# TOWN OF ST. JOHNSBURY, VERMONT

# AUDIT REPORT

# JUNE 30, 2026

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## Independent Auditor's Report

Board of Selectmen
Town of St. Johnsbury, Vermont
51 Depot Square
St. Johnsbury, Vermont 05819

**Report on the Audit of the Financial Statements**

***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 St. Johnsbury, Vermont, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Town of St. Johnsbury, 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 St. Johnsbury, Vermont, as of June 30, 2026, 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 St. Johnsbury, 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.

***Change in Accounting Principles***

As described in Note I.F. to the financial statements, in 2026, the Town adopted new accounting guidance, GASB Statement No. 103, "Financial Reporting Model Improvements" and GASB Statement No. 104, "Disclosure of Certain Capital Assets". Our opinion is not modified with respect to this matter.

***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 St. Johnsbury, 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 judgement 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 judgement 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 St. Johnsbury, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of St. Johnsbury, 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 on pages 5 through 11, the budgetary comparison schedules on Schedules 1 through 3, the notes to the budgetary comparison schedules explaining significant variances on Schedule 4, the Schedule of Proportionate Share of the Net Pension Liability for the Town's participation in VMERS on Schedule 5, the Schedule of Contributions for the Town's participation in VMERS on Schedule 6, the Schedule of Funding Progress for the Town of St. Johnsbury Retirement Plan on Schedule 7, the Schedule of Changes in Net Position Liability and Related Ratios for the Town of St. Johnsbury Retirement Plan on Schedule 8, the Schedule of Employer Contributions for the Town of St. Johnsbury Retirement Plan on Schedule 9 and the Schedule of Investment Returns for the Town of St. Johnsbury Retirement Plan on Schedule 10 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.

***Other Information***

Management is responsible for the other information included in the accompanying financial document. The other information comprises the combining fund financial statements but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by "Government Auditing Standards"**

In accordance with "Government Auditing Standards", we have also issued our report dated October 27, 2026, on our consideration of the Town of St. Johnsbury, 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 St. Johnsbury, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of St. Johnsbury, Vermont's internal control over financial reporting and compliance.

*Sullivan, Powers & Co.*

October 27, 2026
Montpelier, Vermont
VT Lic. #92-000180

Management of the Town of St. Johnsbury (the Town) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2026. Please note that this section of the Basic Financial Statements is unaudited.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements which are presented in three sections: (1) government-wide financial statements (2) fund financial statements and (3) notes to the financial statements. In addition to the basic financial statements, this report also contains other and required supplementary information such as a general fund budget to actual comparison and combining financial statements.

It is important for the reader to understand that, although governmental accounting resembles private sector accounting, there are significant differences between the two. For readers versed in private sector accounting, the government-wide financial statements will be the most familiar. The readers should know that the financial activities of the government unit are recorded in funds. A fund, generally, is a separate set of books for each major activity. For example the Town operates a wastewater treatment facility and a water treatment plant. These operations are referred to as business-type activities, they are supported by user fees, and are recorded in enterprise funds separately from the general governmental activities, which are accounted for primarily in the general fund and supported in large part by property tax revenues.

### Government wide financial statement:

The government wide financial statement is a consolidated statement of all the funds and activities of the Town. The Governmental Activities includes the General Fund, the Special Services , the Grant Fund and the Highway Fund which are major funds and other non-major governmental funds. The Parking and Recreation funds are included in the General Fund. The Business-Type Activities is comprised of the Water and Sewer funds.

The government-wide financial statements provide a general overview of the operations of the Town presenting all data on the full accrual basis, similar to the way a private sector business would present its financial statements. There are two statements presented at the government-wide level; the Statement of Net Position and the Statement of Activities. Within each of these statements, the governmental activities are presented separately from business-type activities. The governmental activities reflect the Town's basic services; including general government, public safety, public works, health and social services, parks and recreation and development and cultural programs. Property taxes finance the majority of these services supplemented by program fees, grant revenues, and other revenues. The business-type activities reflect private-sector-type operations for which user fees recover all or a significant portion of costs. The business-type activities of the Town include the water and sewer operations.

The Statement of Net Position presents information on all of the Town's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities reports how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

The government-wide financial statements include not only the Town itself (referred to as the primary government) but also other legally separate entities for which the Town is financially accountable (referred to as component units). During the period under audit, the Town was not responsible for any entities that qualify as component units. The government-wide financial statements can be found in Exhibits A and B of this report.

**Fund Financial Statements:**

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The funds of the Town are segregated into three categories: governmental funds, proprietary funds and fiduciary 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 on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine the level of financial resources that are available to finance the Town's programs in the near future. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship between the two.

The Town maintains seven individual governmental funds, including the General Fund, five Special Revenue Funds, and a Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Highway Fund, the Special Services Fund and the Grant Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibits C through E of the report. The Town adopts an annual appropriated budget for its General Fund, its Highway Fund and its Special Services Fund. Budgetary comparison statements are provided in Schedules 1 through 3 for the purpose of demonstrating compliance with the duly appropriated budgets.

***Proprietary funds*** are used to account for a government's business – type activities. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town maintains two enterprise funds; the Water Fund and the Sewer Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. At this time, the Town has no internal service funds.

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 and the Sewer Fund.

The proprietary fund financial statements of the Town may be found in Exhibits F through H.

***Fiduciary funds,*** account for resources for the benefit of parties outside the government Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has two fiduciary funds at this time, the Pension Trust Fund and the Education Tax Fund.

**Financial Summary**

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on the budget and pension.

**Summary Statement of Net Position**

| | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Current and Other Assets | $ 3,701,568 | $ 2,134,365 | $ 5,835,933 | $ 6,612,964 | $ 2,083,085 | $ 8,696,049 |
| Capital Assets | 30,550,639 | 40,365,500 | 70,916,139 | 29,062,418 | 39,875,850 | 68,938,268 |
| Total Assets | 34,252,207 | 42,499,865 | 76,752,072 | 35,675,382 | 41,958,935 | 77,634,317 |
| Deferred Outflows of Resources | 735,596 | 43,992 | 779,588 | 785,405 | 82,216 | 867,621 |
| Current Liabilities | 333,349 | 416,750 | 750,099 | 1,785,829 | 811,406 | 2,597,235 |
| Noncurrent Liabilities | 11,227,908 | 15,814,896 | 27,042,804 | 11,586,873 | 15,614,416 | 27,201,289 |
| Total Liabilities | 11,561,257 | 16,231,646 | 27,792,903 | 13,372,702 | 16,425,822 | 29,798,524 |
| Deferred Inflows of Resources | 681,766 | 66,720 | 748,486 | 41,697 | 355 | 42,052 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 25,276,208 | 25,010,513 | 50,286,721 | 24,366,936 | 24,894,030 | 49,260,966 |
| Restricted | 785,278 | 0 | 785,278 | 742,837 | 0 | 742,837 |
| Unrestricted/(Deficit) | (3,316,706) | 1,234,978 | (2,081,728) | (2,063,385) | 720,944 | (1,342,441) |
| Total Net Position | $ 22,744,780 | $ 26,245,491 | $ 48,990,271 | $ 23,046,388 | $ 25,614,974 | $ 48,661,362 |

As noted earlier, net position serves as a useful indicator of a government's financial position over time. At the end of the most recent fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $48,990,271. The Town's total net position is split between governmental activities net position of $22,744,780 and business-type activities net position of $26,245,491.

The largest portion of the Town's total net position reflects its investment in capital assets (construction in progress, equipment, land, buildings and infrastructure) net of any outstanding debt used to acquire or construct those assets. The Town uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Town strives on an ongoing basis to work reserves into the annual budget to provide for financial contingencies and reserves for a long-term capital plan.

The Town's total net assets also include $785,278 of restricted net position. These are assets representing resources subject to external restriction as to how they may be used. The remaining balance of unrestricted net position is a $2,081,728 deficit. Included in unrestricted net position are amounts that management has designated for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

The Town's net position in 2026 in governmental activities decreased from the prior year. Other assets decreased primarily due to the receipt of FEMA reimbursements. Capital assets increased due to DPW equipment purchases and the new fire truck.

Current liabilities decreased due to the Town paying off the $1.1 bridge loan which had been put in place to help with cash flow until FEMA reimbursement were received.

The unrestricted net position had a deficit both years however the deficit increased by $1.2 million in 2026. This increase is primarily due to increased delinquent property taxes, and unbudgeted expenses in the general fund such as Armory expenses, fire truck interest payments, IT contracts, the purchase of RK Miles, revitalization expenses and the purchase of the fire truck.

**Summary of the Statement of Activities**

| | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 789,642 | $ 3,596,423 | $ 4,386,065 | $ 731,429 | $ 3,261,822 | $ 3,993,251 |
| Operating Grants and Contributions | 2,263,229 | 30,208 | 2,293,437 | 3,521,667 | 36,921 | 3,558,588 |
| Capital Grants and Contributions | 967,963 | 1,167,046 | 2,135,009 | 1,854,156 | 4,256,457 | 6,110,613 |
| General Revenues: | | | | | | |
| Property Taxes | 7,875,242 | 0 | 7,875,242 | 7,347,427 | 0 | 7,347,427 |
| Penalties and Interest in Delinquent Taxes | 99,584 | 0 | 99,584 | 111,361 | 0 | 111,361 |
| General State Grants | 368,516 | 0 | 368,516 | 372,322 | 0 | 372,322 |
| Unrestricted Investment Earnings | 97,174 | 5,739 | 102,913 | 59,763 | 10,414 | 70,177 |
| Insurance Proceeds | 7,952 | 71,668 | 79,620 | 0 | 0 | 0 |
| Gain on Sale of Equipment | 150,400 | 0 | 150,400 | 0 | 0 | 0 |
| Other Revenues | 5,525 | 0 | 5,525 | 7,637 | 0 | 7,637 |
| Total Revenues | 12,625,227 | 4,871,084 | 17,496,311 | 14,005,762 | 7,565,614 | 21,571,376 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Expenses: | | | | | | |
| General Government | | | | | | |
| Public Safety | 1,966,849 | 0 | 1,966,849 | 2,037,350 | 0 | 2,037,350 |
| Public Works | 4,942,848 | 0 | 4,942,848 | 4,423,839 | 0 | 4,423,839 |
| Culture and Recreation | 4,436,411 | 0 | 4,436,411 | 6,941,829 | 0 | 6,941,829 |
| Community Development | 402,824 | 0 | 402,824 | 328,407 | 0 | 328,407 |
| Cemetery | 966,963 | 0 | 966,963 | 644,562 | 0 | 644,562 |
| Interest on Long-term Debt | 23,867 | 0 | 23,867 | 35,004 | 0 | 35,004 |
| Water | 187,073 | 0 | 187,073 | 127,267 | 0 | 127,267 |
| Sewer | 0 | 2,103,335 | 2,103,335 | 0 | 1,883,929 | 1,883,929 |
| Total Expenses | 0 | 2,137,232 | 2,137,232 | 0 | 2,178,884 | 2,178,884 |
| Change in Net Position | 12,926,835 | 4,240,567 | 17,167,402 | 14,538,258 | 4,062,813 | 18,601,071 |
| Beginning Net Position | (301,608) | 630,517 | 328,909 | (532,496) | 3,502,801 | 2,970,305 |
| Ending Net Position | 23,046,388 | 25,614,974 | 48,661,362 | 23,578,884 | 22,112,173 | 45,691,057 |
| | $ 22,744,780 | $ 26,245,491 | $ 48,990,271 | $ 23,046,388 | $ 25,614,974 | $ 48,661,362 |

Total revenues in the governmental activities decreased from the prior year by $1.4 million. The was due to a $2 million reduction in grants which was partially offset by an increase in property taxes. Total expenses in the governmental activities funds decreased from the prior year by $1.6 million. Fiscal year 2025 expenses were inflated due to expenses associated with the two flooding events.

In the business type activities (water and sewer funds) there was a decrease in the current year capital grants and contributions or debt forgiveness on water projects. Expenses in the sewer fund were similar to the prior year while water expenses increased by $220k. This is due to an increase in depreciation since the new water filter plant was added to capital assets.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on current year revenue, expenditures and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $2,077,562, an increase of $706,822 over the prior year. Of this total amount, $128,748 is non-spendable (prepaid expenses and cemetery fund principal) and $1,689,128 is restricted to indicate that it is not available for discretionary spending because it is otherwise restricted by grant agreements, statutes, or bond covenants. Of the remaining amount, $399,264 has been assigned by the Town for various purposes, $111,781 committed for the Highway Fund and ($251,359) is unassigned.

The general fund is the chief operating fund of the Town. At the end of the year, total fund balance in the general fund was $1,523,170, a decrease of $1,659,473 from the previous year. Of this amount, $123,587 is non-spendable and $1,000,319 is restricted. The remaining amount of $399,264 has been assigned as detailed in the footnotes. Included in the General Fund are two other funds that do not qualify as special revenue funds, the Parking Meter Fund and the Recreation Fund.

The decrease in the fund balance is due to increased delinquent property taxes, reduced dispatch revenue, Armory expenses, unbudgeted interest payments, IT contracts, the purchase of RK Miles, revitalization expenses and the purchase of a fire truck. The bond proceeds for two fire trucks were received in the prior fiscal year which had a large surplus due to the timing of the proceeds. The second fire truck was received in fiscal year 2027. The bond note financing the trucks is a twenty year loan with principal payments starting in November 2026.

The use of Town reserves for the armory project, the purchase of RK Miles and revitalization projects has depleted the unallocated fund balance and is concerning. The Town needs to limit town resources in projects going forward. The priority must be finding additional revenue and bringing in-process projects to completion.

At the end of the year, the total fund balance in the Highway Fund was $111,781, an increase of $2,201,838 from the balance of the previous year. The improvement in the fund balance is due to the receipt of FEMA funds from the July 2024 flooding events. There are additional funds due in the current fiscal year from flooding events which will further improve the Highway Fund's position. The entire fund balance in Highway is committed. The DPW union contract expires June 30, 2027 and negotiations will take place in the spring.

The Special Services Fund has an ending fund balance of $315,134, a decrease of $71,761 from the previous year. The reduction in the fund balance is due to the purchase of two new police cruisers. This purchase was approved by the Selectboard. The entire fund balance in Special Services is restricted. The police union contract expires June 30, 2027 and the Town expects to be in negotiations for at least several months in the spring. Budgets are voted on prior to completing negotiations.

In fiscal year 2026 the Recreation Fund moved from contracting services with St. Johnsbury Academy to employing a full time recreation director. The budget had been prepared prior to this decision and the fund ended the year with a $28k deficit. The Town does anticipate the recreation program will turn profitable in future years.

The grant fund had a variety of equipment purchases and multi-year capital projects during fy26 including the bike path, the armory project, True Temper redevelopment, the new food co-op and downtown sidewalk and parking lot improvements. At year end the Town had $361,393 due in grant receivables of which $251,359 was deferred to the next fiscal year when the grants were received resulting in a deficit of $251,359 at June 30, 2026.

**Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Total net position in the water fund is $15,582,134, an increase of $559,197 from the previous year. In the sewer fund, total net position is $10,663,357, a small increase of $71,320 from the previous year.

The water and sewer fund revenues consist of user fees and grant revenues. Both funds operations are stable and consistent with the prior fiscal year.

The construction of the new water filter plant was completed during the year and was added to capital assets with a final cost of $12 million. The plant was funded by the State of Vermont through a $12 million bond but was eligible for a $7.6 million subsidy. This debt is a forty year note and due on July 2065.

During fy26 the sewer fund had several CSO projects and a sludge processing project in design.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The Town's capital assets for its governmental and business-type activities as of June 30, 2026 were $118,056,891 (before depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, roads and bridges, and water and wastewater distribution and collections systems.

Major capital asset events during the current fiscal year included the following: Water and Wastewater projects and equipment purchases for Department of Public Works, Special Services, the fire department, and dispatch. Additionally the Town purchased the RK Miles building and invested in the True Temper redevelopment. More information on the Town's capital assets can be found in Note IV.D of the notes to financial statements.

### Long-Term Debt

Long-term debt – At the end of the current year the Town had total long-term debt outstanding of $21,618,856. Of this amount, $11,459,980 represents bonded debt backed by the full faith and credit of the Town and $10,158,876 represents revolving loans issued by the State of Vermont.

New debt in the governmental funds consists of $300,000 for highway equipment and $142,230 for the Armory project. Major new debt in the water fund is for the completion of the new water filter plant. The plant was authorized for $12,399,522 in debt but is eligible for a 61.5% subsidy.

State statutes limit the amount of bonded debt any governmental entity may issue to 10 times its total assessed valuation. Bonds are issued through the Vermont Municipal Bond Bank. The Town issues no bonded debt on its own behalf and does not maintain its own credit rating.

Additional information on the Town's long-term debt can be found in note IV.J of the notes to financial statements.

### Economic Factors and Subsequent Events

The unemployment rate for the Town is currently 2.5 percent, down from 3.0 percent one year ago. This compares with 2.6 percent state-wide, the same as one year ago.

The Town approved a General Fund budget for the 2026-27 fiscal year in the amount of $5,651,178. This represents an increase of 10.5% over the previous budget excluding special appropriations for the previous year.

There are two new major infrastructure projects in the Town. Currently under construction is the Bay Street CSO project which is funded by a $2.1 million grant. The Bay Street water project is under contract and will be funded by a loan of $3,319,400 with 50% forgiveness (subsidy).

In August 2026 the Town obtained a line of credit with Passumpsic Bank for $1,000,000 at 6.2%. This was necessary to provide cash flow until the property tax revenue is received later in September and October.

