

**TOWN OF WARREN, VERMONT**

**AUDIT REPORT**

**DECEMBER 31, 2024**

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AUDIT REPORT  
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## Independent Auditor's Report

Selectboard  
Town of Warren, Vermont  
P.O. Box 337  
Warren, Vermont 05674

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

#### ***Qualified and Unmodified Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Vermont, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Warren, Vermont's basic financial statements as listed in the Table of Contents.

#### *Summary of Opinions*

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Qualified
General Fund	Qualified
Capital Fund	Qualified
Wastewater Fund	Qualified
Aggregate Remaining Fund Information	Qualified

#### *Qualified Opinions on Business-type Activities, General Fund, Capital Fund, Wastewater Fund and Aggregate Remaining Fund Information*

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to previously present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities, the General Fund, the Capital Fund, the Wastewater Fund and the aggregate remaining fund information of the Town of Warren, Vermont, as of December 31, 2024, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

*Unmodified Opinion on Governmental Activities*

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of the Town of Warren, Vermont, as of December 31, 2024, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

*Basis for Qualified and Unmodified 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 Warren, 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 qualified and unmodified audit opinions.

*Matter Giving Rise to the Qualified Opinions on Business-type Activities, General Fund, Capital Fund, Wastewater Fund and Aggregate Remaining Fund Information*

Management has combined the activity of all long-term projects in the Capital Fund. The Fund includes activity that is required to be accounted for within the General Fund, separate Special Revenue Funds and the Proprietary Fund. The amount by which this departure would affect the assets, net position, fund balance, cash receipts and cash disbursements of the business-type activities, the General Fund, the Capital Fund, the Wastewater Fund and the aggregate remaining fund information has not been determined, however, the impact on the governmental activities is not material to the financial statements.

*Changes in Accounting Principles*

As described in Note I.E. to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. Our opinion is not modified with respect to this matter.

*Emphasis of Matter – Basis of Accounting*

We draw attention to Note I.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I.D., and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Warren, 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 Warren, 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 Warren, 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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Warren, Vermont's basic financial statements. The budgetary comparison information on Schedule 1 and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

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

In accordance with "Government Auditing Standards", we have also issued our report dated August 25, 2025, on our consideration of the Town of Warren, Vermont's internal control over financial reporting and 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 Warren, 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 Warren, Vermont's internal control over financial reporting and compliance.

*Sullivan, Powers & Co.*

August 25, 2025  
Montpelier, Vermont  
VT Lic. #92-000180

TOWN OF WARREN, VERMONT  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
DECEMBER 31, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 11,470,759	\$ 4,784	\$ 11,475,543
Investments	406,083	122,256	528,339
Due from Employees	60	0	60
Internal Balances	<u>14,805</u>	<u>(14,805)</u>	<u>0</u>
Total Assets	<u>11,891,707</u>	<u>112,235</u>	<u>12,003,942</u>
<u>LIABILITIES</u>			
Due to Fiduciary Fund	<u>7,535,129</u>	<u>0</u>	<u>7,535,129</u>
Total Liabilities	<u>7,535,129</u>	<u>0</u>	<u>7,535,129</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	<u>8,578</u>	<u>0</u>	<u>8,578</u>
Total Deferred Inflows of Resources	<u>8,578</u>	<u>0</u>	<u>8,578</u>
<u>NET POSITION</u>			
Restricted:			
Sugarbush Pedestrian Path	131,685	0	131,685
Cemetery	86,031	0	86,031
Other	71,793	0	71,793
Unrestricted	<u>4,058,491</u>	<u>112,235</u>	<u>4,170,726</u>
Total Net Position	<u>\$ 4,348,000</u>	<u>\$ 112,235</u>	<u>\$ 4,460,235</u>

