomery, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
NON-MAJOR SPECIAL REVENUE FUNDS
For the Period Ended June 30, 2025

	Fire Department Reserve	Recreation	Library	Cemetery	ARPA Grant	Infrastructure Replacement Reserve	Capital Improvement Reserve	Machinery Replacement	Conservation Reserve	Subtotals
REVENUES										
Fees	\$ 4,000	\$ 32,686	\$ 425	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,611
Sales	-	311	-	3,966	-	-	-	-	8,504	12,781
Donations	6,633	770	15,327	-	-	-	-	-	-	22,730
Miscellaneous	-	-	8,537	-	-	-	-	-	-	8,537.00
Private/Local	-	-	-	-	-	-	-	-	-	-
Grants	-	20,000	1,810	-	-	-	-	-	-	21,810
TOTAL REVENUES	10,633	53,767	26,099	4,466	-	-	-	-	8,504	103,469
EXPENDITURES:										
General Government	-	-	39,091	-	-	-	-	-	-	39,091
Public Safety	40,381	-	-	-	-	-	-	-	-	40,381
Public Works	-	-	-	-	-	3,645	14,104	61,359	-	79,108
Recreation	-	68,242	-	-	-	-	-	-	-	68,242
Other services	-	-	-	4,260	-	-	-	-	15,000	19,260
TOTAL EXPENDITURES	40,381	68,242	39,091	4,260	-	3,645	14,104	61,359	15,000	246,082
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,748)	(14,475)	(12,992)	206	-	(3,645)	(14,104)	(61,359)	(6,496)	(142,613)
OTHER FINANCING SOURCES/(USES)										
Transfers	34,000	22,700	24,630	-	(31,689)	(25,000)	6,447	10,000	-	41,088
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	4,252	8,225	11,638	206	(31,689)	(28,645)	(7,657)	(51,359)	(6,496)	(101,525)
FUND BALANCE, Beginning of Year	42,837	55,276	43,542	108,983	31,689	46,554	190,993	66,732	41,153	627,759
FUND BALANCE - End of Year	\$ 47,089	\$ 63,501	\$ 55,180	\$ 109,189	\$ -	\$ 17,909	\$ 183,336	\$ 15,373	\$ 34,657	\$ 526,234

Town of Montgomery, Vermont
OTHER SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Period Ended June 30, 2025

	Reappraisal	Restoration of Records	Police Assistant Grant	Community Garden	Conservation Commission	Emergency Management Support	Flood Management Support	Previous Page Subtotal	Total Non-major Special Revenue Funds
REVENUES									
Fees	\$ -	\$ 5,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,611	\$ 43,046
Sales	-	-	-	-	-	-	-	12,781	12,781
Donations	-	-	-	520	729	-	-	22,730	23,979
Miscellaneous	-	-	-	-	2,240	-	-	8,537.00	10,777
Grants	<u>8,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,810</u>	<u>30,004</u>
TOTAL REVENUES	<u>8,194</u>	<u>5,435</u>	<u>-</u>	<u>520</u>	<u>2,969</u>	<u>-</u>	<u>-</u>	<u>103,469</u>	<u>120,587</u>
EXPENDITURES									
General Government	-	-	-	-	1,214	-	-	39,091	40,305
Public Safety	-	-	-	-	-	-	-	40,381	40,381
Public Works	-	-	-	-	-	-	-	79,108	79,108
Recreation	-	-	-	-	-	-	-	68,242	68,242
Other services	<u>-</u>	<u>-</u>	<u>-</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,260</u>	<u>20,009</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>749</u>	<u>1,214</u>	<u>-</u>	<u>-</u>	<u>246,082</u>	<u>248,045</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,194	5,435	-	(229)	1,755	-	-	(142,613)	(127,458)
OTHER FINANCING SOURCES(USES):									
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,088</u>	<u>41,088</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	8,194	5,435	-	(229)	1,755	-	-	(101,525)	(86,370)
FUND BALANCE, Beginning of Year	<u>139,492</u>	<u>64,838</u>	<u>(20)</u>	<u>1,798</u>	<u>89,085</u>	<u>4,488</u>	<u>20,000</u>	<u>627,759</u>	<u>947,440</u>
FUND BALANCE, End of Year	<u>\$ 147,686</u>	<u>\$ 70,273</u>	<u>\$ (20)</u>	<u>\$ 1,569</u>	<u>\$ 90,840</u>	<u>\$ 4,488</u>	<u>\$ 20,000</u>	<u>\$ 526,234</u>	<u>\$ 861,070</u>