### Request for Information:

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Officer, Town Offices, 51 Depot Square, Suite 3, St. Johnsbury, VT 05819.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2026

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash | $ 1,279,058 | $ 412,340 | $ 1,691,398 |
| Restricted Cash Equivalents | 994,471 | 0 | 994,471 |
| Investments | 303,304 | 223,462 | 526,766 |
| Receivables | 1,471,569 | 1,028,142 | 2,499,711 |
| Internal Balances | (470,421) | 470,421 | 0 |
| Prepaid Expenses | 103,587 | 0 | 103,587 |
| Deposit on Fire Truck | 20,000 | 0 | 20,000 |
| Capital Assets: | | | |
| Land | 758,181 | 185,592 | 943,773 |
| Construction in Progress | 3,598,185 | 1,160,287 | 4,758,472 |
| Other Capital Assets, (Net of Accumulated Depreciation) | 26,194,273 | 39,019,621 | 65,213,894 |
| Total Assets | 34,252,207 | 42,499,865 | 76,752,072 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources Related to the Town's Participation in VMERS | 735,596 | 43,992 | 779,588 |
| Total Deferred Outflows of Resources | 735,596 | 43,992 | 779,588 |
| LIABILITIES | | | |
| Accounts Payable | 143,491 | 339,309 | 482,800 |
| Accrued Payroll and Benefits Payable | 146,949 | 14,891 | 161,840 |
| Unearned Revenue | 25,340 | 10,171 | 35,511 |
| Accrued Interest Payable | 17,569 | 52,379 | 69,948 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 630,198 | 613,962 | 1,244,160 |
| Due in More than One Year | 10,597,710 | 15,200,934 | 25,798,644 |
| Total Liabilities | 11,561,257 | 16,231,646 | 27,792,903 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Prepaid Property Taxes | 27,107 | 0 | 27,107 |
| Deferred Inflows of Resources Related to the Town's Participation in VMERS | 113,854 | 4,621 | 118,475 |
| Deferred Inflows of Resources Related to the Town of St. Johnsbury Retirement Plan | 540,805 | 62,099 | 602,904 |
| Total Deferred Inflows of Resources | 681,766 | 66,720 | 748,486 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 25,276,208 | 25,010,513 | 50,286,721 |
| Restricted: | | | |
| Non-Expendable: | | | |
| Cemetery | 5,161 | 0 | 5,161 |
| Expendable: | | | |
| Public Safety | 390,594 | 0 | 390,594 |
| Cemetery | 373,675 | 0 | 373,675 |
| Other | 15,848 | 0 | 15,848 |
| Unrestricted/(Deficit) | (3,316,706) | 1,234,978 | (2,081,728) |
| Total Net Position | $ 22,744,780 | $ 26,245,491 | $ 48,990,271 |

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Functions/Programs: | | | | | | | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | $ 1,966,849 | $ 251,468 | $ 64,011 | $ 0 | $ (1,651,370) | $ 0 | $ (1,651,370) |
| Public Safety | 4,942,848 | 490,396 | 96,322 | 661,510 | (3,694,620) | 0 | (3,694,620) |
| Public Works | 4,436,411 | 2,872 | 1,426,254 | 92,478 | (2,914,807) | 0 | (2,914,807) |
| Culture and Recreation | 402,824 | 39,356 | 25,000 | 213,975 | (124,493) | 0 | (124,493) |
| Community Development | 966,963 | 0 | 651,642 | 0 | (315,321) | 0 | (315,321) |
| Cemetery | 23,867 | 5,550 | 0 | 0 | (18,317) | 0 | (18,317) |
| Interest on Long-term Debt | 187,073 | 0 | 0 | 0 | (187,073) | 0 | (187,073) |
| Total Governmental Activities | 12,926,835 | 789,642 | 2,263,229 | 967,963 | (8,906,001) | 0 | (8,906,001) |
| Business-type Activities: | | | | | | | |
| Water | 2,103,335 | 1,511,778 | 7,145 | 1,107,569 | 0 | 523,157 | 523,157 |
| Sewer | 2,137,232 | 2,084,645 | 23,063 | 59,477 | 0 | 29,953 | 29,953 |
| Total Business-type Activities | 4,240,567 | 3,596,423 | 30,208 | 1,167,046 | 0 | 553,110 | 553,110 |
| Total Primary Government | $ 17,167,402 | $ 4,386,065 | $ 2,293,437 | $ 2,135,009 | (8,906,001) | 553,110 | (8,352,891) |
| General Revenues: | | | | | | | |
| Property Taxes | | | | | 7,875,242 | 0 | 7,875,242 |
| Penalties and Interest on Delinquent Taxes | | | | | 99,584 | 0 | 99,584 |
| General State Grants | | | | | 368,516 | 0 | 368,516 |
| Unrestricted Investment Earnings | | | | | 97,174 | 5,739 | 102,913 |
| Insurance Proceeds | | | | | 7,952 | 71,668 | 79,620 |
| Gain on Sale of Equipment | | | | | 150,400 | 0 | 150,400 |
| Other Revenues | | | | | 5,525 | 0 | 5,525 |
| Total General Revenues | | | | | 8,604,393 | 77,407 | 8,681,800 |
| Change in Net Position | | | | | (301,608) | 630,517 | 328,909 |
| Net Position - July 1, 2025 | | | | | 23,046,388 | 25,614,974 | 48,661,362 |
| Net Position - June 30, 2026 | | | | | $ 22,744,780 | $ 26,245,491 | $ 48,990,271 |

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

| | General Fund | Highway Fund | Special Services Fund | Grant Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash | $ 1,203,413 | $ 0 | $ 0 | $ 0 | $ 75,645 | $ 1,279,058 |
| Restricted Cash Equivalents | 994,471 | 0 | 0 | 0 | 0 | 994,471 |
| Investments | 0 | 0 | 0 | 0 | 303,304 | 303,304 |
| Receivables | 459,687 | 646,680 | 3,809 | 361,393 | 0 | 1,471,569 |
| Due from Other Funds | 0 | 210,949 | 349,700 | 0 | 23 | 560,672 |
| Prepaid Items | 103,587 | 0 | 0 | 0 | 0 | 103,587 |
| Deposit on Fire Truck | 20,000 | 0 | 0 | 0 | 0 | 20,000 |
| Total Assets | $ 2,781,158 | $ 857,629 | $ 353,509 | $ 361,393 | $ 378,972 | $ 4,732,661 |
| LIABILITIES | | | | | | |
| Accounts Payable | $ 48,967 | $ 55,462 | $ 5,704 | $ 33,358 | $ 0 | $ 143,491 |
| Accrued Payroll and Benefits Payable | 83,724 | 30,554 | 32,671 | 0 | 0 | 146,949 |
| Due to Other Funds | 704,639 | 0 | 0 | 326,318 | 136 | 1,031,093 |
| Unearned Revenue | 10,471 | 13,152 | 0 | 1,717 | 0 | 25,340 |
| Total Liabilities | 847,801 | 99,168 | 38,375 | 361,393 | 136 | 1,346,873 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Prepaid Property Taxes | 27,107 | 0 | 0 | 0 | 0 | 27,107 |
| Unavailable Property Taxes, Penalties and Interest | 355,643 | 0 | 0 | 0 | 0 | 355,643 |
| Unavailable Grants | 27,437 | 646,680 | 0 | 251,359 | 0 | 925,476 |
| Total Deferred Inflows of Resources | 410,187 | 646,680 | 0 | 251,359 | 0 | 1,308,226 |
| FUND BALANCES | | | | | | |
| Nonspendable | 123,587 | 0 | 0 | 0 | 5,161 | 128,748 |
| Restricted | 1,000,319 | 0 | 315,134 | 0 | 373,675 | 1,689,128 |
| Committed | 0 | 111,781 | 0 | 0 | 0 | 111,781 |
| Assigned | 399,264 | 0 | 0 | 0 | 0 | 399,264 |
| Unassigned/(Deficit) | 0 | 0 | 0 | (251,359) | 0 | (251,359) |
| Total Fund Balances/(Deficit) | 1,523,170 | 111,781 | 315,134 | (251,359) | 378,836 | 2,077,562 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 2,781,158 | $ 857,629 | $ 353,509 | $ 361,393 | $ 378,972 | |

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

| | |
|---|---|
| Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds. | 30,550,639 |
| Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds. | 1,281,119 |
| Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liabilities, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds. | (11,245,477) |
| Deferred Outflows and Inflows of Resources Related to the Town of St. Johnsbury Retirement Plan and it's Participation in VMERS are Applicable to Future Periods and, Therefore, are not Reported in the Funds. | 80,937 |
| Net Position of Governmental Activities | $ 22,744,780 |

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

| | General Fund | Highway Fund | Special Services Fund | Grant Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Property Taxes | $ 3,780,794 | $ 2,406,553 | $ 1,579,484 | $ 0 | $ 0 | $ 7,766,831 |
| Penalties and Interest on Delinquent Taxes | 99,584 | 0 | 0 | 0 | 0 | 99,584 |
| Intergovernmental | 268,829 | 3,735,095 | 125,981 | 1,732,712 | 0 | 5,862,617 |
| Charges for Services | 664,813 | 539,759 | 35,177 | 0 | 5,550 | 1,245,299 |
| Permits, Licenses and Fees | 228,163 | 1,535 | 0 | 0 | 0 | 229,698 |
| Fines and Forfeits | 3,355 | 0 | 9,054 | 0 | 0 | 12,409 |
| Investment Income | 63,973 | 0 | 0 | 0 | 33,201 | 97,174 |
| Other | 4,949 | 0 | 576 | 0 | 0 | 5,525 |
| Total Revenues | 5,114,460 | 6,682,942 | 1,750,272 | 1,732,712 | 38,751 | 15,319,137 |
| Expenditures: | | | | | | |
| General Government | 1,949,216 | 0 | 0 | 44,686 | 0 | 1,993,902 |
| Public Safety | 2,781,274 | 0 | 1,563,831 | 20,246 | 0 | 4,365,351 |
| Public Works | 0 | 3,778,418 | 0 | 684 | 0 | 3,779,102 |
| Culture and Recreation | 375,003 | 0 | 0 | 25,000 | 0 | 400,003 |
| Community Development | 255,296 | 0 | 0 | 711,667 | 0 | 966,963 |
| Cemetery | 23,858 | 0 | 0 | 0 | 9 | 23,867 |
| Capital Outlay: | | | | | | |
| General Government | 434,403 | 0 | 0 | 0 | 0 | 434,403 |
| Public Safety | 819,030 | 0 | 186,558 | 613,537 | 0 | 1,619,125 |
| Public Works | 0 | 471,482 | 0 | 115,598 | 0 | 587,080 |
| Culture and Recreation | 0 | 0 | 0 | 267,833 | 0 | 267,833 |
| Debt Service: | | | | | | |
| Principal | 78,100 | 510,170 | 0 | 0 | 0 | 588,270 |
| Interest | 97,690 | 89,308 | 0 | 0 | 0 | 186,998 |
| Total Expenditures | 6,813,870 | 4,849,378 | 1,750,389 | 1,799,251 | 9 | 15,212,897 |
| Excess/(Deficiency) of Revenues Over Expenditures | (1,699,410) | 1,833,564 | (117) | (66,539) | 38,742 | 106,240 |
| Other Financing Sources/(Uses): | | | | | | |
| Insurance Proceeds | 0 | 7,952 | 0 | 0 | 0 | 7,952 |
| Issuance of Long-term Debt | 0 | 300,000 | 0 | 142,230 | 0 | 442,230 |
| Proceeds from Sale of Equipment | 5,000 | 137,300 | 8,100 | 0 | 0 | 150,400 |
| Transfers In | 322,389 | 0 | 170,000 | 194,430 | 0 | 686,819 |
| Transfers Out | (287,452) | (76,978) | (249,744) | (72,645) | 0 | (686,819) |
| Total Other Financing Sources/(Uses) | 39,937 | 368,274 | (71,644) | 264,015 | 0 | 600,582 |
| Net Change in Fund Balances | (1,659,473) | 2,201,838 | (71,761) | 197,476 | 38,742 | 706,822 |
| Fund Balances/(Deficit) - July 1, 2025 | 3,182,643 | (2,090,057) | 386,895 | (448,835) | 340,094 | 1,370,740 |
| Fund Balances/(Deficit) - June 30, 2026 | $ 1,523,170 | $ 111,781 | $ 315,134 | $ (251,359) | $ 378,836 | $ 2,077,562 |

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, 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, 2026

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

| | | |
|---|---|---|
| Net change in fund balances - total government funds (Exhibit D) | $ | 706,822 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets ($2,908,441) is allocated over their estimated useful lives and reported as depreciation expense ($1,419,858). This is the amount by which capital outlays exceeded depreciation in the current period. | | 1,488,583 |
| The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position. | | (362) |
| The issuance of long-term debt ($442,230) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt ($588,270) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | 146,040 |
| Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense. | | (544,081) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year. | | (2,154,498) |
| 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. This amount is the net difference in the treatment of these items from the previous year. | | 55,888 |
| Change in net position of governmental activities (Exhibit B) | $ | (301,608) |

The General Fund, Highway Fund and Special Services Fund charges the Water Fund and Sewer Fund for administrative expenses and services provided. These charges, totaling $697,764, have been eliminated from the Governmental Activities on the Statement of Activities.

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2026

| | Water Fund | Sewer Fund | Total |
|---|---|---|---|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | $ 126,010 | $ 286,330 | $ 412,340 |
| Investments | 111,735 | 111,727 | 223,462 |
| Receivables | 448,109 | 580,033 | 1,028,142 |
| Due from Other Funds | 1,507,692 | 0 | 1,507,692 |
| Total Current Assets | 2,193,546 | 978,090 | 3,171,636 |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Land | 135,894 | 49,698 | 185,592 |
| Construction in Progress | 125,017 | 1,035,270 | 1,160,287 |
| Buildings and Building Improvements | 17,278,227 | 14,364,973 | 31,643,200 |
| Vehicles, Machinery and Equipment | 434,594 | 1,161,257 | 1,595,851 |
| Distribution and Collection Systems | 16,970,575 | 19,777,110 | 36,747,685 |
| Less: Accumulated Depreciation | (11,145,879) | (19,821,236) | (30,967,115) |
| Total Noncurrent Assets | 23,798,428 | 16,567,072 | 40,365,500 |
| Total Assets | 25,991,974 | 17,545,162 | 43,537,136 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources Related to the Town's Participation in VMERS | 0 | 43,992 | 43,992 |
| Total Deferred Outflows of Resources | 0 | 43,992 | 43,992 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 302,715 | 36,594 | 339,309 |
| Accrued Payroll and Benefits Payable | 4,343 | 10,548 | 14,891 |
| Due to Other Funds | 0 | 1,037,271 | 1,037,271 |
| Unearned Revenue | 10,171 | 0 | 10,171 |
| Accrued Interest Payable | 22,350 | 30,029 | 52,379 |
| General Obligation Bonds Payable - Current Portion | 299,717 | 314,245 | 613,962 |
| Total Current Liabilities | 639,296 | 1,428,687 | 2,067,983 |
| Noncurrent Liabilities: | | | |
| Compensated Absences Payable | 10,800 | 24,242 | 35,042 |
| Net Pension Liability - VMERS | 0 | 92,636 | 92,636 |
| Net Pension Liability - Town of St. Johnsbury Retirement Plan | 271,804 | 0 | 271,804 |
| General Obligation Bonds Payable - Noncurrent Portion | 9,425,841 | 5,375,611 | 14,801,452 |
| Total Noncurrent Liabilities | 9,708,445 | 5,492,489 | 15,200,934 |
| Total Liabilities | 10,347,741 | 6,921,176 | 17,268,917 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows of Resources Related to the Town's Participation in VMERS | 0 | 4,621 | 4,621 |
| Deferred Inflows of Resources Related to the Town of St. Johnsbury Retirement Plan | 62,099 | 0 | 62,099 |
| Total Deferred Inflows of Resources | 62,099 | 4,621 | 66,720 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 14,072,870 | 10,937,643 | 25,010,513 |
| Unrestricted/(Deficit) | 1,509,264 | (274,286) | 1,234,978 |
| Total Net Position | $ 15,582,134 | $ 10,663,357 | $ 26,245,491 |

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

| | Water Fund | Sewer Fund | Total |
|---|---|---|---|
| Operating Revenues: | | | |
| Charges for Services | $ 1,508,647 | $ 2,078,548 | $ 3,587,195 |
| Interest and Penalties | 3,131 | 5,932 | 9,063 |
| Other | 0 | 165 | 165 |
| Total Operating Revenues | 1,511,778 | 2,084,645 | 3,596,423 |
| Operating Expenses: | | | |
| Salaries and Benefits | 303,424 | 382,537 | 685,961 |
| Administrative | 359,395 | 459,303 | 818,698 |
| Utilities | 158,806 | 212,884 | 371,690 |
| Distribution and Collection | 485,297 | 425,282 | 910,579 |
| Taxes | 49,021 | 0 | 49,021 |
| Depreciation | 657,431 | 549,024 | 1,206,455 |
| Total Operating Expenses | 2,013,374 | 2,029,030 | 4,042,404 |
| Operating Income/(Loss) | (501,596) | 55,615 | (445,981) |
| Other Non-Operating Revenues/(Expenses): | | | |
| Debt Forgiveness | 1,089,714 | 23,801 | 1,113,515 |
| Insurance Proceeds | 33,434 | 38,234 | 71,668 |
| Investment Income | 2,606 | 3,133 | 5,739 |
| Interest Expense | (89,961) | (108,202) | (198,163) |
| Capital Contributions | 25,000 | 58,739 | 83,739 |
| Total Other Non-Operating Revenues/(Expenses) | 1,060,793 | 15,705 | 1,076,498 |
| Change in Net Position | 559,197 | 71,320 | 630,517 |
| Net Position - July 1, 2025 | 15,022,937 | 10,592,037 | 25,614,974 |
| Net Position - June 30, 2026 | $ 15,582,134 | $ 10,663,357 | $ 26,245,491 |

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

| | Water Fund | Sewer Fund | Total |
|---|---|---|---|
| Cash Flows From Operating Activities: | | | |
| Receipts from Customers and Users | $ 1,478,384 | $ 2,069,272 | $ 3,547,656 |
| Payments for Goods and Services | (750,658) | (736,293) | (1,486,951) |
| Payments for Interfund Services | (304,236) | (393,528) | (697,764) |
| Payments for Wages and Benefits | (261,699) | (464,506) | (726,205) |
| Net Cash Provided by Operating Activities | 161,791 | 474,945 | 636,736 |
| Cash Flows From Noncapital Financing Activities: | | | |
| Issuance of Long-term Debt | 7,145 | 0 | 7,145 |
| (Increase)/Decrease in Due from Other Funds | (176,021) | 0 | (176,021) |
| Increase/(Decrease) in Due to Other Funds | 0 | 242,137 | 242,137 |
| Principal Paid on Long-term Debt | 0 | (1,829) | (1,829) |
| Net Cash Provided/(Used) by Noncapital Financing Activities | (168,876) | 240,308 | 71,432 |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Insurance Proceeds | 33,434 | 38,234 | 71,668 |
| Proceeds from Capital Grants | 25,000 | 0 | 25,000 |
| Issuance of Long-term Debt | 1,933,165 | 738 | 1,933,903 |
| Acquisition and Construction of Capital Assets | (1,725,459) | (353,744) | (2,079,203) |
| Principal Paid on Long-term Debt | (168,712) | (308,717) | (477,429) |
| Interest Paid on Long-term Debt | (90,345) | (91,764) | (182,109) |
| Net Cash Provided/(Used) by Capital and Related Financing Activities | 7,083 | (715,253) | (708,170) |
| Cash Flows From Investing Activities: | | | |
| Receipt of Interest and Dividends | 2,606 | 3,133 | 5,739 |
| Net (Increase)/Decrease in Investments | (2,190) | (2,190) | (4,380) |
| Net Cash Provided by Investing Activities | 416 | 943 | 1,359 |
| Net Increase in Cash | 414 | 943 | 1,357 |
| Cash - July 1, 2025 | 125,596 | 285,387 | 410,983 |
| Cash - June 30, 2026 | $ 126,010 | $ 286,330 | $ 412,340 |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities: | | | |
| Operating Income/(Loss) | $ (501,596) | $ 55,615 | $ (445,981) |
| Depreciation | 657,431 | 549,024 | 1,206,455 |
| (Increase)/Decrease in Receivables | (37,547) | (15,373) | (52,920) |
| (Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS | 0 | 28,861 | 28,861 |
| (Increase)/Decrease in Deferred Outflows of Resources Related to the Town of St. Johnsbury Retirement Plan | 9,363 | 0 | 9,363 |
| Increase/(Decrease) in Accounts Payable | (2,375) | (32,352) | (34,727) |
| Increase/(Decrease) in Accrued Payroll and Benefits Payable | (452) | 3,414 | 2,962 |
| Increase/(Decrease) in Unearned Revenue | 4,153 | 0 | 4,153 |
| Increase/(Decrease) in Compensated Absences Payable | (654) | 7,021 | 6,367 |
| Increase/(Decrease) in Net Pension Liabilities | (28,631) | (125,531) | (154,162) |
| Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS | 0 | 4,266 | 4,266 |
| Increase/(Decrease) in Deferred Inflows of Resources Related to the Town of St. Johnsbury Retirement Plan | 62,099 | 0 | 62,099 |
| Net Cash Provided by Operating Activities | $ 161,791 | $ 474,945 | $ 636,736 |

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of $1,089,714.