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

TOWN OF WARREN, VERMONT  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs:</b>							
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 1,335,114	\$ 142,866	\$ 38,700	\$ 5,000	\$ (1,148,548)	\$ 0	\$ (1,148,548)
Public Safety	292,614	2,487	0	0	(290,127)	0	(290,127)
Highways and Streets	2,468,528	755	143,091	0	(2,324,682)	0	(2,324,682)
Culture and Recreation	546,903	0	37,388	0	(509,515)	0	(509,515)
Community Development	54,000	0	0	0	(54,000)	0	(54,000)
Cemetery	56,642	6,405	0	0	(50,237)	0	(50,237)
Debt Service	85,792	0	0	0	(85,792)	0	(85,792)
<b>Total Governmental Activities</b>	<b>4,839,593</b>	<b>152,513</b>	<b>219,179</b>	<b>5,000</b>	<b>(4,462,901)</b>	<b>0</b>	<b>(4,462,901)</b>
<b>Business-type Activities:</b>							
Wastewater	95,400	98,316	0	0	0	2,916	2,916
<b>Total Business-type Activities</b>	<b>95,400</b>	<b>98,316</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,916</b>	<b>2,916</b>
<b>Total Primary Government</b>	<b>\$ 4,934,993</b>	<b>\$ 250,829</b>	<b>\$ 219,179</b>	<b>\$ 5,000</b>	<b>(4,462,901)</b>	<b>2,916</b>	<b>(4,459,985)</b>
<b>General Receipts:</b>							
Property Taxes					3,462,267	0	3,462,267
Penalties and Interest on Delinquent Taxes					90,533	0	90,533
General State Grants					108,633	0	108,633
Unrestricted Investment Earnings					248,680	1,710	250,390
Proceeds from Sale of Equipment					32,770	0	32,770
Other					3,559	0	3,559
<b>Total General Receipts</b>					<b>3,946,442</b>	<b>1,710</b>	<b>3,948,152</b>
<b>Change in Net Position</b>					<b>(516,459)</b>	<b>4,626</b>	<b>(511,833)</b>
<b>Net Position - January 1, 2024</b>					<b>4,864,459</b>	<b>107,609</b>	<b>4,972,068</b>
<b>Net Position - December 31, 2024</b>					<b>\$ 4,348,000</b>	<b>\$ 112,235</b>	<b>\$ 4,460,235</b>

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

TOWN OF WARREN, VERMONT  
STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024

	General Fund	Capital Fund	Non-Major Governmental Funds	Total
<u>ASSETS</u>				
Cash	\$ 7,723,739	\$ 3,742,460	\$ 4,560	\$ 11,470,759
Investments	258,008	0	148,075	406,083
Due from Employees	60	0	0	60
Due from Other Funds	<u>0</u>	<u>0</u>	<u>4,938</u>	<u>4,938</u>
Total Assets	<u>\$ 7,981,807</u>	<u>\$ 3,742,460</u>	<u>\$ 157,573</u>	<u>\$ 11,881,840</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ <u>7,524,637</u>	\$ <u>0</u>	\$ <u>625</u>	\$ <u>7,525,262</u>
Total Liabilities	<u>7,524,637</u>	<u>0</u>	<u>625</u>	<u>7,525,262</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Prepaid Property Taxes	<u>8,578</u>	<u>0</u>	<u>0</u>	<u>8,578</u>
Total Deferred Inflows of Resources	<u>8,578</u>	<u>0</u>	<u>0</u>	<u>8,578</u>
<u>FUND BALANCES</u>				
Restricted	131,685	876	156,948	289,509
Committed	0	3,183,668	0	3,183,668
Assigned	0	557,916	0	557,916
Unassigned	<u>316,907</u>	<u>0</u>	<u>0</u>	<u>316,907</u>
Total Fund Balances	<u>448,592</u>	<u>3,742,460</u>	<u>156,948</u>	<u>4,348,000</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,981,807</u>	<u>\$ 3,742,460</u>	<u>\$ 157,573</u>	<u>\$ 11,881,840</u>