Town of Montgomery, Vermont
ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

June 30, 2025

Town of Montgomery, Vermont
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Award Information	Federal Assistance Listing Number	Pass-Through Entity #	Federal Expenditures (\$)
U. S. Department of Transportation			
Passed through State of Vermont, Transportation Agency			
Highway Planning and Construction	20.205	CA0584	\$ 157,286
Highway Planning and Construction	20.205	CA0674	33,477
<i>Total Department of Transportation</i>			<u>190,763</u>
U. S. Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds - COVID	21.027	SLFRFCOUNTYVT0105	31,689
Passed through State of Vermont, Administrative Services			
Coronavirus State and Local Fiscal Recovery Funds			
Coronavirus State and Local Fiscal Recovery Funds - COVID	21.027	06140-2022-ARPA-VWWW-02	1,292,803
<i>Total Department of the Treasury</i>			<u>1,324,492</u>
U. S. Department of Homeland Security			
Passed through State of Vermont, Administrative Services			
Building Resilient Infrastructure and Communities	97.047	02140-31237-004T	3,498
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,518,753</u>

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Town of Montgomery, Vermont, Inc. under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Montgomery, Vermont, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Montgomery, Vermont. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Montgomery, Vermont has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

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

To the Selectboard
Town of Montgomery, Vermont
Montgomery, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Montgomery, Vermont, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Montgomery, Vermont's basic financial statements and have issued our report thereon dated January 20, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Montgomery, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Montgomery, Vermont's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Montgomery, Vermont's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Montgomery, Vermont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Saint Albans, Vermont
January 20, 2026



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

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

To the Selectboard
Town of Montgomery, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Town of Montgomery, Vermont and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Montgomery, Vermont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Montgomery, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Montgomery, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Montgomery, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Town of Montgomery, Vermont's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Town of Montgomery, Vermont's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on Town of Montgomery, Vermont's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Town of Montgomery, Vermont's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Kettell, Brangan & Sargent

Saint Albans, Vermont
January 20, 2026

Town of Montgomery, Vermont
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2025

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Montgomery, Vermont.
2. There were two material weaknesses in internal control (2025-001 and 2025-002) disclosed during the audit of the financial statements.
3. No instances of noncompliance (material to the financial statements of the Town of Montgomery, Vermont) were disclosed during the audit.
4. There were two material weaknesses disclosed in the independent report on compliance for each major program and on internal control over compliance required by the uniform guidance.
5. The auditor's report on compliance for the major federal award programs for of the Town of Montgomery, Vermont expresses an unmodified opinion.
6. There were two audit findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was:

FALN # 's

Coronavirus State and Local Fiscal Recovery Funds	21.027
---	--------

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Montgomery, Vermont was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2025-001 Material Weakness in Internal Control over Financial Reporting – Material Adjusting Journal Entries

Criteria:	Under professional standards, a material weakness exists when material misstatements are not identified through an entity's system of controls.
Condition:	During the audit, there were several material adjusting journal entries proposed to management to issue an unmodified opinion.
Cause:	Procedures are in place for the review of the ledger on a regular basis and for monthly and annual reporting, but due to the increased activity from grant funding that is outside the Town's normal operations and the compressed time to review end of year financial reports, there were material adjustments proposed to management to issue an unmodified opinion.
Effect:	There is more than a remote chance that material misstatements could occur without detection.

Town of Montgomery, Vermont
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2025

Context:	The Town had several federally funded projects during 2025. The funding structure was complex and funding sources unexpectedly changed during the year. The Town does not normally receive a significant amount of federal grant funds, so they were not familiar with the reporting effects.
Recommendation:	Management has discussed the reporting differences and is now familiar with the proper and timely accounting for these transactions.
Views of Responsible Officials and Planned Corrective Actions:	The Town feels that these are isolated instances due to the increased funding and funding changes during the year. Management has reviewed the accounting requirements and is confident that they can correct these deficiencies during the year.

2025-002 Material Weakness in Internal Control over financial Reporting – Lacks Ability to Prepare Financial Statements

Criteria:	Under professional standards, management is responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.
Condition:	During the audit, we noted that the Town employees lack the expertise to prepare financial statements in accordance with GAAP.
Cause:	During the audit, we noted that the Town employs competent personnel who understand the Town's operations. While they record the Town's day-to-day transactions in a consistent manner, they lack the expertise to ensure all transactions are properly recorded in the financial statements in accordance with GAAP.
Effect:	There is more than a remote chance that material misstatements could occur without detection.
Context:	As is common in small operations, the Town's personnel work only part-time and do not have the experience and training needed. Remediation of this material weakness would be cost prohibitive to the Town.
Recommendation:	We recommend that management assess the time requirements of the Treasurer position and the capabilities of accounting employees and either (a) develop a training program to ensure that they obtain the skills and knowledge necessary to prepare financial statements in accordance with GAAP or (b) hire accounting personnel with the requisite knowledge and skill to do so.