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of $23,801.

There were $606,489 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2025.

There were $293,688 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2026.

There were $75,555 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2025.

There were $5,258 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2026.

The Water Fund disposed of capital assets with a cost and accumulated depreciation of $33,778

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2026

| | Pension Trust Fund | Custodial Fund Education Tax Fund |
|---|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | $ 167,829 | $ 0 |
| Investments | 12,212,096 | 0 |
| Prepaid Benefit Payments | 218,210 | 0 |
| Total Assets | 12,598,135 | 0 |
| LIABILITIES | | |
| Liabilities: | 0 | 0 |
| NET POSITION | | |
| Held in Trust For: | | |
| Employees' Pension Benefits | 12,598,135 | 0 |
| Total Net Position | $ 12,598,135 | $ 0 |

The accompanying notes are an integral part of this financial statement.

TOWN OF ST. JOHNSBURY, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

| | Pension Trust Fund | Custodial Fund Education Tax Fund |
|---|---|---|
| Additions: | | |
| Employer Contributions | $ 280,598 | $ 0 |
| Employee Contributions | 26,913 | 0 |
| Investment Income | 1,640,861 | 0 |
| Education Taxes Collected for Other Governments | 0 | 8,580,581 |
| Total Additions | 1,948,372 | 8,580,581 |
| Deductions: | | |
| Benefits - Pension | 911,591 | 0 |
| Administrative Expenses | 23,700 | 0 |
| Education Taxes Distributed to Other Governments | 0 | 8,580,581 |
| Total Deductions | 935,291 | 8,580,581 |
| Change in Net Position | 1,013,081 | 0 |
| Net Position - July 1, 2025 | 11,585,054 | 0 |
| Net Position - June 30, 2026 | $ 12,598,135 | $ 0 |

The accompanying notes are an integral part of this financial statement.

The Town of St. Johnsbury, Vermont, (herein the "Town") operates under a Manager/Board of Selectmen form of government and provides the following services as authorized by its charter: public safety, public works, sanitation, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, water, sewer and general administrative services.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of St. Johnsbury, Vermont (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

### A. The Financial Reporting Entity

This report includes all of the activity of the Town of St. Johnsbury, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

### B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Highway Fund – This fund accounts for highway operations of the Town.

Special Services Fund – This fund primarily accounts for the police operations of the Town.

Grant Fund – This fund account for the various grant activities of the Town.

The Town reports on the following major enterprise funds:

Water Fund – This fund accounts for the activities of the Water Department of the Town.

Sewer Fund – This fund accounts for the activities of the Sewer Department of the Town.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Additionally, the Town reports the following fund types:

Pension Trust Fund – This fund accounts for monies contributed by the Town and its employees and the income on investments expended for the pensions of retired Town employees.

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

**C. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

**D. Basis of Accounting**

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

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under financed purchases arrangements, insurance proceeds and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

**E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources 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.

## F. New Pronouncements

**GASB Statement No. 103, "Financial Reporting Model Improvements"**

Effective June 30, 2026, the Town implemented GASB Statement No. 103, "Financial Reporting Model Improvements". GASB Statement No. 103 is intended to improve consistency and enhance the accounting and financial reporting for key components of the governmental financial reporting model. It establishes refined standards for the presentation and narrative structure of Management's Discussion and Analysis (MD&A), modifies the presentation and definitions of operating and nonoperating resource flows within proprietary funds, and replaces extraordinary and special item classifications with unusual or infrequent items. In addition, this statement provides clearer requirements for presenting budgetary comparison schedules and discretely presented major component units. The implementation of this Standard did not affect net position/fund balances as of July 1, 2025.

**GASB Statement No. 104, "Disclosure of Certain Capital Assets"**

Effective June 30, 2026, the Town implemented GASB Statement No. 104, "Disclosure of Certain Capital Assets". GASB Statement No. 104 is intended to improve consistency and enhance the accounting and financial reporting for specific categories of capital assets. It establishes requirements for governments to disclose certain types of right-to-use and intangible assets by major class, separate from other capital assets, within the note disclosures. In addition, this statement provides clearer definitions and requirements for identifying and reporting capital assets that are officially held for sale. The implementation of this Standard did not affect net position/fund balances as of July 1, 2025.

## G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

### 1. Cash

Cash balances of Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds.

### 2. Investments

The Town invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

### 3. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

**4. Internal Balances**

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**5. Prepaid Expenses/Items and Deposits**

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses/items or deposits.

Reported prepaid items and deposits of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

**7. Leases**

Lessee: The Town recognizes lease liabilities and a right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The Town recognizes lease liabilities with an initial, individual value deemed material. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt in the government-wide and proprietary fund financial statements.

Lessor: The Town recognizes a lease receivable and a deferred inflows of resources in both the government-wide and fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable. Subsequently, the deferred inflows of resources is recognized as revenue on a straight-line basis over the term of the lease. Lease receivables in excess of the related deferred inflows of resources are reported as nonspendable fund balances of governmental funds in the fund financial statements as these are not in spendable form.

## 8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

| | Capitalization Threshold | Estimated Service Life |
|---|---|---|
| Land | $ 10,000 | N/A |
| Land Improvements | $ 10,000 | 10-50 Years |
| Buildings and Building Improvements | $ 20,000 | 10-75 Years |
| Vehicles, Machinery and Equipment | $ 1,000 | 3-25 Years |
| Infrastructure | $ 10,000 | 3-75 Years |
| Distribution and Collection Systems | $ 10,000 | 20-75 Years |

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

**9. Pensions**

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

**10. Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused leave time. The Town utilizes the Last-In, First-Out (LIFO) flow assumption to track the usage of accumulated leave. The accrual for unused compensated absences (such as vacation time), based on current pay rates and including applicable salary-related payments, is recorded as a liability in the government-wide and proprietary fund financial statements. Based on historical trends and expected termination timelines, no material portion of the liability is anticipated to be settled within one year; consequently, the entirety of the liability is classified as non-current. For sick leave benefits, the Town's historical analysis indicates that while annual usage occasionally exceeds the benefits earned within a given year, such occurrences are infrequent. Because the sick leave benefits are non-vesting and the probability of utilizing older, accumulated balances remains less than likely (50% or less), no accrual for sick leave is recorded. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences in the governmental funds are recorded as expenditures in the year they are paid.

**11. Long-term Liabilities**

Long-term liabilities include bonds payable, financed purchases and other obligations such as compensated absences, the Town's net pension liability and the Industrial Park liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

**12. Fund Equity**

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide, proprietary and fiduciary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of Selectmen's intended use of the resources); and unassigned.

## II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Loans receivable differences arise because governmental funds report the issuance of loans receivable as expenditures and repayments of loans receivable as revenues, whereas government-wide statements report those transactions as increases and decreases in assets, respectively.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures whereas government-wide statements report those transactions as deferred outflows of resources if made after the measurement date. In addition, the accrual for the Town's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred outflows and inflows of resources.

## III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

The Selectboard prepares an annual budget for the General Fund, the Highway Fund and the Special Services Fund. The annual budgets and other articles providing for the appropriation of funds are voted by Australian ballot at the annual Town meeting in March. Any amendments to the budget require voter approval. There were no amendments to the budget. The budgets presented herein are for the Town's "General Fund" only and does not include the Parking Meter Fund and Recreation Fund activity that is included with the General Fund, unbudgeted expenses and reserve account activity for the General Fund, unbudgeted storm damage expenses and related funding and reserve account activity for the Highway Fund and reserve account activity for the Special Services Fund.

### B. Budgeted Deficits

The Town budgeted a current year's deficiency of revenues over expenditures in the Highway Fund in the amount of $150,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 2.

The Town budgeted a current year's deficiency of revenues over expenditures in the Special Services Fund in the amount of $40,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 3.

### C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2026 expenditures in the General Fund exceeded appropriations by $273,719. These over-expenditures were funded by available fund balance.

For the year ended June 30, 2026 expenditures in the Highway Fund exceeded appropriations by $268,138. These over-expenditures were funded by excess revenues.

For the year ended June 30, 2026 expenditures in the Special Services Fund exceeded appropriations by $69,368. These over-expenditures were funded by excess revenues and available fund balance.

## IV. DETAILED NOTES ON ALL FUNDS

### A. Cash, Cash Equivalents and Investments

The Town's cash, cash equivalents and investments as of June 30, 2026 consisted of the following:

| | |
|---|---|
| Unrestricted Cash and Cash Equivalents: | |
| Deposits with Financial Institutions | $ 1,691,003 |
| Deposits with Investment Company | 95 |
| Money Market Mutual Funds – U.S. Government Securities | 167,829 |
| Cash on Hand | 300 |
| Total Unrestricted Cash and Cash Equivalents | 1,859,227 |
| Restricted Cash Equivalents: | |
| Money Market Mutual Fund – U.S. Government Securities | 994,471 |
| Total Cash and Cash Equivalents | 2,853,698 |
| Investments: | |
| Certificates of Deposit | 223,462 |
| Corporate Bonds | 1,521,459 |
| U.S. Treasury Bonds | 4,378,316 |
| Exchange-Traded Funds | 6,239,046 |
| Mutual Funds – Mixed Holdings | 376,579 |
| Total Investments | 12,738,862 |
| Total Cash, Cash Equivalents and Investments | $15,592,560 |

The Town has two (2) certificates of deposit with Passumpsic Savings Bank in the amounts of $111,735 and $111,727 with interest rates of 2.00%. Both certificates of deposit mature during fiscal year 2027.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit its exposure to custodial credit risk. The money market mutual funds, corporate bonds, U.S. Treasury bonds, exchange-traded funds and mutual funds are in the name of the Town and are not exposed to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

| | Book Balance | Bank Balance |
|---|---|---|
| FDIC Insured | $1,181,457 | $1,181,457 |
| Uninsured, Collateralized by U.S. Government Securities Held by the Bank in the Town's Name | 733,103 | 998,230 |
| Total | $1,914,560 | $2,179,687 |

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

The book balance is comprised of the following:

| | |
|---|---|
| Unrestricted Cash – Deposits with Financial Institutions | $1,691,003 |
| Unrestricted Cash – Deposits with Investment Company | 95 |
| Investments – Certificates of Deposit | 223,462 |
| Total | $1,914,560 |

The investment policy for the Pension Trust Fund is as follows:

The primary objectives of this portfolio are:

Growth of capital, income generation, and capital preservation using high-quality investments.

The portfolio will contain equities, bonds and cash equivalents. The equity and fixed income portions of the investment portfolio are to be diversified in order to control risk by providing reasonable assurance that investments in either a single security or class of securities cannot have an excessive impact on the total portfolio. The investment objectives are long term rather than short term in nature. The overall investment return of the portfolio will be measured against those of a target portfolio based a benchmark comprised of 50% equities and 50% bonds.

**Asset Mix Table***

| ***Asset Class*** | ***Min Wt*** | ***Max Wt*** | ***Representative Index*** |
|---|---|---|---|
| **Total Equities** | **35%** | **65%** | **S&P 500** |
| *Domestic Equities* | *85%* | *100%* | *% of Total Equities* |
| *Int'l Equities** | *0%* | *15%* | *% of Total Equities* |
| **Fixed Income** | **15%** | **65%** | **Lehman Int. Gov't/Credit Bond Index** |
| **Cash & Equivalents** | **0%** | **20%** | |

*International equities investments will be made only in an Exchange Traded Funds designed to replicate the MSCI-EAFE Index (symbol EFA).

Because security market conditions can vary greatly throughout a market cycle, the Fund's investment advisors are granted full discretion to change the asset mix, within the ranges above, for the purpose of increasing investment returns and/or reducing risk.

**Investment Guidelines**

Investments should be made consistent with the quality deemed appropriate in a relationship and to which a prudent investor would adhere. All assets must have readily ascertainable fiduciary market value and be easily marketable. The portfolio should be diversified to the extent a prudent investor might propose and to avoid any undue exposure to any segment of the economy or any industry segment.

The following are some general prohibited transactions or assets:

- Commodity trading, including future contracts;
- Purchase of lettered or restricted stock;
- Short selling;
- Option trading;
- Limited partnerships;
- Private placements;
- Derivative securities
- Acquiring securities of companies that have filed for Chapter 11 protection;

***Equities***

Equity investments are to be chosen from the New York Stock Exchange, American Stock Exchange, the regional exchanges, or the national over-the-counter market.

No more than 30% of the market value of the equity portion of the portfolio should be in any one industry and no more than 10% in any one security.

***Fixed Income***

Bonds should be of investment grade (meet or exceed a credit rating of BBB from Standard & Poor's and/or a Baa from Moody's). No more than 10% of the market value of the fixed income portion should be in any one issuer with the exception of the U.S. Government and its agencies.

Fixed income securities with a maturity greater than 30 years are prohibited.

Fixed income or interest rate futures are prohibited.

Risky or volatile derivative securities as commonly defined by the financial industry are prohibited.

Zero coupon Treasury bonds are permitted as well as non-volatile CMO securities.

Cash reserves should be invested in interest bearing securities or in an appropriate money market fund.

## Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's policy does not limit it's exposure to interest rate risk. The Town's certificates of deposit and exchange-traded funds are not subject to interest rate risk disclosure requirements. The Town's money market mutual funds and mutual funds are open-ended and, therefore, are also exempt from interest rate risk disclosure requirements.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity. The corporate bonds and U.S. Treasury bonds are shown at their actual maturity.

| | Remaining Maturity | | | | |
|---|---|---|---|---|---|
| Investment Type | Less Than 1 Year | 5 to 10 Years | 10 to 15 Years | Greater Than 20 Years | Total |
| Corporate Bonds | $ 0 | $ 1,119,971 | $ 401,488 | $ 0 | $ 1,521,459 |
| U.S. Treasury Bonds | 1,223,132 | 0 | 1,250,139 | 1,905,045 | 4,378,316 |
| Total | $ 1,223,132 | $ 1,119,971 | $ 1,651,627 | $ 1,905,045 | $ 5,899,775 |

## Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town's pension plan investments are required to meet or exceed a credit rating of BBB from Standard & Poor's and/or a Baa rating from Moody's. The Town's certificates of deposit, exchange-traded funds and U.S. Treasury bonds are not subject to credit risk disclosure requirements. The Town's money market mutual funds and mutual funds are open-ended and, therefore, are also exempt from credit risk disclosure requirements. The credit ratings for the corporate bonds are as follows:

| | Standard and Poor's Rating as of June 30, 2026 | | | | | | |
|---|---|---|---|---|---|---|---|
| Investment Type | AA | AA- | A+ | A | A- | BBB | Total |
| Corporate Bonds | $ 100,878 | $ 352,764 | $ 201,068 | $ 556,590 | $ 207,020 | $ 103,139 | $ 1,521,459 |

## Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town, other than the Pension Trust Fund, does not have any limitations on the amount that can be invested in any one issuer. The Town's certificates of deposit, exchange-traded funds and U.S. Treasury bonds are not subject to concentration of credit risk disclosure requirements. The money market mutual funds and mutual funds are open-ended and, therefore, are also excluded from concentration of credit risk disclosure requirements. There are no other investments in any one issuer that represent more than 5% of total investments.

## Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Town's certificates of deposit are not subject to fair value disclosure requirements.

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Town has the following fair value measurements as of June 30, 2026:

| | | Fair Value Measurements Using: | | |
|---|---|---|---|---|
| Description | Total | Quoted prices in active markets for identical assets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Corporate Bonds | $ 1,521,459 | $ 1,521,459 | $ 0 | $ 0 |
| U.S. Treasury Bonds | 4,378,316 | 4,378,316 | 0 | 0 |
| Exchange-Traded Funds | 6,239,046 | 6,239,046 | 0 | 0 |
| Mutual Funds - Mixed Holdings | 376,579 | 376,579 | 0 | 0 |
| Total | $ 12,515,400 | $ 12,515,400 | $ 0 | $ 0 |

**Restricted Cash Equivalents**

In 2025, the Town received a $1.654 million bond from the Vermont Municipal Bond Bank for the purchase of fire trucks. The bond proceeds and associated interest earnings are restricted for these purchases. The amount restricted as of June 30, 2026 is $994,471.

## B. Receivables

Receivables as of June 30, 2026, as reported in the statement of net position, are as follows:

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Delinquent Taxes Receivable | $ 367,416 | $ 0 | $ 367,416 |
| Penalties and Interest Receivable | 50,489 | 0 | 50,489 |
| Grants Receivable | 1,039,680 | 58,739 | 1,098,419 |
| Accounts Receivable | 13,984 | 0 | 13,984 |
| Billed Services | 0 | 468,948 | 468,948 |
| Unbilled Services | 0 | 500,455 | 500,455 |
| Total | $ 1,471,569 | $ 1,028,142 | $ 2,499,711 |

## C. Loans Receivable

Loans receivable as of June 30, 2026 are as follows:

| | |
|---|---|
| Loan Receivable, Hilltop Family Housing Partnership, Interest at 2%, Deferred until August, 2030 at which time all Principal is Due, Secured by Mortgage | $ 280,099 |
| Loan Receivable, Hilltop Family Housing Partnership, Interest at 2%, Deferred until July, 2044 at which time all Principal is Due, Secured by Mortgage | 300,000 |
| Loan Receivable, Caledonia Housing Partnership, Interest at 3%, Deferred until December, 2032 at which time all Principal is Due, Secured by Mortgage | 650,000 |
| Loan Receivable, Mountain View Street Jay Housing Limited Partnership, Interest at 0%, Deferred until October, 2033 at which time all Principal is Due, Secured by Real Estate and Personal Property | 322,000 |
| Loan Receivable, Dean Hale, LLC, Interest at 4%, Deferred until December, 2043 at which time all Principal is Due, Secured by Mortgage | 41,000 |

| | |
|---|---|
| Loan Receivable, Passumpsic View, Inc., Interest at 0%, Deferred until December, 2042 at which time all Principal is Due, Secured by Mortgage | $ 447,000 |
| Loan Receivable, Passumpsic View Commercial, Interest at 0%, Deferred until December, 2047 at which time all Principal is Due, Secured by Mortgage | 250,000 |
| Loan Receivable, Passumpsic Housing Limited Partnership, Interest at 0%, Deferred until December, 2039 at which time all Principal is Due, Secured by Real Estate and Personal Property | 55,000 |
| Loan Receivable, Northern Senior Housing Limited Partnership, Interest at 0%, Deferred until July, 2031 at which time all Principal is Due, Secured by Mortgage Receivable | 480,000 |
| Total | 2,825,099 |
| Less: Allowance for Doubtful Loans Receivable | (2,825,099) |
| Reported Value as of June 30, 2026 | $ 0 |