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

TOWN OF WARREN, VERMONT  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Capital Fund	Non-Major Governmental Funds	Total
<b>Cash Receipts:</b>				
Property Taxes	\$ 3,462,267	\$ 0	\$ 0	\$ 3,462,267
Penalties and Interest on Delinquent Taxes	90,533	0	0	90,533
Intergovernmental	278,429	31,979	0	310,408
Charges for Services	61,629	0	6,405	68,034
Permits, Licenses and Fees	73,646	0	8,346	81,992
Fines and Forfeits	2,487	0	0	2,487
Investment Income	145,532	95,399	7,749	248,680
Donations	22,404	0	0	22,404
Other	2,371	0	1,188	3,559
<b>Total Cash Receipts</b>	<b>4,139,298</b>	<b>127,378</b>	<b>23,688</b>	<b>4,290,364</b>
<b>Cash Disbursements:</b>				
General Government	1,147,683	99,750	1,619	1,249,052
Public Safety	240,858	0	0	240,858
Highways and Streets	1,296,662	0	0	1,296,662
Culture and Recreation	345,229	0	1,674	346,903
Community Development	0	0	54,000	54,000
Cemetery	25,000	0	7,555	32,555
Capital Outlay:				
General Government	0	55,502	30,560	86,062
Public Safety	0	51,756	0	51,756
Highways and Streets	690,000	481,866	0	1,171,866
Culture and Recreation	0	0	200,000	200,000
Cemetery	0	24,087	0	24,087
Debt Service:				
Principal	77,517	0	0	77,517
Interest	8,275	0	0	8,275
<b>Total Cash Disbursements</b>	<b>3,831,224</b>	<b>712,961</b>	<b>295,408</b>	<b>4,839,593</b>
<b>Excess/(Deficiency) of Cash Receipts Over Cash Disbursements</b>	<b>308,074</b>	<b>(585,583)</b>	<b>(271,720)</b>	<b>(549,229)</b>
<b>Other Financing Sources/(Uses):</b>				
Proceeds from Sale of Equipment	0	32,770	0	32,770
Transfers In	206,425	1,066,500	0	1,272,925
Transfers Out	(1,066,500)	0	(206,425)	(1,272,925)
<b>Total Other Financing Sources/(Uses)</b>	<b>(860,075)</b>	<b>1,099,270</b>	<b>(206,425)</b>	<b>32,770</b>
<b>Net Change in Fund Balances</b>	<b>(552,001)</b>	<b>513,687</b>	<b>(478,145)</b>	<b>(516,459)</b>
<b>Fund Balances - January 1, 2024</b>	<b>1,000,593</b>	<b>3,228,773</b>	<b>635,093</b>	<b>4,864,459</b>
<b>Fund Balances - December 31, 2024</b>	<b>\$ 448,592</b>	<b>\$ 3,742,460</b>	<b>\$ 156,948</b>	<b>\$ 4,348,000</b>

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

TOWN OF WARREN, VERMONT  
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUND  
DECEMBER 31, 2024

	Wastewater Fund
<u>ASSETS</u>	
Cash	\$ 4,784
Investments	122,256
Total Assets	\$ 127,040
<u>LIABILITIES</u>	
Due to Other Funds	\$ 14,805
Total Liabilities	14,805
<u>NET POSITION</u>	
Unrestricted	112,235
Total Net Position	112,235
Total Liabilities and Net Position	\$ 127,040

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

TOWN OF WARREN, VERMONT  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
 CHANGES IN MODIFIED CASH BASIS FUND NET POSITION  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Wastewater Fund
Operating Receipts:	
Charges for Services	\$ 96,478
Interest and Penalties	1,838
Total Operating Receipts	98,316
Operating Disbursements:	
Contract Operations	34,375
Septic Pumping	4,585
Engineering	4,400
Repairs and Maintenance	26,102
Administration	5,772
Testing and Monitoring	16,935
Other	3,231
Total Operating Disbursements	95,400
Operating Income	2,916
Non-Operating Receipts:	
Investment Income	1,710
Total Non-Operating Receipts	1,710
Change in Net Position	4,626
Net Position - January 1, 2024	107,609
Net Position - December 31, 2024	\$ 112,235