Town of Montgomery, Vermont
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025

Views of Responsible
Officials and Planned
Corrective Actions:

The Town feels that this year presented reporting requirements under the Uniform Guidance, understands that these requirements will continue for the near future, and plans to have employees receive the necessary training required for proper financial statement presentation.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Financial statement findings 2025-001 and 2025-002 above are also applicable to major federal award programs audit.

Town of Montgomery, Vermont
CORRECTIVE ACTION PLAN
June 30, 2025

January 20, 2026

U.S. Department of the Treasury

Town of Montgomery, Vermont respectfully submits the following corrective action plan for the year ended June 30, 2025. Name and address of independent accounting firm:

Kittell, Branagan & Sargent
154 North Main Street
St. Albans, VT 05478

Audit Period 7/1/2024-6/30/2025

The findings from the June 30, 2025 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENTS AUDIT

2025-001 Material Weakness in Internal Control over financial Reporting – Material Adjusting Journal Entries

Recommendation: Management has discussed the reporting differences and is now familiar with the proper and timely accounting for these transactions

Action Taken: The Town feels that this is an isolated instances due to the increased funding sources during the year. These instances are due to non-routine events over the course of the year. The town feels as though this will not be an issue in the future as it has now developed an understanding of the implications of material adjustments and has increased documentation standards and processes to reduce future occurrences.

Person
Responsible: Erin Walsh, Treasurer

Anticipated
Completion Date: December 31, 2025

2025-002 Material Weakness in Internal Control over financial Reporting – Lacks Ability to Prepare Financial Statements

Recommendation: We recommend that management assess the time requirements of the Treasurer position and the capabilities of accounting employees and either (a) develop a training program to ensure that they obtain the skills and knowledge necessary to prepare financial statements in accordance with GAAP or (b) hire accounting personnel with the requisite knowledge and skill to do so.

Town of Montgomery, Vermont
CORRECTIVE ACTION PLAN
June 30, 2025

Action Taken: We have assessed the time requirements of the Treasurer position given the changes to the growing amount of funding sources the town now has and The Town has hired support for the Treasurer. In addition, courses were taken in Audit, Single Audit and Grants Training, Fiscal Year End Considerations and Preparations and Put the Fun in Fund Balance.

Person
Responsible: Erin Walsh, Treasurer

Anticipated
Completion Date: March 31, 2026

If the Cognizant or Oversight Agency for Audit has any questions regarding this plan, please contact Erin Walsh, Town Treasurer, (802)326-4719, Ext 209.

Town of Montgomery, Vermont
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2025

DEPARTMENT OF TREASURY

2024-001 Coronavirus State and Local Fiscal Recovery Funds - COVID – AL #21.027 Year ended June 30, 2024

Condition: During the audit, there were several material adjusting journal entries proposed to management to issue an unmodified opinion.

Recommendation: Management has discussed the reporting differences and is now familiar with the proper and timely accounting for these transactions.

Current Status: This finding was not fully corrected during the year ended June 30, 2025. See finding 2025-001 on Report 5 for current status.

2024-002 Coronavirus State and Local Fiscal Recovery Funds - COVID – AL #21.027 Year ended June 30, 2024

Condition: During the audit, we noted that the Town employees lack the expertise to prepare financial statements in accordance with GAAP.

Recommendation: We recommend that management assess the time requirements of the Treasurer position and the capabilities of accounting employees and either (a) develop a training program to ensure that they obtain the skills and knowledge necessary to prepare financial statements in accordance with GAAP or (b) hire accounting personnel with the requisite knowledge and skill to do so.

Current Status: This finding was not fully corrected during the year ended June 30, 2025. See finding 2025-002 on Report 5 for current status.

2024-003 Coronavirus State and Local Fiscal Recovery Funds - COVID – AL #21.027 Year ended June 30, 2024

Condition: During the audit, there were several delays in obtaining the requested documentation necessary to complete the audit procedures.

Recommendation: Management should allocate sufficient time to be spent by the Town treasurer to allow for the timely completion of the audit in order to meet the reporting requirements in accordance with the Uniform Guidance.

Current Status: Town of Montgomery, Vermont is currently in compliance with the reporting requirements.