## D. Capital Assets

Capital asset activity for the year ended June 30, 2026 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 614,197 | $ 143,984 | $ 0 | $ 758,181 |
| Construction in Progress | 2,722,659 | 875,526 | 0 | 3,598,185 |
| Total Capital Assets, Not Being Depreciated | 3,336,856 | 1,019,510 | 0 | 4,356,366 |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 468,172 | 0 | 0 | 468,172 |
| Buildings and Building Improvements | 2,839,185 | 279,499 | 0 | 3,118,684 |
| Vehicles, Machinery and Equipment | 8,211,334 | 1,609,432 | 812,961 | 9,007,805 |
| Infrastructure | 29,773,249 | 0 | 0 | 29,773,249 |
| Totals | 41,291,940 | 1,888,931 | 812,961 | 42,367,910 |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | 468,172 | 0 | 0 | 468,172 |
| Buildings and Building Improvements | 1,301,507 | 65,931 | 0 | 1,367,438 |
| Vehicles, Machinery and Equipment | 5,831,673 | 614,673 | 812,599 | 5,633,747 |
| Infrastructure | 7,965,026 | 739,254 | 0 | 8,704,280 |
| Totals | 15,566,378 | 1,419,858 | 812,599 | 16,173,637 |
| Total Capital Assets, Being Depreciated | 25,725,562 | 469,073 | 362 | 26,194,273 |
| Governmental Activities Capital Assets, Net | $ 29,062,418 | $ 1,488,583 | $ 362 | $ 30,550,639 |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Business-type Activities** | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 185,592 | $ 0 | $ 0 | $ 185,592 |
| Construction in Progress | 11,687,178 | 310,460 | 10,837,351 | 1,160,287 |
| Total Capital Assets, Not Being Depreciated | 11,872,770 | 310,460 | 10,837,351 | 1,345,879 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Building Improvements | 19,512,460 | 12,130,740 | 0 | 31,643,200 |
| Vehicles, Machinery and Equipment | 1,553,388 | 76,241 | 33,778 | 1,595,851 |
| Distribution and Collection Systems | 36,731,670 | 16,015 | 0 | 36,747,685 |
| Totals | 57,797,518 | 12,222,996 | 33,778 | 69,986,736 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Building Improvements | 18,593,928 | 265,415 | 0 | 18,859,343 |
| Vehicles, Machinery and Equipment | 851,321 | 135,289 | 33,778 | 952,832 |
| Distribution and Collection Systems | 10,349,189 | 805,751 | 0 | 11,154,940 |
| Totals | 29,794,438 | 1,206,455 | 33,778 | 30,967,115 |
| Total Capital Assets, Being Depreciated | 28,003,080 | 11,016,541 | 0 | 39,019,621 |
| Business-type Activities Capital Assets, Net | $ 39,875,850 | $ 11,327,001 | $ 10,837,351 | $ 40,365,500 |

Depreciation was charged as follows:

| | | | |
|---|---|---|---|
| Governmental Activities: | | Business-type Activities: | |
| General Government | $ 82,741 | Water | $ 657,431 |
| Public Safety | 268,578 | Sewer | 549,024 |
| Public Works | 1,068,276 | | |
| Culture and Recreation | 263 | | |
| Total Depreciation Expense - Governmental Activities | $ 1,419,858 | Total Depreciation Expense - Business-type Activities | $ 1,206,455 |

## E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2026 are as follows:

| Fund | Due from Other Funds | Due to Other Funds |
|---|---|---|
| General Fund | $ 0 | $ 704,639 |
| Highway Fund | 210,949 | 0 |
| Special Services Fund | 349,700 | 0 |
| Grant Fund | 0 | 326,318 |
| Non-Major Governmental Funds | 23 | 136 |
| Water Fund | 1,507,692 | 0 |
| Sewer Fund | 0 | 1,037,271 |
| Total | $ 2,068,364 | $ 2,068,364 |

Interfund transfers during the year ended June 30, 2026 were as follows:

| Transfer From | Transfer To | Amount | | Purpose |
|---|---|---|---|---|
| General Fund | Recreation Fund | $ 85,000 | * | Appropriation |
| General Fund | Special Services Fund | 150,000 | | Fund Police Services |
| General Fund | Grant Fund | 117,452 | | Fund Grant Expenses |
| Parking Meter Fund | General Fund | 9,243 | * | Fund Parking Ticket Staff Expenses |
| Parking Meter Fund | Special Services Fund | 20,000 | * | Fund Dispatching Staff Expenses |
| Highway Fund | Grant Fund | 76,978 | | Fund Grant Expenses |
| Special Services Fund | General Fund | 249,744 | | Fund Dispatch Services |
| Grant Fund | General Fund | 72,645 | | Return Unused Funds |
| Total | | $ 781,062 | | |

* The transfer from the General Fund to the Recreation Fund and the transfer from the Parking Meter Fund to the General Fund are netted within the General Fund as these funds are consolidated within the General Fund and the transfer from the Parking Meter Fund to the Special Services Fund is included with the General Fund to comply with GASB Statement No. 54.

**F. Deferred Outflows of Resources**

Deferred outflows of resources in the governmental activities consists of $452,732 related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and $282,864 of required employer pension contributions made subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is $735,596.

Deferred outflows of resources in the business-type activities and Sewer Fund consists of $18,373 related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and $25,619 of required employer pension contributions made subsequent to the measurement date. Total deferred outflows of resources in the business-type activities and Sewer Fund is $43,992.

**G. Unearned Revenue**

Unearned revenue in the governmental activities consists of $10,471 of recreation fees and $14,869 of grant revenue received in advance. Total unearned revenue in the governmental activities is $25,340.

Unearned revenue in the business-type activities and the Water Fund consists of $10,171 of user fees received in advance.

Unearned revenue in the General Fund consists of $10,471 of recreation fees received in advance.

Unearned revenue in the Highway Fund consists of $13,152 of grant revenue received in advance.

Unearned revenue in the Grant Fund consists of $1,717 of grant revenue received in advance.

**H. Deferred Inflows of Resources**

Deferred inflows of resources in the governmental activities consists of $113,854 related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and $540,805 related to the Town's single-employer defined benefit plan. It also includes $27,107 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is $681,766.

Deferred inflows of resources in the business-type activities consists of $4,621 related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and $62,099 related to the Town's single-employer defined benefit plan. Total deferred inflows of resources in the business-type activities is $66,720.

Deferred inflows of resources in the General Fund consists of $355,643 of delinquent property taxes, penalties and interest on those taxes and $27,437 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes $27,107 of prepaid property taxes. Total deferred inflows of resources in the General Fund is $410,187.

Deferred inflows of resources in the Highway Fund consists of $646,680 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Grant Fund consists of $251,359 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Water Fund consists of $62,099 related to the Town's single-employer defined benefit plan.

Deferred inflows of resources in the Sewer Fund consists of $4,621 related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

## I. Short-term Debt

The Town had notes payable with various banks. The terms and activity are as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Note Payable, Vermont Bond Bank, Municipal Climate Recovery Fund, Interest at 1.3%, Interest Only Payment Due September, 2025, Principal Balance and Interest Due and Paid March, 2026 | $1,124,000 | $ 0 | $1,124,000 | $ 0 |
| Tax Anticipation Note, Passumpsic Savings Bank, $1,700,000 Available, Interest at 5.2%, Expired April 1, 2026 | 0 | 1,000,000 | 1,000,000 | 0 |
| Total | $1,124,000 | $1,000,000 | $2,124,000 | $ 0 |

## J. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital assets. General obligation bonds have been issued for both governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

The State of Vermont offers a number of low and no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for public works, water and sewer projects.

The United States Department of Agriculture (USDA) offers a number of low interest loan programs for various purposes. The Town has borrowed money from the USDA, in the form of bonds, for capital projects.

The Town has notes payable to finance various capital projects and purchases.

It is the Town's policy to permit employees to accumulate earned but unused leave time. The Town utilizes the Last-In, First-Out (LIFO) flow assumption to track the usage of accumulated leave. The accrual for unused compensated absences, based on current pay rates and including applicable salary-related payments, is recorded as a liability in the government-wide and proprietary fund financial statements.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's net pension liability related to the Town's single-employer defined benefit pension plan as well as the Town's share of the net pension liability associated with VMERS is recorded in the government-wide and proprietary fund financial statements.

The Town entered into an agreement with the St. Johnsbury - Lyndonville Industrial Park to pay them for the tax liability over five (5) to eight (8) years through the performance of summer and winter maintenance on the roads within the Industrial Park.

Long-term liabilities outstanding as of June 30, 2026 were as follows:

Governmental Activities:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Bond Payable, Vermont Municipal Bond Bank, Welcome Center Improvements, Principal Payments of $70,000 Payable on December 1 Annually, Interest Rates Ranging from 1.98% to 4.66% Payable on June 1 and December 1, Due December, 2031 | $ 490,000 | $ 0 | $ 70,000 | $ 420,000 |
| Bond Payable, Vermont Municipal Bond Bank, Fire Truck, Principal Payments of $82,700 Payable on November 1 Annually Beginning November 1, 2026, Interest at 4.16% Payable on May 1 and November 1, Due November, 2045 | 1,654,000 | 0 | 0 | 1,654,000 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Project, Principal Payments of $174,812 in Total Payable on December 1 Annually, 0% Interest, Due December, 2036. This is the Governmental Activities Portion of the Bond. | 1,269,133 | 0 | 105,761 | 1,163,372 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Project, Principal Payments of $69,219 in Total Payable on December 1 Annually, 0% Interest, Due December, 2046. This is the Governmental Activities Portion of the Bond. | 574,105 | 0 | 26,096 | 548,009 |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Bond Payable, U.S. Department of Agriculture, Westside Project, Principal and Interest Payments of $102,832 in Total Payable on June 15 and December 15 Semi-Annually, Interest at 2.25%, Due December, 2041. This is the Governmental Activities Portion of the Bond. | $1,777,615 | $ 0 | $ 90,076 | $1,687,539 |
| Note Payable, Union Bank, Highway Equipment, Principal and Interest Payments of $63,201 Payable on June 14 Annually, Interest at 1.79%, Due and Paid June, 2026 | 62,325 | 0 | 62,325 | 0 |
| Note Payable, Mascoma Bank, Highway Equipment, Principal and Interest Payments of $78,041 Payable on June 21 Annually, Interest at 3.95%, Due June, 2027 | 147,299 | 0 | 72,223 | 75,076 |
| Note Payable, Passumpsic Savings Bank, Highway Equipment, Principal and Interest Payments of $40,360 Payable on June 1 Annually, Interest at 4.44%, Due June, 2028 | 111,085 | 0 | 35,428 | 75,657 |
| Note Payable, Passumpsic Savings Bank, Highway Equipment, Principal and Interest Payments of $74,361 Payable on June 1 Annually, Interest at 4.96%, Due June, 2029 | 263,920 | 0 | 61,270 | 202,650 |
| Note Payable, Community National Bank, Highway Equipment, Principal and Interest Payments of $68,613 Payable on June 1 Annually, Interest at 5.05%, Due June, 2030 | 0 | 300,000 | 56,991 | 243,009 |
| Note Payable, Northwest Regional Planning Commission, Armory Project, Authorized to $169,500, Principal Payments of $900 Payable Monthly, 0% Interest, Due November, 2040 | 0 | 142,230 | 8,100 | 134,130 |
| Total Governmental Activities | $6,349,482 | $442,230 | $588,270 | $6,203,442 |

Business-type Activities:

Water Fund:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Project, Principal Payments of $69,219 in Total Payable on December 1 Annually, 0% Interest, Due December, 2046. This is the Water Fund Portion of the Bond. | $ 948,724 | $ 0 | $ 43,123 | $ 905,601 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Authorized to $12,399,522, but Eligible for $7,619,522 Subsidy, Principal Payments of $119,500 Payable on July 1 Annually Beginning July 1, 2026, 0% Interest, Due July, 2065. The Town Recognized $1,022,968 of the Subsidy During the Year. | 3,737,798 | 1,839,696 | 1,022,968 | 4,554,526 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Authorized to $2,842,370, but Eligible for $2,131,778 Subsidy, Principal Payments of $17,765 Payable on December 1 Annually, 0% Interest, Due December, 2063. The Town Recognized $50,377 of the Subsidy During the Year. | 615,864 | 67,169 | 68,142 | 614,891 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Service Line Inventory, Authorized to $235,000, but Eligible for 100% Subsidy on First $100,000 and 50% Subsidy on Remaining Portion, Principal Payments of $13,500 Payable on May 1 Annually Beginning May 1, 2028, 0% Interest, Due May, 2032. The Town Recognized $7,145 of the Subsidy During the Year. | 0 | 7,145 | 7,145 | 0 |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Authorized to $71,300, but Eligible for $35,650 Subsidy, Principal Payments of $7,130 Payable on June 1 Annually Beginning June 1, 2029, 0% Interest, Due June, 2033. The Town Recognized $5,298 of the Subsidy During the Year. | $ 4,849 | $ 10,596 | $ 5,298 | $ 10,147 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Authorized to $77,300, but Eligible for $38,650 Subsidy, Principal Payments of $7,730 Payable on September 1 Annually Beginning September 1, 2029, 0% Interest, Due September, 2033 | 13,317 | 0 | 0 | 13,317 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Water System Improvements, Authorized to $102,100, but Eligible for $25,525 Subsidy, Principal Payments of $15,315 Payable on February 1 Annually Beginning February 1, 2031, 0% Interest, Due February, 2035. The Town Recognized $3,926 of the Subsidy During the Year. | 0 | 15,704 | 3,926 | 11,778 |
| Bond Payable, U.S. Department of Agriculture, Westside Project, Principal and Interest Payments of $102,832 in Total Payable on June 15 and December 15 Semi-Annually, Interest at 2.25%, Due December, 2041. This is the Water Fund Portion of the Bond. | 648,972 | 0 | 32,885 | 616,087 |
| Bond Payable, U.S. Department of Agriculture, Phase II Water Construction, Principal and Interest Payments of $15,384 Payable on June 21 and December 21 Semi-Annually, Interest at 2.50%, Due December, 2049 | 569,164 | 0 | 16,850 | 552,314 |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Bond Payable, U.S. Department of Agriculture, Phase I Water Construction, Principal and Interest Payments of $11,149 Payable on May 2 and November 2 Semi-Annually, Interest at 4.25%, Due November, 2049 | $ 337,062 | $ 0 | $ 8,050 | $ 329,012 |
| Bond Payable, U.S. Department of Agriculture, Phase I Water Construction, Principal and Interest Payments of $47,338 Payable on May 2 and November 2 Semi-Annually, Interest at 4.25%, Due November, 2049 | 1,431,112 | 0 | 34,180 | 1,396,932 |
| Bond Payable, U.S. Department of Agriculture, Water System Improvements, Principal and Interest Payments of $4,764 Payable on March 19 and September 19 Semi-Annually, Interest at 2.63%, Due September, 2048 | 211,359 | 0 | 4,006 | 207,353 |
| Bond Payable, U.S. Department of Agriculture, Water System Improvements, Principal and Interest Payments of $9,192 Payable on May 20 and November 20 Semi-Annually, Interest at 1.25%, Due November, 2060 | 525,453 | 0 | 11,853 | 513,600 |
| Total Water Fund | 9,043,674 | 1,940,310 | 1,258,426 | 9,725,558 |

Sewer Fund:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Westside South Project, Principal Payments of $56,676 Payable on August 1 Annually, 0% Interest, Due August, 2028 | 226,705 | 0 | 56,676 | 170,029 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Planning Project, Principal Payments of $33,405 Payable on August 1 Annually, 0% Interest, Due August, 2030 | 200,429 | 0 | 33,405 | 167,024 |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Project, Principal Payments of $174,812 in Total Payable on December 1 Annually, 0% Interest, Due December, 2036. This is the Sewer Fund Portion of the Bond. | $ 828,607 | $ 0 | $ 69,051 | $ 759,556 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Improvements, Authorized to $2,312,987, but Eligible for $1,014,464 Subsidy, Principal and Administrative Fee Payments of $57,979 Payable on July 1 Annually, 2% Administrative Fee, Due July, 2054 | 1,193,697 | 0 | 32,008 | 1,161,689 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, CSO Long-term Control Project, Authorized to $209,145, but Eligible for $200,000 Subsidy, Principal Payments of $1,829 Payable on May 1 Annually, 0% Interest, Due May, 2030. The Town Recognized $23,063 of the Subsidy During the Year. | 32,208 | 0 | 24,892 | 7,316 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Improvements, Authorized to $40,300, but Eligible for $20,150 Subsidy, Principal Payments of $4,030 Payable on October 1 Annually Beginning October 1, 2026, 0% Interest, Due October, 2030 | 18,510 | 0 | 0 | 18,510 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Evaluation Plan, Authorized to $150,000, but Eligible for $75,000 Subsidy, Principal Payments of $7,500 Payable on October 1 Annually Beginning October 1, 2026, 0% Interest, Due October, 2035 | 53,111 | 0 | 0 | 53,111 |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Portland Street CSO Project, Authorized to $82,300, but Eligible for 100% Subsidy. The Town Recognized $408 of the Subsidy During the Year. | $ 0 | $ 408 | $ 408 | $ 0 |
| Bond Payable, State of Vermont Special Environmental Revolving Fund, Railroad Street CSO Project, Authorized to $67,200, but Eligible for 100% Subsidy. The Town Recognized $330 of the Subsidy During the Year. | 0 | 330 | 330 | 0 |
| Bond Payable, U.S. Department of Agriculture, Westside Project, Principal and Interest Payments of $102,832 in Total Payable on June 15 and December 15 Semi-Annually, Interest at 2.25%, Due December, 2041. This is the Sewer Fund Portion of the Bond. | 395,025 | 0 | 20,016 | 375,009 |
| Bond Payable, U.S. Department of Agriculture, Sewer Pump, Principal and Interest Payments of $18,369 Payable on August 1 and February 1 Semi-Annually, Interest at 2.75%, Due August 1, 2047 | 603,178 | 0 | 20,289 | 582,889 |
| Bond Payable, U.S. Department of Agriculture, Sewer System Improvements, Principal and Interest Payments of $70,829 Payable on May 26 and November 26 Semi-Annually, Interest at 2.63%, Due November, 2048 | 2,471,995 | 0 | 77,272 | 2,394,723 |
| Total Sewer Fund | 6,023,465 | 738 | 334,347 | 5,689,856 |
| Total Business-type Activities | $15,067,139 | $1,941,048 | $1,592,773 | $15,415,414 |

Changes in long-term liabilities during the year were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| General Obligation Bonds Payable | $ 5,764,853 | $ 0 | $ 291,933 | $ 5,472,920 | $ 376,671 |
| Notes Payable | 584,629 | 442,230 | 296,337 | 730,522 | 243,527 |
| Compensated Absences Payable | 381,466 | 0 | 43,301 | 338,165 | 0 |
| Net Pension Liability - VMERS | 2,102,762 | 179,882 | 0 | 2,282,644 | 0 |
| Net Pension Liability - Town of St. Johnsbury Retirement Plan | 2,703,915 | 0 | 336,844 | 2,367,071 | 0 |
| Industrial Park Liability | 49,248 | 0 | 12,662 | 36,586 | 10,000 |
| Total Governmental Activities Long-term Liabilities | $ 11,586,873 | $ 622,112 | $ 981,077 | $ 11,227,908 | $ 630,198 |
| **Business-type Activities** | | | | | |
| General Obligation Bonds Payable | $ 15,067,139 | $ 1,941,048 | $ 1,592,773 | $ 15,415,414 | $ 613,962 |
| Compensated Absences Payable | 28,675 | 6,367 | 0 | 35,042 | 0 |
| Net Pension Liability - VMERS | 218,167 | 0 | 125,531 | 92,636 | 0 |
| Net Pension Liability - Town of St. Johnsbury Retirement Plan | 300,435 | 0 | 28,631 | 271,804 | 0 |
| Total Business-type Activities Long-term Liabilities | $ 15,614,416 | $ 1,947,415 | $ 1,746,935 | $ 15,814,896 | $ 613,962 |

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The addition/reduction to the compensated absences liabilities represent the net change in the liabilities from the previous year. Based on historical trends and expected termination timelines, the compensated absences liabilities are classified entirely as non-current, with no material portion anticipated to be settled within one year.