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

TOWN OF WARREN, VERMONT  
 STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION  
 FIDUCIARY FUND  
 DECEMBER 31, 2024

	Custodial Fund Education Tax Fund
<u>ASSETS</u>	
Due from Other Funds	\$ <u>7,535,129</u>
Total Assets	<u>7,535,129</u>
<u>LIABILITIES</u>	
Due to School District	1,784,715
Due to State of Vermont	<u>5,750,414</u>
Total Liabilities	<u>7,535,129</u>
<u>NET POSITION</u>	
Net Position:	\$ <u><u>0</u></u>

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

TOWN OF WARREN, VERMONT  
 STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>16,985,677</u>
Total Additions	<u>16,985,677</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>16,985,677</u>
Total Deductions	<u>16,985,677</u>
Change in Net Position	0
Net Position - January 1, 2024	<u>0</u>
Net Position - December 31, 2024	<u><u>\$ 0</u></u>

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

TOWN OF WARREN, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

The Town of Warren, Vermont (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, wastewater and general administrative services.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note I.D., these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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 should include all of the activity of the Town of Warren, 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, it appears that the Warren Historical Society Fund and Warren Arts Committee Fund should be combined with the financial statements of the Town but are not, however, the funds are not material to 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, receipts, and disbursements. 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. 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.

TOWN OF WARREN, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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. Governmental activities generally are financed through property taxes, intergovernmental receipts, 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 disbursements and program receipts for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program receipts 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. Receipts that are not classified as program receipts, including all property taxes, are presented as general receipts.

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.

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.

Capital Fund – This fund accounts for the general capital expenditures of the Town as well as other long-term projects.

The Town reports on the following major enterprise fund:

Wastewater Fund – This fund accounts for the maintenance and operations of the Town wastewater system.

Proprietary fund operating receipts, 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 receipts, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

TOWN OF WARREN, VERMONT  
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Additionally, the Town reports the following fund type:

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 and fiduciary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) 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., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

**D. Basis of Accounting**

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

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records investments at cost and amounts due from employees for prepaid payroll withholdings as assets, amounts due to the School District and State of Vermont for the remittance of education taxes as liabilities and prepaid property taxes as deferred inflows of resources.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt, insurance proceeds and sales of capital assets are reported as other financing sources.

**E. New Pronouncement – Accounting Changes and Error Corrections**

Effective December 31, 2024, the Town implemented GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. GASB Statement No. 100 identifies accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes various transactions or events included in these changes. This Statement established accounting and financial reporting requirements for each type of accounting change and correction of an error in previously issued financial statements. The implementation of this Standard did not have an impact on the financial statements.

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**F. Assets, Liabilities, Deferred Inflows of Resources and Equity**

**1. Cash**

Cash balances of most 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.

**2. Investments**

The Town invests in investments as allowed by State Statute. Investments are reported at cost.

**3. Interfund Receivables/Payables**

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”.

**4. Deferred Inflows of Resources**

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.

**5. 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 government-wide and proprietary 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 in governmental fund financial statements 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 Selectboard’s intended use of the resources); and unassigned.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The expenditures budget for the General Fund is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The voters are presented estimated revenue projections, however, do not approve them. The Selectboard modifies the revenue projections prior to setting the tax rate if more accurate projections are available.

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**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2024, expenditures in the General Fund exceeded appropriations by \$103. These over-expenditures were funded by excess revenues and available fund balance.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

Cash and investments as of December 31, 2024 consist of the following:

Cash:

Deposits with Financial Institutions	\$11,474,544
Deposits with Investment Company	<u>999</u>
Total Cash	<u>11,475,543</u>

Investments:

Certificates of Deposit	445,417
Exchange-Traded Funds	5,079
Mutual Funds – Mixed Holdings	<u>77,843</u>
Total Investments	<u>528,339</u>
Total Cash and Investments	<u>\$12,003,882</u>

The Town has four (4) certificates of deposit at Northfield Savings Bank ranging from \$9,137 to \$258,008 with interest rates ranging from 1.42% to 1.49%. All certificates of deposit mature during fiscal year 2025.