The change in the net pension liability is allocated to the function where the employee is charged.

Debt service requirements to maturity are as follows:

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2027 | $ 620,198 | $ 150,308 | $ 613,962 | $ 230,897 |
| 2028 | 554,885 | 131,144 | 624,358 | 216,647 |
| 2029 | 524,714 | 113,465 | 638,835 | 209,302 |
| 2030 | 459,174 | 99,097 | 593,333 | 201,743 |
| 2031 | 396,095 | 86,956 | 605,904 | 193,960 |
| 2032-2036 | 1,735,714 | 323,718 | 2,868,571 | 844,751 |
| 2037-2041 | 1,278,593 | 173,974 | 2,799,234 | 612,386 |
| 2042-2046 | 607,973 | 43,671 | 2,641,428 | 358,668 |
| 2047-2051 | 26,096 | 0 | 1,948,005 | 113,198 |
| 2052-2056 | 0 | 0 | 927,887 | 22,011 |
| 2057-2061 | 0 | 0 | 781,871 | 3,880 |
| 2062-2065 | 0 | 0 | 372,026 | 0 |
| Total | $ 6,203,442 | $ 1,122,333 | $ 15,415,414 | $ 3,007,443 |

## K. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of Selectmen's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance polices.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Major Funds

| | |
|---|---|
| General Fund: | |
| Nonspendable Prepaid Items | $103,587 |
| Nonspendable Deposit on Fire Truck | 20,000 |
| Total General Fund | 123,587 |
| Non-Major Funds | |
| Permanent Fund: | |
| Nonspendable Goss Hollow Cemetery Fund Principal | 5,161 |
| Total Nonspendable Fund Balances | $128,748 |

The fund balances in the following funds are restricted as follows:

Major Funds

| | |
|---|---|
| General Fund: | |
| Restricted for Knob Property Expenditures by Donations (Source of Revenue is Donations) | $ 15,848 |
| Restricted for Fire Truck Expenditures by Loan Agreement (Source of Revenue is Bond Proceeds) | 984,471 |
| Total General Fund | 1,000,319 |
| Special Services Fund: | |
| Restricted for Public Safety Expenditures by Charter (Source of Revenue is Property Taxes) | 315,134 |

Non-Major Funds

| | |
|---|---|
| Special Revenue Funds: | |
| Restricted for Grove Cemetery Expenses by Donations and Sale of Lots (Source of Revenue is Donations and Sale of Lots) | $ 296,002 |
| Restricted for St. Johnsbury Center Cemetery Expenses by Donations and Sale of Lots (Source of Revenue is Donations and Sale of Lots) | 75,411 |
| Total Special Revenue Funds | 371,413 |
| Permanent Fund: | |
| Restricted for Goss Hollow Cemetery Expenses by Trust Agreement – Expendable Portion | 2,262 |
| Total Non-Major Funds | 373,675 |
| Total Restricted Fund Balances | $1,689,128 |

The fund balances in the following fund are assigned as follows:

Major Funds

| | |
|---|---|
| General Fund: | |
| Assigned for Records Restoration Reserve | $ 75,351 |
| Assigned for Economic Development Reserve | 28,062 |
| Assigned for Fountain Fund Reserve | 20,302 |
| Assigned for Revaluation Reserve | 59,834 |
| Assigned for Dispatch Equipment | 17,877 |
| Assigned for Pomerleau Building Reserve | 38,302 |
| Assigned for Fire Department Catastrophic Reserve | 25,000 |
| Assigned for Dispatch Move Reserve | 25,000 |
| Assigned for Armory Reserve | 10,000 |
| Assigned for Housing Development Reserve | 81,662 |
| Assigned for Cemetery Reserve | 3,200 |
| Assigned for Parking Meter Equipment Reserve | 18,529 |
| Assigned in Excess of Available Fund Balance | (3,855) |
| Total Assigned Fund Balances | $399,264 |

The unassigned deficit of $251,359 in the Grant Fund will be funded with the collection of grant receivables.

**L. Net Position**

The restricted net position of the Town as of June 30, 2026 consisted of the following:

| | |
|---|---|
| Governmental Activities: | |
| Restricted for Knob Property Expenditures by Donations | $ 15,848 |
| Restricted for Fire Truck Expenditures by Loan Agreement | 75,460 |
| Restricted for Public Safety Expenditures by Charter | 315,134 |
| Restricted for Grove Cemetery by Donations and Sale of Lots | 296,002 |
| Restricted for St. Johnsbury Center Cemetery by Donations and Sale of Lots | 75,411 |
| Restricted for Goss Hollow Cemetery by Trust Agreement – Nonexpendable Portion | 5,161 |
| Restricted for Goss Hollow Cemetery by Trust Agreement – Expendable Portion | 2,262 |
| Total Governmental Activities | $785,278 |

The designated net position of the Town as of June 30, 2026 consisted of the following:

| | |
|---|---|
| Business-type Activities: | |
| Water Fund: | |
| Designated for Water Capital | $126,010 |
| Sewer Fund: | |
| Designated for Sewer Capital | 286,330 |
| Designated in Excess of Unrestricted Net Position | (286,330) |
| Total Sewer Fund | 0 |
| Total Business-type Activities | $126,010 |

The unrestricted deficit of $274,286 in the Sewer Fund will be funded with proceeds from long-term debt, which a portion will be forgiven by the State of Vermont, future rate increases and operational surpluses.

## V. OTHER INFORMATION

### A. Pension Plans

#### Defined Benefit Plans

#### The Vermont Municipal Employees' Retirement System (VMERS)

#### Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) 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 municipal and school district 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. As of June 30, 2025, the measurement date selected by the State of Vermont, the retirement system consisted of 363 participating employers.

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.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2025, the measurement date selected by the State of Vermont, VMERS was funded at 77.15% and had a plan fiduciary net position of $1,121,818,646 and a total pension liability of $1,454,166,265 resulting in a net position liability of $332,347,619. The Town's proportionate share of this was 0.7147% resulting in a net pension liability of $2,375,280. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.7147% was an increase of 0.0159 from its proportion measured as of the prior year.

For the year ended June 30, 2026, the Town recognized pension expense of $471,928.

As of June 30, 2026, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 316,820 | $ 0 |
| Net difference between projected and actual investment earnings on pension plan investments | 0 | 118,475 |
| Changes in assumptions | 6,396 | 0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 147,889 | 0 |
| Town's required employer contributions made subsequent to the measurement date | 308,483 | 0 |
| | $ 779,588 | $ 118,475 |

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of $308,483 will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending June 30 | |
|---|---|
| 2027 | $350,535 |
| 2028 | 73,261 |
| 2029 | (20,738) |
| 2030 | (50,428) |
| Total | $352,630 |

**Summary of Plan Provisions**

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Groups B, C and D.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Normal Retirement Eligibility – Group A – Earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – Earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Normal Retirement Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC. Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Eligibility – Groups A and B – Age 55 with five (5) years of service. Group C – None. Group D – Age 50 with twenty (20) years of service.

Early Retirement Amount – Normal retirement allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Groups A and B members; payable without reduction to Group D members.

Vesting – All Groups – Five (5) years of service. 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”.

Disability Retirement Eligibility – All Groups – Five (5) years of service and disability as determined by Retirement Board.

Disability Retirement Amount – All Groups – 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 – All Groups – Death after five (5) years of service.

Death Benefit Amount – Groups A, B and C – Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefit under disability allowance computed as of date of death. Group D – 70% of the unreduced accrued benefit, plus children’s benefit.

Post-Retirement Adjustments – Group A – Allowances in pay status for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62. Groups B, C and D – Allowances in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 3%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62 (age 55 for Group C).

Retirement Stipend – $25 per month payable at the option of the Retirement Board.

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

Refund of Contributions – Upon termination, if the member so elects, or if no other benefit is payable, the member's accumulated contributions with interest are refunded.

Member Contribution Rates:

| Effective | Group A | Group B | Group C | Group D |
|---|---|---|---|---|
| July 1, 2025 | 4.25% | 6.625% | 11.75% | 13.10% |
| July 1, 2026 | 4.50% | 6.875% | 12.00% | 13.35% |
| July 1, 2027 | 4.75% | 7.125% | 12.25% | 13.60% |
| July 1, 2028 | 5.00% | 7.375% | 12.50% | 13.85% |
| July 1, 2029 | 5.25% | 7.625% | 12.75% | 14.10% |

Employer Contribution Rates:

| Effective | Group A | Group B | Group C | Group D |
|---|---|---|---|---|
| July 1, 2025 | 5.75% | 7.25% | 9.00% | 11.60% |
| July 1, 2026 | 6.00% | 7.50% | 9.25% | 11.85% |
| July 1, 2027 | 6.25% | 7.75% | 9.50% | 12.10% |
| July 1, 2028 | 6.50% | 8.00% | 9.75% | 12.35% |
| July 1, 2029 | 6.75% | 8.25% | 10.00% | 12.60% |

**Significant Actuarial Assumptions and Methods**

Inflation Rate – 2.30% per year.

Investment Rate of Return – 7.00%, net of pension plan investment expenses, including inflation.

Salary Increases – Ranging from 4.07% to 6.21% based on service.

Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2026 COLA is expected to be 1.50% for all groups. The January 1, 2025 COLA was 1.90% for all groups.

Mortality:

Pre-Retirement – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below-Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, 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 and B – PubG-2010 General Healthy Retiree Amount-Weighted Below-Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Retiree Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement – Beneficiaries – All Groups – Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement – Groups A, B and C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

Age of Spouse – Females three (3) years younger than males.

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 member.

**Determination of Discount Rate and Investment Rates of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| US Agg Fixed Income | 19% | 2.20% |
| TIPS | 2% | 1.70% |
| Large/Mid Cap US Equity | 4% | 3.70% |
| Small Cap US Equity | 3% | 4.45% |
| Developed Large/Mid Cap International Equity | 5% | 5.95% |
| Global Equity | 32% | 4.79% |
| Core Real Estate | 3% | 3.95% |
| Non-Core Real Estate | 4% | 5.95% |
| Private Credit | 11% | 5.70% |
| Private Equity | 11% | 7.45% |
| Private Core Infrastructure | 4% | 4.95% |
| Agriculture/Farmland | 2% | 3.70% |

Discount Rate – The long-term expected rate of return on pension plan investments is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2025, is 5.20%, as published by The Bond Buyer.

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed plan member 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 costs 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 plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. 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 as of June 30, 2025.

**Discount Rate Sensitivity**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2025, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

| 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|
| $3,735,376 | $2,375,280 | $1,260,212 |

**Additional Information**

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

**The Town of St. Johnsbury Retirement Plan**

**Plan Description**

The Town of St. Johnsbury Retirement Plan is a single employer defined benefit pension plan administered by the Town of St. Johnsbury. The Town of St. Johnsbury Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Town of St. Johnsbury established and may amend benefit provisions of the plan. The plan does not issue stand-alone financial statements. The plan covers all employees of the Town who work at least 1,000 hours on a twelve (12) month consecutive period and who agree to make minimum contributions. Effective July 1, 2016, the Town stopped allowing new participants to enter the plan.

**Funding Policy**

The Plan requires members, other than employees of the Fire Department, to contribute 5% of base salary and members of the Fire Department to contribute 8% of base salary. The total actuarially determined contribution to the system for 2026 was $280,598 which was computed through an actuarial valuation performed as of January 1, 2025.

As of January 1, 2026, there were 8 active members, 23 inactive members and 54 retirees and beneficiaries.

The market value of plan assets maintained at Fidelity Wealth Management is $12,379,925 as of June 30, 2026.

**Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

As of January 1, 2026, the measurement date selected by the Town of St. Johnsbury, the pension was funded at 81.92% and had a plan fiduciary net position of $11,958,693 and a total pension liability of $14,597,568 resulting in a net pension liability of $2,638,875. The net pension liability was measured as of January 1, 2026, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2026, the Town recognized pension expense of $610,660.

As of June 30, 2026, the Town reported deferred inflows of resources from the following sources:

| | Deferred Inflows of Resources |
|---|---|
| Net difference between projected and actual investment earnings on pension plan investments | $ 602,904 |
| | $ 602,904 |

The deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending June 30 | |
|---|---|
| 2027 | $ 113,072 |
| 2028 | (369,937) |
| 2029 | (205,505) |
| 2030 | (140,534) |
| Total | $(602,904) |

**Significant Actuarial Assumptions and Methods**

The system uses the level dollar closed method to amortize the unfunded accrued liability over a twenty (20) year period. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are as follows:

| | |
|---|---|
| Actuarial Cost Method | Individual Entry Age |
| Asset Valuation Method | Market Value |
| Investment Rate of Return | 6.5% |
| Salary increases | 3.75% |
| COLA Adjustment | None |
| Mortality Table | Pri-2012 Mortality Table with fully generational improvements from 2012 based on mortality improvement Scale MP-2021. |

**Summary of Plan Provisions**

Benefits

Normal Retirement Benefits

| | |
|---|---|
| Normal Retirement Benefit | Benefit Formula:<br>2% of Average Compensation per year of credited service<br>Maximum total years of service: 35 |
| Average Compensation | Average Compensation over the 3 highest consecutive years of service |
| Vested Retirement Benefit | Vesting Schedule:<br>Cliff vesting (100% after 5 years)<br>Computation period: Plan years<br>Based on periods of service rounded to the nearest year |
| Accrued Retirement Benefit | Units accrued to date |

Form of Payment

The normal form of pension is a single life annuity with monthly payments commencing on the member's retirement date.

Early Retirement Benefit

| | |
|---|---|
| Early Retirement Benefit | Accrued Retirement Benefit<br>Eligibility Requirements:<br>Minimum years of service: 10<br>Minimum age: 55 |
| Benefit Commencement Date | Benefit Adjustment: The benefit is actuarially reduced for each year by which retirement age precedes normal retirement age, or if retirement is after normal retirement, the benefit isthe greater of the in-service benefit as of the retirement date and the normal retirement benefit actuarially increased to the retirement date.<br><br>The Early Retirement Benefit is unreduced with 25 years of service. |

Termination Benefit

| | |
|---|---|
| Termination of Employment | An employee who terminates from service prior to attaining retirement age, other than due to becoming disabled, shall be entitled to receive the vested portion of the accrued benefit upon meeting the requirements for early or normal retirement. A vested participant may elect to withdraw their employee contribution account on separation from service in return for a reduced accrued benefit payable at retirement age.<br><br>An employee who terminates from service prior to attaining retirement age and is not vested shall receive a distribution of their employee contribution account. |

Death Benefit

| | |
|---|---|
| Pre-Retirement Death Benefit | Lump sum payable on death of participant<br>Qualified pre-retirement survivor annuity payable to the surviving spouse, unless waived with spousal consent. |
| Benefit Amount | 100% present value of accrued benefit |

Disability Benefit

| | |
|---|---|
| Disability Benefit | Monthly benefit for life |
| Benefit Amount | 1 times the current monthly accrued retirement benefit provided the participant has 10 years of service. |

**Investment Policy**

The investment policy was approved by the Retirement Plan Committee. The investment policy is described in Note IV.A.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.50 percent and represents the long-term expected rate of return on pension plan investments based on the current allocation of assets.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's net pension liability calculated using the discount rate of 6.50 percent, as well as what the liability would be if it were calculated using a discount rate that is one percent lower (5.50%) or one percent higher (7.50%):

| 1% Decrease (5.50%) | Discount Rate (6.50%) | 1% Increase (7.50%) |
|---|---|---|
| $4,218,123 | $2,638,875 | $1,306,638 |

### Changes in the Net Pension Liability

The change in the Net Pension Liability for the Plan is as follows:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| **Balances at January 1, 2025** | $ 14,159,561 | $ 11,155,211 | $ 3,004,350 |
| **Changes for the year:** | | | |
| Service cost | 55,682 | 0 | 55,682 |
| Interest | 894,929 | 0 | 894,929 |
| Difference between expected and actual experience | 381,606 | 0 | 381,606 |
| Contributions - employer | 0 | 280,598 | (280,598) |
| Contributions - members | 0 | 29,785 | (29,785) |
| Net investment income | 0 | 1,407,789 | (1,407,789) |
| Administrative expenses | 0 | (20,480) | 20,480 |
| Benefit payments, including refunds of member contributions | (894,210) | (894,210) | 0 |
| **Net changes** | 438,007 | 803,482 | (365,475) |
| **Balances at December 31, 2025** | $ 14,597,568 | $ 11,958,693 | $ 2,638,875 |

## B. Contingent Liabilities

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

There are currently pending claims against the Town where the Town's insurance carrier is providing defense with a reservation of rights. The Town is vigorously defending the claims. The Town is not able to presently determine the ultimate resolution of these matters.

## C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

**D. Property Taxes**

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. During the tax year ended June 30, 2026, taxes became due and payable on October 10, 2025 and March 10, 2026. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2026 were as follows:

| | Homestead | Non-Homestead |
|---|---|---|
| Education | 1.0631 | 1.1733 |
| General | 0.4202 | 0.4202 |
| Appropriations | 0.0399 | 0.0399 |
| Highway | 0.2846 | 0.2846 |
| Special Services District | 0.4218 | 0.4218 |
| Local Agreement | 0.0016 | 0.0016 |
| Total | 2.2312 | 2.3414 |

**E. Property Tax Stabilization Agreements**

The Town enters into property tax stabilization agreements with local businesses pursuant to Section 2741 of Title 24, Vermont Statutes Annotated. The Board of Selectmen under certain conditions may enter into contracts with new and existing owners, lessees or operators of industrial and commercial real and personal property for the purpose, among others, of fixing and maintaining the valuation of the of the real personal property of such persons for a period of up to ten years to provide incentives to foster sustainable business development. The specific goals of the program are: 1) to create jobs, 2) increase the tax base 3) increase economic activity in the Town, and 4) address vacant and blighted property.

Stabilization shall be considered for:

1. Construction and/or renovation of new commercial or industrial property.
2. Occupying vacant commercial property.
3. Renovation of blighted or vacant property into industrial/commercial use.
4. New machinery and equipment only if it is considered “Real Property”.

When considering a tax stabilization request, the Board of Selectmen shall review the following criteria:

1. The number of full time-permanent jobs to be created.
2. The number of part-time permanent jobs to be created.
3. The number of temporary full and part-time jobs to be created.
4. The total investment in buildings, machinery, and equipment by the business.
5. The impact to the overall tax base. Specifically, the increase in the Grand List for the potentially stabilized property.
6. The financial stability and condition of the applicant at the time of application.
7. Whether the project is new or existing property.
8. Whether the project addresses a vacant and/or blighted property.

Special Consideration: The Town of St. Johnsbury may offer special consideration to any businesses meeting the following criteria: 1) creating permanent full-time jobs, 2) offer wages and benefits at or above the average for that sector as determined by the latest data available through the Department of Employment and Training, 3) increase the grand list for the Town, 4) make improvements to vacant or blighted properties.

Annual reporting will be required by the company participating in a tax stabilization agreement to ensure that employment and economic impact thresholds are being met. Employment and economic impact threshold must be maintained in order to continue with the scheduled tax stabilization.

During the year ended June 30, 2026, the Town had six (6) active stabilization agreements. The total reduction of taxes was $21,137.

**F. Commitments**

**St. Johnsbury Armory Project**

**Project Description**

Constructed in 1916, the Town-owned Armory is a historic building, the focal point of the Main Street Historic District, and the most significant opportunity for the Town to drive revitalization along this blighted corridor. The Armory site consists of a two-story brick-and-block structure on 0.44 acres in the downtown core and center of the Town's OZ. The building envelope covers 7,800 sf, including the ground floor, second floor, and basement. The Armory was sold to the Town in 1975 by the State of Vermont Board of Armory Commissioners, who operated the facility as an Armory for the First Vermont Infantry. After the Town acquired the Armory in 1975, it was home to several municipal departments, including the St. Johnsbury Police Department until the 1990s, followed by the Town's Recreation Department until 2009, when it was determined that existing Regulated Building Materials (RBMs) would make it too costly for the Town to provide upgrades to meet current building codes. The building has been vacant for the past 17 years due to the presence of RBMs and structural concerns. Like similar structures, the Armory contains abundant Asbestos-Containing Materials (ACMs), Polychlorinated Biphenyls (PCBs), and Lead-Based Paint (LBP). Abatement costs associated with these materials are a significant hurdle to future renovations.

The redevelopment plan is to relocate the current police and dispatch departments and construct an emergency operations center within the renovated former Armory facility. Revitalizing a historic building by remediating contaminants and occupying a currently vacant structure will provide efficient, comfortable accommodations for St. Johnsbury police staff, enabling them to better serve the region.

Currently, the remediation phase of the Armory Redevelopment Project is 85% complete, while the construction phase is on hold as Town Officials work to secure the required funding to begin construction.

When completed, the Armory will provide upgrades vital for staff recruitment and retention and will also serve as a regional emergency services training and education center.

**Service Area**

As the County seat, St. Johnsbury serves as the 'hub' community for the many surrounding towns and villages. The St. Johnsbury Police Department provides backup services to Vermont State Police and the Caledonia County Sheriffs Department. These services are provided on an as-needed basis and are typically requested when state police troopers are on another call and need to respond to a call-in close to St. Johnsbury. These services are reciprocating in a manner similar to a mutual aid relationship that fire departments share. Similarly, the St. Johnsbury Police Department provides assistance to the Caledonia County Sherift1s Department. Typically, these services are not law enforcement duties but support services involving cases tried in the Caledonia County Courthouse.

**Project Challenges & Update**

As a result of COVID-19, development projects have become increasingly difficult to pencil out. High materials costs, labor costs, and supply chain pressures have created a complicated and challenging development environment. St. Johnsbury's Annory project has not been immune to these market challenges. In November 2021, cost estimates for the Armory Redevelopment Project were $5.8M; in February 2022, costs increased to $6.3M; in July 2022, cost estimates increased to $8.75M; then to $ l 3.5M, and finally after bidding the construction phase of the project the total cost of the Armory Redevelopment equals $12.6M.

The remediation phase of the project started in the spring of 2024 and continued through the spring of 2025. Approximately 85% of the remediation has been completed and the remaining 15% requires demolition of interior framing and the roof and must be performed in conjunction with the construction phase of the project.

Town Officials were forced to go back to the St. Johnsbury taxpayers with a bond request of $3.8M to fund the project shortfall. On June 3rd, 2025, the Town bond vote failed. Currently, Town Officials are working with a contractor to assess the next steps for the Armory project.

## Project Summary

The remediation phase of the Armory Redevelopment project is approximately 85% complete, with contractors on standby, ready to complete the work in conjunction with a construction contractor when funding allows. To date, the Town has self-funded $679,536.55 from the General Fund, with plans to repay the General Fund when the Town accesses the $5.4 million general obligation bond previously approved by voters for the Armory project.

Below are tables that identify project cost to date, total project costs, and total funding sources. Please note that project delays may impact the availability of committed and uncommitted funding.

## Total Project Costs to Date by Funding Source

| **Armory Project Costs to Date by Funding Source** | |
|---|---|
| Town Self-funded | $ 706,234.00 |
| Northwest Regional Planning Commission (NRPC) Loan | $ 142,229.64 |
| **Total Town** | **$ 848,463.64** |
| | |
| Northwest Regional Planning Commission (NRPC) Grant | $ 142,229.64 |
| EPA Cleanup Grant | $ 500,000.00 |
| Vermont Community Development Program (VCDP) CDBG | $ 330,000.00 |
| Vermont Brownfields Revitalization Program (VT BRF) | $ 944,055.49 |
| **Grant Sources Total** | **$ 1,916,285.13** |
| | |
| **Total Project Cost To Date** | **$ 2,764,748.77** |

## Total Project Cost

| **St. Johnsbury Armory Redevelopment Project** | | |
|---|---|---|
| **Armory Project Cost Model - Summary** | | **% Total** |
| Area Summary (GSF) | 7,649 | |
| Construction Costs | | |
| Initial Construction | $5,236,061 | 53.3% |
| Other | | 0.0% |
| **Subtotal** | **$5,236,061** | **53.3%** |
| Services | $969,564 | 9.9% |
| Permits | $63,667 | 0.6% |
| Hazardous Materials Remediation | $2,752,364 | 28.0% |
| Fixtures, Furniture & Equipment | $600,507 | 6.1% |
| Legal, Financing & Insurance | $10,000 | 0.1% |
| Owner Contingency & Escalation | $200,000 | 2.0% |
| **Total Project Cost** | **$9,832,163** | **100.00%** |
| | | |
| Project Phase 1- Cleanup | $2,752,364 | 28.0% |
| Project Phase 2 - Construction | $7,079,800 | 72.0% |
| **Total** | **$9,832,163** | **100.00%** |

**Total Funding Sources**

| | | |
|---|---|---|
| **Phase I: Armory Project Remediation** | | |
| **Remediation Budget** | **$2,752,364** | |
| | | |
| **Phase II: Armory Project Construction** | | |
| **Total Construction Project Cost** | **$7,079,800** | |
| | | |
| **Total Project Cost** | **$9,832,163** | |
| | | |
| **Committed Funding Sources** | | |
| Town General Obligation Bonds | $5,057,770 | committed |
| EPA Cleanup Grant | $500,000 | committed |
| VCDP CDBG (State Funds) | $330,000 | committed |
| VT Brownfields Revitalization Fund (State Funds) | $1,200,000 | committed |
| Regional Planning Commission RLFs (EPA) | $142,230 | committed |
| Regional Planning Commission Grants (EPA) | $142,230 | committed |
| Sanders CDS Homeland Security (FEMA) | $585,000 | committed |
| NVDA RLF Grant | $200,000 | available- uncommitted |
| NVDA RLF Loan | $200,000 | available- uncommitted |
| | | |
| **Total** | **$8,357,230** | |
| Project Shortfall | $1,474,933 | |

## G. Subsequent Events

On August 28, 2026, the Town obtained a line of credit in anticipation of taxes with Passumpsic Savings Bank in the amount of $1,000,000. Interest is at 6.2% and is due March 31, 2027.

On September 14, 2026, the Town approved a loan agreement with Passumpsic Savings Bank for the financing of highway equipment in the amount of $287,000. Interest is at 4.96% and has a term of five (5) years.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Revenues: | | | |
| Property Taxes | $ 3,552,634 | $ 3,443,904 | $ (108,730) |
| Special Appropriation Tax | 336,890 | 336,890 | 0 |
| Delinquent Tax Penalties | 55,000 | 59,065 | 4,065 |
| Interest on Delinquent Taxes | 33,000 | 40,519 | 7,519 |
| VT Pilot Payments | 180,000 | 149,588 | (30,412) |
| Hold Harmless VT Payments | 60,000 | 73,910 | 13,910 |
| Education Billing Fee Retained | 16,000 | 19,350 | 3,350 |
| State Parcel Payment | 26,000 | 25,917 | (83) |
| Beverage Licenses | 4,000 | 4,515 | 515 |
| Dog Licenses | 4,000 | 4,898 | 898 |
| Dog Fines | 0 | 1,201 | 1,201 |
| Zoning Permits | 30,000 | 6,364 | (23,636) |
| Housing Fees | 63,000 | 58,385 | (4,615) |
| Transfer Station Reimbursements | 2,000 | 2,168 | 168 |
| Overweight Permits | 500 | 540 | 40 |
| Dumpster Reimbursement - St. Johnsbury Athenaeum | 800 | 600 | (200) |
| Dispatch Services | 470,936 | 410,656 | (60,280) |
| Fire Department Services | 50,000 | 50,191 | 191 |
| Listers' Services | 3,000 | 3,049 | 49 |
| Town Clerk's Fees | 78,000 | 83,495 | 5,495 |
| Records Restoration | 17,500 | 20,308 | 2,808 |
| Sale of Equipment | 0 | 5,000 | 5,000 |
| Interest and Dividends | 35,000 | 63,973 | 28,973 |
| Pomerleau Building 2nd Floor Rent | 26,000 | 0 | (26,000) |
| Grant Income | 0 | 16,365 | 16,365 |
| Transfer from Grant Fund | 0 | 72,645 | 72,645 |
| Transfer from Water Fund & Sewer Fund | 16,423 | 16,424 | 1 |
| Transfer to Town Manager | 84,026 | 84,026 | 0 |
| Transfer to Town Clerk | 4,243 | 4,243 | 0 |
| Transfer to Treasurer | 49,209 | 49,210 | 1 |
| Transfer to Dispatch | 249,744 | 249,744 | 0 |
| Revenue for the Knob | 0 | 100 | 100 |
| Miscellaneous | 0 | 4,849 | 4,849 |
| Total Revenues | 5,447,905 | 5,362,092 | (85,813) |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Expenditures: | | | |
| Town Manager's Office: | | | |
| Regular Salaries | $ 402,561 | $ 413,378 | $ (10,817) |
| Overtime Pay | 0 | 1,037 | (1,037) |
| Social Security | 30,796 | 30,237 | 559 |
| Group Insurance | 128,888 | 97,179 | 31,709 |
| HBA Expense | 12,000 | 11,021 | 979 |
| Workman's Compensation | 1,230 | 2,662 | (1,432) |
| VMERS | 29,186 | 27,460 | 1,726 |
| Unemployment Compensation | 448 | 523 | (75) |
| VT Child Tax | 1,700 | 1,638 | 62 |
| Office Supplies | 5,500 | 5,451 | 49 |
| Training | 1,500 | 705 | 795 |
| Postage | 500 | 236 | 264 |
| Advertising | 200 | 1,584 | (1,384) |
| Printing | 5,000 | 3,731 | 1,269 |
| New Equipment | 1,000 | 150 | 850 |
| Gas, Oil, Mileage | 500 | 379 | 121 |
| Telephone | 4,000 | 3,883 | 117 |
| Contracted Services | 3,000 | 4,303 | (1,303) |
| Repair & Maintenance Services | 0 | 1,240 | (1,240) |
| Dues | 400 | 350 | 50 |
| Total Town Manager's Office | 628,409 | 607,147 | 21,262 |
| Town Clerk's Office: | | | |
| Regular Salaries | 104,284 | 92,529 | 11,755 |
| Overtime Pay | 500 | 506 | (6) |
| Social Security | 8,016 | 7,086 | 930 |
| Group Insurance | 20,211 | 18,569 | 1,642 |
| HBA Expense | 3,000 | 3,263 | (263) |
| Workman's Compensation | 369 | 1,003 | (634) |
| VMERS | 7,561 | 6,573 | 988 |
| Unemployment Compensation | 161 | 116 | 45 |
| VT Child Tax | 300 | 337 | (37) |
| Recording Supplies | 1,000 | 973 | 27 |
| Training | 400 | 253 | 147 |
| Office Supplies | 3,000 | 2,324 | 676 |
| Postage | 3,000 | 2,647 | 353 |
| Advertising | 500 | 0 | 500 |
| New Equipment | 5,000 | 215 | 4,785 |
| Transfer to Records Restoration Reserve | 8,500 | 8,500 | 0 |
| Records Restoration Expenses | 1,000 | 0 | 1,000 |
| Gas, Oil & Mileage | 100 | 192 | (92) |
| Telephone | 2,500 | 1,750 | 750 |
| Contracted Services | 15,000 | 12,910 | 2,090 |
| Repair & Maintenance Services | 400 | 218 | 182 |
| Dues | 75 | 45 | 30 |
| Total Town Clerk's Office | 184,877 | 160,009 | 24,868 |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Town Treasurer's Office: | | | |
| Regular Salaries | $ 104,284 | $ 92,529 | $ 11,755 |
| Overtime Pay | 500 | 9 | 491 |
| Social Security | 8,016 | 7,027 | 989 |
| Group Insurance | 20,211 | 18,510 | 1,701 |
| HBA Expense | 3,000 | 3,263 | (263) |
| Workman's Compensation | 369 | 1,003 | (634) |
| VMERS | 7,561 | 6,247 | 1,314 |
| Unemployment Compensation | 161 | 116 | 45 |
| VT Child Tax | 600 | 337 | 263 |
| Office Supplies | 1,500 | 1,061 | 439 |
| Training | 400 | 619 | (219) |
| Postage | 3,000 | 2,998 | 2 |
| Advertising | 500 | 0 | 500 |
| New Equipment | 500 | 284 | 216 |
| Gas, Oil & Mileage | 100 | 192 | (92) |
| Contracted Services | 2,000 | 56 | 1,944 |
| Repair & Maintenance Services | 200 | 0 | 200 |
| Dues | 75 | 0 | 75 |
| Total Town Treasurer's Office | 152,977 | 134,251 | 18,726 |
| Board of Civil Authority: | | | |
| Regular Salaries | 1,500 | 152 | 1,348 |
| Social Security | 153 | 12 | 141 |
| Office Supplies | 500 | 108 | 392 |
| Postage | 1,500 | 499 | 1,001 |
| Advertising | 500 | 0 | 500 |
| Contracted Services | 4,000 | 2,090 | 1,910 |
| Total Board of Civil Authority | 8,153 | 2,861 | 5,292 |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Assessor's Office: | | | |
| Regular Salaries | $ 9,518 | $ 10,491 | $ (973) |
| Overtime Pay | 0 | 46 | (46) |
| Social Security | 728 | 693 | 35 |
| Group Insurance | 18,435 | 8,851 | 9,584 |
| HBA Expense | 1,000 | 2,220 | (1,220) |
| VMERS | 690 | 0 | 690 |
| Workman's Compensation | 0 | 410 | (410) |
| Unemployment Compensation | 37 | 55 | (18) |
| VT Child Tax | 50 | 37 | 13 |
| Office Supplies | 250 | 212 | 38 |
| Training | 250 | 0 | 250 |
| Postage | 400 | 784 | (384) |
| Advertising | 100 | 0 | 100 |
| Gas, Oil & Mileage | 0 | 23 | (23) |
| Transfer to Reappraisal Reserve | 27,500 | 27,500 | 0 |
| Telephone | 550 | 827 | (277) |
| Contracted Services | 57,750 | 64,510 | (6,760) |
| Total Assessor's Office | 117,258 | 116,659 | 599 |
| Economic Development: | | | |
| Office Supplies | 600 | 29 | 571 |
| Advertising | 0 | 216 | (216) |
| Travel & Mileage | 1,500 | 75 | 1,425 |
| Contracted Services | 12,000 | 0 | 12,000 |
| Armory Project | 0 | 43,746 | (43,746) |
| Designated Downtown | 25,000 | 25,000 | 0 |
| NVDA Dues | 3,965 | 3,965 | 0 |
| Industrial Park Taxes | 76,000 | 86,219 | (10,219) |
| NRPC Armory Loan Payment | 0 | 8,100 | (8,100) |
| Transfer to Housing Development Reserve | 30,000 | 30,000 | 0 |
| Transfer to Economic Development Reserve | 20,000 | 20,000 | 0 |
| Total Economic Development | 169,065 | 217,350 | (48,285) |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Zoning Board & Planning Commission: | | | |
| Regular Salaries | $ 65,000 | $ 64,315 | $ 685 |
| Social Security | 4,973 | 4,804 | 169 |
| Group Insurance | 13,591 | 12,667 | 924 |
| HBA Expense | 2,500 | 2,411 | 89 |
| Workman's Compensation | 246 | 532 | (286) |
| VMERS | 4,713 | 4,957 | (244) |
| Unemployment Compensation | 89 | 82 | 7 |
| VT Child Tax | 275 | 256 | 19 |
| Office Supplies | 500 | 35 | 465 |
| Training | 500 | 0 | 500 |
| Postage | 1,500 | 473 | 1,027 |
| Advertising | 4,200 | 3,743 | 457 |
| Telephone | 800 | 540 | 260 |
| New Equipment | 500 | 0 | 500 |
| Gas, Oil, Mileage | 600 | 166 | 434 |
| Professional Services | 2,000 | 250 | 1,750 |
| Planning Grant Expenses | 3,000 | 2,759 | 241 |
| Total Zoning Board & Planning Commission | 104,987 | 97,990 | 6,997 |
| Maintenance: | | | |
| Regular Salaries | 48,672 | 46,987 | 1,685 |
| Overtime Pay | 0 | 3,947 | (3,947) |
| Social Security | 3,723 | 3,618 | 105 |
| Group Insurance | 13,566 | 23,954 | (10,388) |
| Workman's Compensation | 1,393 | 1,106 | 287 |
| HBA Expense | 2,500 | 54 | 2,446 |
| VMERS | 3,529 | 227 | 3,302 |
| Unemployment Compensation | 115 | 262 | (147) |
| VT Child Tax | 75 | 206 | (131) |
| Cleaning Supplies | 4,000 | 3,473 | 527 |
| Mileage | 0 | 56 | (56) |
| Uniforms | 0 | 340 | (340) |
| Total Maintenance | 77,573 | 84,230 | (6,657) |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Code Enforcement: | | | |
| Regular Salaries | $ 68,709 | $ 68,935 | $ (226) |
| Social Security | 5,256 | 4,745 | 511 |
| Group Insurance | 36,845 | 35,463 | 1,382 |
| HBA Expense | 4,000 | 3,981 | 19 |
| VMERS | 246 | 532 | (286) |
| Workman's Compensation | 4,981 | 4,976 | 5 |
| Unemployment Compensation | 89 | 82 | 7 |
| VT Child Tax | 275 | 255 | 20 |
| Office Supplies | 500 | 691 | (191) |
| Training | 200 | 0 | 200 |
| Postage | 800 | 1,147 | (347) |
| New Equipment | 1,000 | 0 | 1,000 |
| Gas, Oil, Mileage | 2,000 | 487 | 1,513 |
| Telephone | 400 | 601 | (201) |
| Contracted Services | 100 | 0 | 100 |
| Compliance Expense | 0 | 9,025 | (9,025) |
| Total Code Enforcement | 125,401 | 130,920 | (5,519) |
| Public Safety Building: | | | |
| Heating Fuel | 14,000 | 8,999 | 5,001 |
| Public Utility Services | 11,000 | 14,563 | (3,563) |
| Waste Disposal Services | 2,000 | 3,387 | (1,387) |
| Contracted Services | 5,000 | 4,086 | 914 |
| Repair & Maintenance Supplies | 10,000 | 17,311 | (7,311) |
| Total Public Safety Building | 42,000 | 48,346 | (6,346) |
| Dog Control: | | | |
| Contracted Services | 1,000 | 4,070 | (3,070) |
| Riverside Animal Shelter | 5,000 | 5,000 | 0 |
| Total Dog Control | 6,000 | 9,070 | (3,070) |
| Board of Selectmen: | | | |
| Salaries | 6,400 | 6,400 | 0 |
| Social Security | 490 | 490 | 0 |
| VT Child Tax | 0 | 28 | (28) |
| Training | 100 | 245 | (145) |
| Total Board of Selectmen | 6,990 | 7,163 | (173) |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Dispatch Center: | | | |
| Regular Salaries | $ 441,235 | $ 401,916 | $ 39,319 |
| Overtime Pay | 54,000 | 116,397 | (62,397) |
| Social Security | 37,885 | 37,693 | 192 |
| Group Insurance | 131,910 | 132,418 | (508) |
| HBA Expense | 9,000 | 13,364 | (4,364) |
| Workman's Compensation | 1,721 | 4,655 | (2,934) |
| Retirement Contributions | 25,820 | 25,820 | 0 |
| VMERS | 29,936 | 36,125 | (6,189) |
| Unemployment Compensation | 624 | 573 | 51 |
| VT Child Tax | 4,200 | 1,943 | 2,257 |
| Office Supplies | 3,800 | 5,311 | (1,511) |
| Advertising | 400 | 0 | 400 |
| Training Supplies | 3,500 | 1,813 | 1,687 |
| Postage | 100 | 122 | (22) |
| New Equipment | 10,000 | 26,740 | (16,740) |
| Mileage | 500 | 618 | (118) |
| Uniforms | 2,000 | 916 | 1,084 |
| Telephone | 10,000 | 15,068 | (5,068) |
| Contracted Services | 30,000 | 33,917 | (3,917) |
| Repair & Maintenance Services | 20,000 | 229 | 19,771 |
| Total Dispatch Center | 816,631 | 855,638 | (39,007) |
| Fire Department: | | | |
| Regular Salaries | 778,863 | 814,402 | (35,539) |
| Overtime Pay | 60,100 | 73,630 | (13,530) |
| Social Security | 57,077 | 65,426 | (8,349) |
| Group Insurance | 225,982 | 223,362 | 2,620 |
| HBA Expense | 15,000 | 7,056 | 7,944 |
| Workman's Compensation | 44,581 | 55,723 | (11,142) |
| Retirement Contributions | 84,474 | 84,474 | 0 |
| VMERS | 39,380 | 59,475 | (20,095) |
| Unemployment Compensation | 831 | 727 | 104 |
| VT Child Tax | 3,500 | 3,221 | 279 |
| Office Supplies | 2,000 | 2,889 | (889) |
| Training Supplies | 12,600 | 7,780 | 4,820 |
| Postage | 200 | 511 | (311) |
| Advertising | 200 | 49 | 151 |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Fire Department/(Cont'd): | | | |
| New Equipment | $ 45,970 | $ 34,825 | $ 11,145 |
| Gas, Oil & Mileage | 10,000 | 12,744 | (2,744) |
| Uniforms | 11,275 | 12,745 | (1,470) |
| Telephone | 3,200 | 4,651 | (1,451) |
| Heating Fuel | 2,000 | 1,918 | 82 |
| Public Utility Services | 800 | 1,899 | (1,099) |
| Contracted Services | 20,957 | 22,168 | (1,211) |
| Supplies | 9,500 | 8,031 | 1,469 |
| Repair & Maintenance Services | 30,500 | 44,105 | (13,605) |
| Motor Vehicle Supplies | 1,000 | 60 | 940 |
| Alarm System Supplies | 4,000 | 1,378 | 2,622 |
| Miscellaneous | 0 | 1,002 | (1,002) |
| Fire Truck Loan Payment | 0 | 68,724 | (68,724) |
| Transfer to Fire Equipment Reserve | 100,000 | 100,000 | 0 |
| Total Fire Department | 1,563,990 | 1,712,975 | (148,985) |
| Solid Waste: | | | |
| Waste & Disposal Services | 35,000 | 37,518 | (2,518) |
| Contracted Services | 5,000 | 515 | 4,485 |
| Total Solid Waste | 40,000 | 38,033 | 1,967 |
| Pomerleau Building: | | | |
| Heating Fuel | 14,000 | 10,653 | 3,347 |
| Public Utility Services | 14,000 | 16,295 | (2,295) |
| Waste Disposal Services | 2,000 | 2,706 | (706) |
| Contracted Services | 8,000 | 34,279 | (26,279) |
| Bond Principal | 70,000 | 70,000 | 0 |
| Bond Interest | 22,978 | 20,133 | 2,845 |
| Repair & Maintenance Supplies | 3,000 | 8,208 | (5,208) |
| Building Taxes | 13,500 | 0 | 13,500 |
| Total Pomerleau Building | 147,478 | 162,274 | (14,796) |
| Cemeteries: | | | |
| Wages | 15,000 | 6,537 | 8,463 |
| Social Security | 1,148 | 500 | 648 |
| VT Child Tax | 0 | 16 | (16) |
| Operating Supplies | 0 | 213 | (213) |
| Mileage | 0 | 170 | (170) |
| Telephone | 0 | 540 | (540) |
| Contracted Services | 21,000 | 15,882 | 5,118 |
| Total Cemeteries | 37,148 | 23,858 | 13,290 |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| General Expenses: | | | |
| Public Utility Services | $ 1,500 | $ 1,198 | $ 302 |
| Internet Expense | 50,000 | 92,941 | (42,941) |
| Web Site Expense | 5,500 | 6,693 | (1,193) |
| IT Upgrades | 15,000 | 12,473 | 2,527 |
| Contracted Services | 20,000 | 38,173 | (18,173) |
| Audit | 8,000 | 7,971 | 29 |
| Legal Services | 35,000 | 42,438 | (7,438) |
| Judgements & Losses | 0 | 3,138 | (3,138) |
| VLCT Dues | 11,145 | 11,391 | (246) |
| Community Justice Center | 10,000 | 10,000 | 0 |
| Property & Liability Insurance | 69,333 | 70,693 | (1,360) |
| Health Insurance Account Expense | 2,600 | 4,313 | (1,713) |
| County Taxes | 75,000 | 71,380 | 3,620 |
| Ambulance Service Contract | 324,000 | 325,080 | (1,080) |
| Interest on Current Loans | 0 | 8,833 | (8,833) |
| Transfer to Special Services Fund | 150,000 | 150,000 | 0 |
| Beautification Operating Supplies | 18,000 | 29,355 | (11,355) |
| Beautification Repairs & Maintenance | 2,000 | 4,890 | (2,890) |
| Transfer to Recreation Fund | 85,000 | 85,000 | 0 |
| Total General Expenses | 882,078 | 975,960 | (93,882) |
| Special Appropriations: | | | |
| American Red Cross | 1,800 | 1,800 | 0 |
| Area Agency on Aging | 9,000 | 9,000 | 0 |
| Caledonia Home Health Care and Hospice | 18,382 | 18,382 | 0 |
| NEKCA | 12,000 | 12,000 | 0 |
| Catamount Arts | 5,000 | 5,000 | 0 |
| First Night | 3,000 | 3,000 | 0 |
| Fairbanks Museum | 63,000 | 63,000 | 0 |
| Good Living Senior Center | 20,000 | 20,000 | 0 |
| Kingdom Animal Shelter | 2,000 | 2,000 | 0 |
| NEK Learning Services | 2,500 | 2,500 | 0 |
| NEK Human Services | 7,983 | 7,983 | 0 |
| NEK Youth Services | 5,500 | 5,500 | 0 |
| Retired Senior Volunteer Program | 13,050 | 13,050 | 0 |
| Sash Program | 2,000 | 2,000 | 0 |
| St. Johnsbury Athenaeum | 115,000 | 115,000 | 0 |
| St. Johnsbury Town Band | 7,500 | 7,500 | 0 |
| St. Johnsbury Kiwanis Club Pool | 29,000 | 29,000 | 0 |
| St. Johnsbury Nutritional Center | 10,000 | 10,000 | 0 |
| Umbrella | 9,500 | 9,500 | 0 |
| VT Association for the Blind | 675 | 675 | 0 |
| Total Special Appropriations | 336,890 | 336,890 | 0 |
| Total Expenditures | 5,447,905 | 5,721,624 | (273,719) |
| Excess/(Deficiency) of Revenues Over Expenditures | $ 0 | (359,532) | $ (359,532) |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Actual |
|---|---|
| Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting: | |
| Parking Meter Fund Income | $ 49,644 |
| Parking Meter Fund Expenses | (10,860) |
| Parking Meter Fund Transfer Out | (29,243) |
| Recreation Fund Income | 39,356 |
| Recreation Fund Expenses | (152,503) |
| Recreation Fund Transfer In | 85,000 |
| Unbudgeted Fire Truck Purchase | (815,156) |
| Unbudgeted Property Purchase | (423,483) |
| Unbudgeted Revitalization Expenses | (139,792) |
| Reappraisal Reserve Expenses | (28,879) |
| Housing Development Reserve Transfer Out | (60,025) |
| Transfer to Records Restoration Reserve | 8,500 |
| Transfer to Reappraisal Reserve | 27,500 |
| Transfer to Housing Development Reserve | 30,000 |
| Transfer to Economic Development Reserve | 20,000 |
| Transfer to Fire Equipment Reserve | 100,000 |
| Net Change in Fund Balance | (1,659,473) |
| Fund Balance - July 1, 2025 | 3,182,643 |
| Fund Balance - June 30, 2026 | $ 1,523,170 |