**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 the exposure to custodial credit risk. The 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.

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	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 6,081,396	\$ 6,081,396
Insured by Letter of Credit Issued by Bank of New York Mellon	3,494,570	3,540,782
Uninsured, Uncollateralized	<u>2,344,994</u>	<u>2,404,359</u>
Total	<u>\$11,920,960</u>	<u>\$12,026,537</u>

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:

Cash – Deposits with Financial Institutions	\$11,474,544
Cash – Deposits with Investment Company	999
Investments – Certificates of Deposit	<u>445,417</u>
Total	<u>\$11,920,960</u>

**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 does not have any policy to limit the exposure to interest rate risk. The Town's certificates of deposit and exchange-traded funds are not subject to interest rate risk disclosure. The mutual funds are open-ended and, therefore, are also excluded from interest rate risk disclosure.

**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. The Town does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit and exchange-traded funds are not subject to credit risk disclosure. The mutual funds are open-ended and, therefore, are also excluded from credit risk disclosure.

**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 does not have any limitations on the amount that can be invested in any one issuer. The Town's certificates of deposit are not subject to concentration of credit risk disclosure. There are no other investments in any one issuer, other than mutual funds and other pooled investments, that represent more than 5% of total investments.

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**Fair Value**

The Town has the following fair value measurements as of December 31, 2024:

	<u>Quoted Prices in Active Markets for Identical Assets</u>
Exchange-Traded Funds	\$ 5,621
Mutual Funds – Mixed Holdings	<u>84,757</u>
Total	<u>\$90,378</u>

**B. Interfund Balances and Activity**

Interfund balances as of December 31, 2024 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$7,524,637
Non-Major Governmental Funds	4,938	625
Wastewater Fund	0	14,805
Custodial Fund – Education Tax Fund	<u>7,535,129</u>	<u>0</u>
Totals	<u>\$7,540,067</u>	<u>\$7,540,067</u>

Interfund transfers during the year ended December 31, 2024 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Fund	\$ 1,066,500	Appropriation - Capital Budget
ARPA Fund	General Fund	<u>206,425</u>	Revenue Replacement
Total		<u>\$ 1,272,925</u>	

**C. Due to School District and State of Vermont**

During the year ended December 31, 2024, the Town paid the School District \$3,569,430 and the State of Vermont \$5,881,118 for education property taxes. Subsequent to year end, the State issues its final education property tax reconciliation for the State’s fiscal year ending June 30, 2024. The State’s final reconciliation will show \$5,354,145 is required to be paid to the School District and estimated to show \$11,631,532 is required to be paid to the State of Vermont. The amount of education taxes owed to the School District and the State of Vermont from the Town as of December 31, 2024 is estimated to be \$1,784,715 and \$5,750,414, respectively.

**D. Deferred Inflows of Resources**

Deferred inflows of resources in the governmental activities and General Fund consist of \$8,578 of property taxes paid in advance.

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**E. 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 Selectboard'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 policies.

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 restricted as follows:

Major Funds

General Fund:

Restricted for Sugarbush Pedestrian Path Expenses by Donations (Source of Revenue is Donations)	\$ <u>131,685</u>
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Capital Fund:

Restricted for Lister Education Expenses by Statute (Source of Revenue is Grant Revenue)	<u>876</u>
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Non-Major Funds

Special Revenue Funds:

Restricted for Library Expenses by Donations (Source of Revenue is Donations)	\$ 15,526
Restricted for Cemetery Expenses by Sale of Lots (Source of Revenue is Lot Sales)	86,031
Restricted for Records Restoration Expenses by Statute (Source of Revenue is Restoration Fees)	<u>55,391</u>
Total Special Revenue Funds	<u>156,948</u>
Total Restricted Fund Balances	<u>\$289,509</u>