The reconciling items are due to combining two (2) funds, the Parking Meter Fund and the Recreation Fund, with the General Fund in order to comply with GASB Statement No. 54, unbudgeted expenses and reserve account activity.

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Revenues: | | | |
| Property Taxes | $ 2,406,553 | $ 2,406,553 | $ 0 |
| VT Pilot Payment | 75,000 | 73,391 | (1,609) |
| Hold Harmless VT Payment | 30,000 | 37,357 | 7,357 |
| State Aid Class I Highways | 55,000 | 61,849 | 6,849 |
| State Aid Class II Highways | 49,000 | 53,605 | 4,605 |
| State Aid Class III Highways | 135,000 | 146,614 | 11,614 |
| State Aid Lane Mileage | 247 | 247 | 0 |
| Highway Department Services | 0 | 875 | 875 |
| Transfer from Water Fund | 219,696 | 216,696 | (3,000) |
| Transfer from Sewer Fund | 305,988 | 305,988 | 0 |
| Transfer from General Fund | 15,000 | 0 | (15,000) |
| Transfer from Water Fund & Sewer Fund - PILOT | 15,738 | 15,738 | 0 |
| Better Back Roads Grant Income | 50,000 | 0 | (50,000) |
| Highway Grant Income | 32,000 | 433,374 | 401,374 |
| Transfer from Construction Reserve | 125,000 | 0 | (125,000) |
| Transfer from Sidewalk Reserve | 40,000 | 0 | (40,000) |
| Loan Proceeds | 300,000 | 300,000 | 0 |
| Paving Grant Income | 175,000 | 0 | (175,000) |
| R.O.W. Permits | 0 | 1,535 | 1,535 |
| Insurance Proceeds | 0 | 7,952 | 7,952 |
| Sale of Equipment | 0 | 63,800 | 63,800 |
| Sale of Materials | 0 | 462 | 462 |
| Total Revenues | 4,029,222 | 4,126,036 | 96,814 |
| Expenditures: | | | |
| Highway Garage & Equipment: | | | |
| Regular Salaries | 62,890 | 63,721 | (831) |
| Overtime Pay | 2,000 | 4,407 | (2,407) |
| Social Security | 4,964 | 6,003 | (1,039) |
| Group Insurance | 34,795 | 33,494 | 1,301 |
| HBA Expense | 5,000 | 2,047 | 2,953 |
| Workman's Compensation | 2,049 | 3,545 | (1,496) |
| VMERS | 4,545 | 4,931 | (386) |
| Unemployment Compensation | 99 | 96 | 3 |
| VT Child Tax | 140 | 244 | (104) |
| Office Supplies | 1,500 | 1,477 | 23 |
| Training | 3,000 | 1,064 | 1,936 |
| Advertising | 200 | 0 | 200 |
| New Equipment | 10,000 | 3,413 | 6,587 |
| New Tools | 5,000 | 4,660 | 340 |
| Gas & Oil for Equipment | 100,000 | 108,357 | (8,357) |
| Uniforms | 7,700 | 5,109 | 2,591 |
| Telephone | 3,800 | 2,137 | 1,663 |
| Heating Fuel | 10,000 | 8,024 | 1,976 |
| Public Utility Services | 8,500 | 11,136 | (2,636) |
| Waste Disposal Services | 6,000 | 9,339 | (3,339) |
| Contracted Services | 6,500 | 17,822 | (11,322) |
| Equipment Rentals | 13,000 | 3,530 | 9,470 |
| Repairs to Equipment | 75,000 | 94,617 | (19,617) |
| Maintenance Supplies | 35,000 | 43,413 | (8,413) |
| Safety Supplies | 3,000 | 2,774 | 226 |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Highway Garage & Equipment/(Cont'd): | | | |
| DPW Supplies | $ 3,000 | $ 5,073 | $ (2,073) |
| Outside Repairs | 17,000 | 26,511 | (9,511) |
| Repairs to Garage | 15,000 | 4,632 | 10,368 |
| Transfer to Equipment Reserve | 10,000 | 10,000 | 0 |
| Total Highway Garage & Equipment | 449,682 | 481,576 | (31,894) |
| Summer Maintenance: | | | |
| Regular Salaries | 438,528 | 379,625 | 58,903 |
| Overtime Pay | 18,000 | 43,254 | (25,254) |
| Social Security | 35,100 | 31,741 | 3,359 |
| Group Insurance | 154,333 | 137,022 | 17,311 |
| HBA Expense | 18,000 | 18,035 | (35) |
| Workman's Compensation | 16,390 | 25,688 | (9,298) |
| Retirement Contributions | 54,722 | 54,722 | 0 |
| VMERS | 17,565 | 18,075 | (510) |
| Unemployment Compensation | 695 | 621 | 74 |
| VT Child Tax | 2,200 | 1,611 | 589 |
| Contracted Services | 60,000 | 144,752 | (84,752) |
| Stormwater Permit Fee - ANR | 6,000 | 0 | 6,000 |
| Materials & Supplies | 248,000 | 264,018 | (16,018) |
| Maintenance (Paving) | 300,000 | 314,271 | (14,271) |
| Total Summer Maintenance | 1,369,533 | 1,433,435 | (63,902) |
| Winter Maintenance: | | | |
| Regular Salaries | 438,528 | 397,330 | 41,198 |
| Overtime Pay | 67,500 | 111,550 | (44,050) |
| Social Security | 38,887 | 36,978 | 1,909 |
| Group Insurance | 154,334 | 131,910 | 22,424 |
| HBA Expense | 17,000 | 17,618 | (618) |
| Workman's Compensation | 16,390 | 25,688 | (9,298) |
| Retirement Contributions | 54,722 | 54,722 | 0 |
| VMERS | 17,565 | 21,587 | (4,022) |
| Unemployment Compensation | 695 | 621 | 74 |
| VT Child Tax | 2,200 | 1,974 | 226 |
| Materials & Supplies | 228,500 | 197,297 | 31,203 |
| Total Winter Maintenance | 1,036,321 | 997,275 | 39,046 |
| Street Safety & Traffic: | | | |
| Public Utility Services | 90,000 | 111,376 | (21,376) |
| Railroad St. Parking Lot | 2,000 | 4,131 | (2,131) |
| Regular Salaries | 38,938 | 41,574 | (2,636) |
| Social Security | 2,979 | 4,125 | (1,146) |
| VT Child Tax | 65 | 240 | (175) |
| Contracted Services | 3,000 | 701 | 2,299 |
| Repair & Maintenance Services | 1,000 | 0 | 1,000 |
| Materials & Supplies | 12,000 | 3,132 | 8,868 |
| Total Street Safety & Traffic | 149,982 | 165,279 | (15,297) |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Highway Fund: | | | |
| Advertising | $ 300 | $ 0 | $ 300 |
| Audit | 8,000 | 7,970 | 30 |
| Health Insurance Account Expense | 1,800 | 972 | 828 |
| Contracted Services | 5,000 | 1,056 | 3,944 |
| State Stormwater Operating Fee | 1,800 | 5,398 | (3,598) |
| Transfer to Sidewalk Reserve | 100,000 | 100,000 | 0 |
| Transfer to Construction Reserve | 20,000 | 20,000 | 0 |
| Property & Liability Insurance | 44,437 | 53,299 | (8,862) |
| Industrial Park Taxes | 61,000 | 58,396 | 2,604 |
| Grants-in-Aid Grant Expenses | 0 | 14,832 | (14,832) |
| Spinster Hill Road Grant Expenses | 0 | 6,979 | (6,979) |
| Interest on Current Loans | 0 | 13,476 | (13,476) |
| Interest - Westside USDA 93/15 | 41,486 | 39,493 | 1,993 |
| Principal - Westside USDA 93/15 | 88,083 | 90,076 | (1,993) |
| CSO Payment | 131,857 | 131,857 | 0 |
| New Equipment 21-22 Debt Payment | 63,441 | 63,201 | 240 |
| New Equipment 22-23 Debt Payment | 75,000 | 78,041 | (3,041) |
| New Equipment 23-24 Debt Payment | 40,000 | 40,360 | (360) |
| New Equipment 24-25 Debt Payment | 59,000 | 74,361 | (15,361) |
| New Equipment 25-26 Debt Payment | 65,000 | 68,613 | (3,613) |
| New Equipment 25-26 | 300,000 | 397,982 | (97,982) |
| Local Share - Pearl Street Parking Lot | 40,000 | 21,639 | 18,361 |
| Local Share - NBRC | 0 | 53,858 | (53,858) |
| Local Share - Eastern Pearl Sidewalk | 0 | 1,481 | (1,481) |
| IT Upgrades | 1,500 | 0 | 1,500 |
| Internet Expense | 26,000 | 26,455 | (455) |
| Total Highway Fund | 1,173,704 | 1,369,795 | (196,091) |
| Total Expenditures | 4,179,222 | 4,447,360 | (268,138) |
| Excess/(Deficiency) of Revenues Over Expenditures | $ (150,000) | (321,324) | $ (171,324) |
| Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting: | | | |
| Unbudgeted FEMA Reimbursement | | 2,928,658 | |
| Unbudgeted Storm Damage Expenses | | (535,496) | |
| Transfer to Equipment Reserve | | 10,000 | |
| Transfer to Sidewalk Reserve | | 100,000 | |
| Transfer to Construction Reserve | | 20,000 | |
| Net Change in Fund Balance | | 2,201,838 | |
| Fund Balance/(Deficit) - July 1, 2025 | | (2,090,057) | |
| Fund Balance - June 30, 2026 | | $ 111,781 | |

The reconciling items are due to unbudgeted storm damage expenses and related funding and reserve account activity.

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Revenues: | | | |
| Property Taxes | $ 1,579,484 | $ 1,579,484 | $ 0 |
| VT Pilot Payments | 25,000 | 34,270 | 9,270 |
| Hold Harmless VT Payments | 100 | 0 | (100) |
| District Court Fines | 12,000 | 9,054 | (2,946) |
| Report Revenue | 1,500 | 1,688 | 188 |
| Police Department Services | 3,000 | 1,935 | (1,065) |
| Fingerprinting Services | 55,000 | 16,872 | (38,128) |
| SIU Revenue | 45,000 | 45,000 | 0 |
| Governor's Highway Safety Grant - Equipment | 0 | 1,206 | 1,206 |
| Governor's Highway Safety Grant - Salaries | 5,000 | 2,014 | (2,986) |
| Sale of Equipment | 0 | 8,100 | 8,100 |
| Grant Income | 0 | 43,491 | 43,491 |
| Miscellaneous | 0 | 576 | 576 |
| Transfer from General Fund | 150,000 | 150,000 | 0 |
| Transfer from Water Fund & Sewer Fund - PILOT | 14,681 | 14,682 | 1 |
| Transfer from Parking Meter Fund | 20,000 | 20,000 | 0 |
| Total Revenues | 1,910,765 | 1,928,372 | 17,607 |
| Expenditures: | | | |
| Police Department: | | | |
| Regular Salaries | 890,415 | 756,059 | 134,356 |
| Overtime Pay | 90,000 | 177,339 | (87,339) |
| Social Security | 75,002 | 69,060 | 5,942 |
| Group Insurance | 260,979 | 173,780 | 87,199 |
| HBA Expense | 16,000 | 9,515 | 6,485 |
| Workman's Compensation | 44,581 | 55,962 | (11,381) |
| Retirement Contributions | 32,052 | 32,052 | 0 |
| VMERS | 65,664 | 86,654 | (20,990) |
| Unemployment Compensation | 1,500 | 891 | 609 |
| VT Child Tax | 4,000 | 3,471 | 529 |
| Office Supplies | 4,000 | 5,867 | (1,867) |
| Training | 8,000 | 6,573 | 1,427 |
| Postage | 1,000 | 1,203 | (203) |
| Advertising | 500 | 0 | 500 |
| New Equipment | 15,000 | 186,784 | (171,784) |
| Gas, Oil & Mileage | 20,000 | 16,472 | 3,528 |
| Uniforms | 10,000 | 9,435 | 565 |
| Telephone | 4,200 | 5,084 | (884) |
| Heating Fuel | 3,000 | 3,000 | 0 |
| Public Utility Services | 4,000 | 4,661 | (661) |
| Waste Disposal Services | 1,200 | 928 | 272 |
| Contracted Services | 33,260 | 30,354 | 2,906 |
| Ammunition | 5,000 | 4,875 | 125 |
| Repairs to Equipment | 2,000 | 1,982 | 18 |
| Dues | 1,000 | 595 | 405 |
| Repairs to Cruisers | 12,000 | 7,888 | 4,112 |
| Investigation Supplies | 3,000 | 1,030 | 1,970 |
| Governor's Highway Safety Grant Expenditures | 5,000 | 0 | 5,000 |
| Transfer to Equipment Reserve | 20,000 | 20,000 | 0 |
| Total Police Department | 1,632,353 | 1,671,514 | (39,161) |

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2026

| | Original and Final Budget | Actual | Variance Favorable/ (Unfavorable) |
|---|---|---|---|
| Special Services Fund: | | | |
| Audit | $ 8,000 | $ 7,971 | $ 29 |
| Health Insurance Account Expense | 1,200 | 405 | 795 |
| Contracted Services | 2,000 | 2,502 | (502) |
| Property & Liability Insurance | 35,718 | 54,658 | (18,940) |
| Internet Expense | 21,750 | 33,339 | (11,589) |
| Transfer to Dispatch Services | 249,744 | 249,744 | 0 |
| Total Special Services Fund | 318,412 | 348,619 | (30,207) |
| Total Expenditures | 1,950,765 | 2,020,133 | (69,368) |
| Excess/(Deficiency) of Revenues Over Expenditures | $ (40,000) | (91,761) | $ (51,761) |
| Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting: | | | |
| Transfer to Equipment Reserve | | 20,000 | |
| Net Change in Fund Balance | | (71,761) | |
| Fund Balance - July 1, 2025 | | 386,895 | |
| Fund Balance - June 30, 2026 | | $ 315,134 | |

The reconciling item is due to reserve account activity.

See Analysis of Significant Budget Variances on Schedule 4.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2026

| | Favorable/ (Unfavorable) | Explanation |
|---|---|---|
| General Fund: | | |
| Budgetary Revenues Differences - Final Budget to Actual: | | |
| Property Taxes | $ (108,730) | Increase in delinquent taxes |
| Dispatch Services | (60,280) | Change in State contract |
| Budgetary Expenditures Differences - Final Budget to Actual: | | |
| Economic Development - Armory Project | (43,746) | Expenses not covered by grants |
| Dispatch Center - Overtime Pay | (62,397) | Overtime due to staffing shortages |
| Fire Department - Fire Truck Loan Payment | (68,724) | Unbudgeted interest payments |
| General Expenses - Internet Expense | (42,941) | IT contract increases |
| Highway Fund: | | |
| Budgetary Revenues Differences - Final Budget to Actual: | | |
| Better Back Roads Grant Income | (50,000) | Did not receive grant |
| Highway Grant Income | 401,374 | Unanticipated grant revenue |
| Paving Grant Income | (175,000) | Did not receive grant |
| Sale of Equipment | 63,800 | Sold older equipment |
| Budgetary Expenditures Differences - Final Budget to Actual: | | |
| Summer Maintenance - Regular Salaries | 58,903 | Employees out on workers compensation |
| Summer Maintenance - Contracted Services | (84,752) | Outsourcing due to staff shortages |
| Winter Maintenance - Regular Salaries | 41,198 | Employees out on workers compensation |
| Winter Maintenance - Overtime Pay | (44,050) | Number of snowstorms |
| Highway Fund - New Equipment | (97,982) | Additional purchase due to equipment failure |
| Highway Fund - Local Share - NBRC | (53,858) | Local match for expenses not covered by grants |
| Special Services Fund: | | |
| Budgetary Revenues Differences - Final Budget to Actual: | | |
| Fingerprinting Services | (38,128) | Unable to provide service |
| Grant Income | 43,491 | Unanticipated revenue for electric car |
| Budgetary Expenditures Differences - Final Budget to Actual: | | |
| Police Department - Regular Salaries | 134,356 | Staffing shortages |
| Police Department - Overtime Pay | (87,339) | Staffing shortages |
| Police Department - Group Insurance | 87,199 | Staffing shortages |
| Police Department - New Equipment | (171,784) | Unbudgeted purchase of two cruisers and electric car |

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2026

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Plan Net Pension Liability | $ 332,347,619 | $ 332,147,666 | $ 320,293,753 | $ 303,371,956 | $ 147,184,198 | $ 252,974,064 | $ 173,491,807 | $ 140,675,892 | $ 121,155,552 | $ 128,696,167 |
| Town's Proportion of the Net Pension Liability | 0.7147% | 0.6988% | 0.6349% | 0.5902% | 0.5665% | 0.5775% | 0.5574% | 0.5230% | 0.5268% | 0.4359% |
| Town's Proportionate Share of the Net Pension Liability | $ 2,375,280 | $ 2,320,929 | $ 2,033,526 | $ 1,790,569 | $ 833,835 | $ 1,460,826 | $ 967,024 | $ 735,681 | $ 638,209 | $ 560,984 |
| Town's Covered Employee Payroll | $ 3,390,298 | $ 3,049,924 | $ 2,449,104 | $ 2,074,507 | $ 1,862,450 | $ 1,831,323 | $ 1,672,480 | $ 1,434,846 | $ 1,342,806 | $ 1,046,350 |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll | 70.0611% | 76.0979% | 83.0314% | 86.3130% | 44.7709% | 79.7689% | 57.8198% | 51.2725% | 47.5280% | 53.6134% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77.15% | 75.22% | 74.01% | 73.60% | 86.29% | 74.52% | 80.35% | 82.60% | 83.64% | 80.95% |

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions and Methods: None.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2026

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution (Actuarially Determined) | $ 308,483 | $ 265,937 | $ 230,172 | $ 180,967 | $ 147,673 | $ 125,855 | $ 119,214 | $ 107,093 | $ 91,576 | $ 86,026 |
| Contributions in Relation to the Actuarially Determined Contributions | 308,483 | 265,937 | 230,172 | 180,967 | 147,673 | 125,855 | 119,214 | 107,093 | 91,576 | 86,026 |
| Contribution Excess/(Deficiency) | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Town's Covered Employee Payroll | $ 3,679,574 | $ 3,390,298 | $ 3,049,924 | $ 2,449,104 | $ 2,074,507 | $ 1,862,450 | $ 1,831,323 | $ 1,672,480 | $ 1,434,846 | $ 1,342,806 |
| Contributions as a Percentage of Town's Covered Employee Payroll | 8.384% | 7.844% | 7.547% | 7.389% | 7.118% | 6.757% | 6.510% | 6.403% | 6.382% | 6.406% |

**Notes to Schedule**

Valuation Date: June 30, 2025

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
TOWN OF ST. JOHNSBURY RETIREMENT PLAN
JUNE 30, 2026

| Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess/ (Deficiency) of Assets Over AAL (UAAL) (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess/ (Deficiency) as a Percentage of Covered Payroll (a-b/c) |
|---|---|---|---|---|---|---|
| 1/1/2017 | 9,668,301 | 11,670,327 | (2,002,026) | 83% | 1,408,393 | -142.1% |
| 1/1/2018 | 10,541,534 | 12,074,434 | (1,532,900) | 87% | 1,314,736 | -117% |
| 1/1/2019 | 9,690,615 | 12,384,325 | (2,693,710) | 78% | 1,103,148 | -244% |
| 1/1/2020 | 10,911,570 | 13,030,704 | (2,119,134) | 84% | 1,013,837 | -209% |
| 1/1/2021 | 11,304,463 | 13,130,936 | (1,826,473) | 86% | 1,020,208 | -179% |
| 1/1/2022 | 11,848,721 | 13,158,697 | (1,309,976) | 90% | 804,348 | -163% |
| 1/1/2023 | 9,541,758 | 13,892,799 | (4,351,041) | 69% | 960,275 | -453% |
| 1/1/2024 | 10,615,377 | 13,798,288 | (3,182,911) | 77% | 779,134 | -409% |
| 1/1/2025 | 11,155,211 | 14,159,561 | (3,004,350) | 79% | 897,670 | -335% |
| 1/1/2026 | 11,958,693 | 14,597,568 | (2,638,875) | 82% | 725,354 | -364% |

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWN OF ST. JOHNSBURY RETIREMENT PLAN
JUNE 30, 2026

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Pension Liability: | | | | | | | | | | |
| Service Cost | $ 55,682 | $ 55,402 | $ 76,347 | $ 60,804 | $ 72,792 | $ 85,259 | $ 79,645 | $ 100,951 | $ 115,097 | $ 123,154 |
| Interest | 894,929 | 871,942 | 880,332 | 831,324 | 832,838 | 826,926 | 846,547 | 830,076 | 804,914 | 770,068 |
| Difference Between Expected and Actual Experience | 381,606 | 214,397 | (262,333) | 152,825 | 61,966 | (10,623) | 310,902 | 190,276 | 120,265 | (220,202) |
| Change in Benefit Terms | 0 | 0 | 0 | 488,988 | 0 | 0 | (474,858) | 0 | 0 | 0 |
| Changes in Assumptions | 0 | 0 | 0 | 0 | 24,603 | (44,863) | 646,005 | (133,641) | (62,871) | 277,567 |
| Benefit Payments, Including Refunds of Member Contributions | (894,210) | (780,468) | (788,857) | (799,839) | (964,438) | (756,467) | (761,862) | (677,771) | (573,298) | (562,465) |
| Net Change in Total Pension Liability | 438,007 | 361,273 | (94,511) | 734,102 | 27,761 | 100,232 | 646,379 | 309,891 | 404,107 | 388,122 |
| Total Pension Liability, January 1 | 14,159,561 | 13,798,288 | 13,892,799 | 13,158,697 | 13,130,936 | 13,030,704 | 12,384,325 | 12,074,434 | 11,670,327 | 11,282,205 |
| Total Pension Liability, December 31 | 14,597,568 | 14,159,561 | 13,798,288 | 13,892,799 | 13,158,697 | 13,130,936 | 13,030,704 | 12,384,325 | 12,074,434 | 11,670,327 |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Contributions - Employer | 280,598 | 303,696 | 415,433 | 135,000 | 181,965 | 207,815 | 272,713 | 183,928 | 249,761 | 255,115 |
| Contributions - Members | 29,785 | 36,957 | 38,325 | 39,954 | 43,828 | 43,402 | 47,686 | 56,442 | 58,955 | 47,723 |
| Net Investment Income/(Loss) | 1,407,789 | 996,349 | 1,424,818 | (1,662,678) | 1,315,703 | 899,043 | 1,681,968 | (395,618) | 1,153,615 | 878,054 |
| Administrative Expenses | (20,480) | (16,700) | (16,100) | (19,400) | (32,800) | (900) | (19,550) | (17,900) | (15,800) | (67,848) |
| Benefit Payments, Including Refunds of Member Contributions | (894,210) | (780,468) | (788,857) | (799,839) | (964,438) | (756,467) | (761,862) | (677,771) | (573,298) | (562,465) |
| Net Change in Fiduciary Net Position | 803,482 | 539,834 | 1,073,619 | (2,306,963) | 544,258 | 392,893 | 1,220,955 | (850,919) | 873,233 | 550,579 |
| Plan Fiduciary Net Position, January 1 | 11,155,211 | 10,615,377 | 9,541,758 | 11,848,721 | 11,304,463 | 10,911,570 | 9,690,615 | 10,541,534 | 9,668,301 | 9,117,722 |
| Plan Fiduciary Net Position, December 31 | 11,958,693 | 11,155,211 | 10,615,377 | 9,541,758 | 11,848,721 | 11,304,463 | 10,911,570 | 9,690,615 | 10,541,534 | 9,668,301 |
| Net Pension Liability, December 31 | $ 2,638,875 | $ 3,004,350 | $ 3,182,911 | $ 4,351,041 | $ 1,309,976 | $ 1,826,473 | $ 2,119,134 | $ 2,693,710 | $ 1,532,900 | $ 2,002,026 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 81.92% | 78.78% | 76.93% | 68.68% | 90.04% | 86.09% | 83.74% | 78.25% | 87.30% | 82.85% |
| Covered Employee Payroll | $ 725,354 | $ 897,670 | $ 779,134 | $ 960,275 | $ 804,348 | $ 1,020,208 | $ 1,013,837 | $ 1,103,148 | $ 1,314,736 | $ 1,408,393 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 363.81% | 334.68% | 408.52% | 453.10% | 162.86% | 179.03% | 209.02% | 244.18% | 116.59% | 142.15% |

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions and Methods: None.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TOWN OF ST. JOHNSBURY RETIREMENT PLAN
JUNE 30, 2026

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 280,598 | $ 300,940 | $ 415,072 | $ 134,812 | $ 181,586 | $ 207,815 | $ 272,713 | $ 183,928 | $ 230,812 | $ 255,115 |
| Contributions in Relation to the Actuarially Determined Contribution | 280,598 | 303,696 | 415,433 | 135,000 | 181,965 | 207,815 | 272,713 | 183,928 | 249,761 | 255,115 |
| Contribution Deficiency/(Excess) | $ 0 | $ (2,756) | $ (361) | $ (188) | $ (379) | $ 0 | $ 0 | $ 0 | $ (18,949) | $ 0 |
| Covered-Employee Payroll | $ 725,354 | $ 897,670 | $ 779,134 | $ 960,275 | $ 804,348 | $ 1,020,208 | $ 1,013,837 | $ 1,103,148 | $ 1,314,736 | $ 1,408,393 |
| Contribution as a Percentage of Covered-Employee Payroll | 38.68% | 33.83% | 53.32% | 14.06% | 22.62% | 20.37% | 26.90% | 16.67% | 19.00% | 18.11% |

**Notes to Schedule**

Valuation Date: January 1, 2026

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
TOWN OF ST. JOHNSBURY RETIREMENT PLAN
JUNE 30, 2026

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 12.97% | 9.59% | 15.21% | (14.42%) | 12.05% | 8.43% | 17.78% | (3.84%) | 12.11% | 9.02% |

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

| | Special Revenue Funds | Permanent Fund Goss Hollow Cemetery Fund | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash | $ 68,086 | $ 7,559 | $ 75,645 |
| Investments | 303,304 | 0 | 303,304 |
| Due from Other Funds | 23 | 0 | 23 |
| Total Assets | $ 371,413 | $ 7,559 | $ 378,972 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Due to Other Funds | $ 0 | $ 136 | $ 136 |
| Total Liabilities | 0 | 136 | 136 |
| Fund Balances: | | | |
| Nonspendable | 0 | 5,161 | 5,161 |
| Restricted | 371,413 | 2,262 | 373,675 |
| Total Fund Balances | 371,413 | 7,423 | 378,836 |
| Total Liabilities and Fund Balances | $ 371,413 | $ 7,559 | $ 378,972 |

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

| | Special Revenue Funds | Permanent Fund Goss Hollow Cemetery Fund | Total |
|---|---|---|---|
| Revenues: | | | |
| Charges for Services | $ 5,550 | $ 0 | $ 5,550 |
| Investment Income | 33,176 | 25 | 33,201 |
| Total Revenues | 38,726 | 25 | 38,751 |
| Expenditures: | | | |
| Cemetery | 9 | 0 | 9 |
| Total Expenditures | 9 | 0 | 9 |
| Net Change in Fund Balances | 38,717 | 25 | 38,742 |
| Fund Balances - July 1, 2025 | 332,696 | 7,398 | 340,094 |
| Fund Balances - June 30, 2026 | $ 371,413 | $ 7,423 | $ 378,836 |

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2026

| | Grove Cemetery Fund | St. Johnsbury Center Cemetery Fund | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash | $ 16,750 | $ 51,336 | $ 68,086 |
| Investments | 279,229 | 24,075 | 303,304 |
| Due from Other Funds | 23 | 0 | 23 |
| Total Assets | $ 296,002 | $ 75,411 | $ 371,413 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | $ 0 | $ 0 | $ 0 |
| Fund Balances: | | | |
| Restricted | 296,002 | 75,411 | 371,413 |
| Total Fund Balances | 296,002 | 75,411 | 371,413 |
| Total Liabilities and Fund Balances | $ 296,002 | $ 75,411 | $ 371,413 |

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF ST. JOHNSBURY, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

| | Grove Cemetery Fund | St. Johnsbury Center Cemetery Fund | Total |
|---|---|---|---|
| Revenues: | | | |
| Charges for Services | $ 3,200 | $ 2,350 | $ 5,550 |
| Investment Income | 31,945 | 1,231 | 33,176 |
| Total Revenues | 35,145 | 3,581 | 38,726 |
| Expenditures: | | | |
| Cemetery | 9 | 0 | 9 |
| Total Expenditures | 9 | 0 | 9 |
| Net Change in Fund Balances | 35,136 | 3,581 | 38,717 |
| Fund Balances - July 1, 2025 | 260,866 | 71,830 | 332,696 |
| Fund Balances - June 30, 2026 | $ 296,002 | $ 75,411 | $ 371,413 |

See Disclaimer in Accompanying Independent Auditor's Report.

# Sullivan, Powers & Co., P.C.

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## 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"

Board of Selectmen
Town of St. Johnsbury, Vermont
51 Depot Square
St. Johnsbury, Vermont 05819

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 the Town of St. Johnsbury, Vermont, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Town of St. Johnsbury, Vermont's basic financial statements, and have issued our report thereon dated October 27, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of St. Johnsbury, 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".

**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.

Sullivan, Powers & Co.

October 27, 2026
Montpelier, Vermont
VT Lic. #92-000180