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

Major Funds

Capital Fund:

Committed for Highway Department Equipment by the Voters	\$ 389,904
Committed for Fire Department Equipment by the Voters	394,354
Committed for Town Mapping by the Voters	48,203
Committed for Conservation by the Voters	247,939
Committed for Bridge Repairs by the Voters	479,626
Committed for Road Paving by the Voters	594,732
Committed for Fire Protection/Standpipe by the Voters	96,268
Committed for Firefighter Training & Personal Equipment by the Voters	83,555
Committed for Library Building Improvements by the Voters	75,646
Committed for Brookfield Improvements by the Voters	60,234
Committed for Town Building Renovations by the Voters	160,540
Committed for Town Improvements by the Voters	131,481
Committed for Town Planning & Development by the Voters	287,452
Committed for the Warren Wastewater System by the Voters	15,820
Committed for the Warren Cemetery by the Voters	9,711
Committed for Blueberry Dam & Covered Bridge by the Voters	105,538
Committed for Warren Department of Public Safety Major Equipment by the Voters	<u>2,665</u>
Total Committed Fund Balances	<u>\$3,183,668</u>

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

Major Funds

Capital Fund:

Assigned for Reappraisal Expenses	<u>\$557,916</u>
Total Assigned Fund Balances	<u>\$557,916</u>

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**F. Restricted Net Position**

The restricted net position in the governmental activities consists of the restricted fund balances of \$289,509.

**IV. OTHER INFORMATION**

**A. Pension Plan**

**Defined Benefit Plan**

**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, 2023, the measurement date selected by the State of Vermont, the retirement system consisted of 357 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.

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

As of June 30, 2023, the measurement date selected by the State of Vermont, VMERS was funded at 74.01% and had a plan fiduciary net position of \$912,113,032 and a total pension liability of \$1,232,406,785 resulting in a net position liability of \$320,293,753. The Town's proportionate share of this was 0.1562% resulting in a net pension liability of \$500,284. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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. There was no change in the Town's proportionate share of 0.1562% from the prior year.

**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 Group B.

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 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".

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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:

- Group A – 3.75% effective July 1, 2023; 4.00% effective July 1, 2024; 4.25% effective July 1, 2025, and thereafter.
- Group B – 6.125% effective July 1, 2023; 6.375% effective July 1, 2024; 6.625% effective July 1, 2025, and thereafter.
- Group C – 11.25% effective July 1, 2023; 11.50% effective July 1, 2024; 11.75% effective July 1, 2025, and thereafter.
- Group D – 12.60% effective July 1, 2023; 12.85% effective July 1, 2024; 13.10% effective July 1, 2025, and thereafter.

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Employer Contribution Rates:

- Group A – 5.25% effective July 1, 2023; 5.50% effective July 1, 2024; 5.75% effective July 1, 2025, and thereafter.
- Group B – 6.75% effective July 1, 2023; 7.00% effective July 1, 2024; 7.25% effective July 1, 2025, and thereafter.
- Group C – 8.50% effective July 1, 2023; 8.75% effective July 1, 2024; 9.00% effective July 1, 2025, and thereafter.
- Group D – 11.10% effective July 1, 2023; 11.35% effective July 1, 2024; 11.60% effective July 1, 2025, and thereafter.

**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, 2024 COLA is expected to be 1.10% for Group A and 1.10% for Groups B, C and D. The January 1, 2023 COLAs were 2.00% for Group A and 3.00% for Groups B, C and D.

Mortality:

Pre-Retirement Participants – 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.

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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 participant.

**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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equities	44%	5.35%
Private Equity	10%	7.50%
Emerging Market Debt	2%	5.00%
Private and Alternative Credit	10%	5.50%
Non-Core Real Estate	4%	5.50%
Core Fixed Income	19%	1.50%
Core Real Estate	4%	3.25%
US TIPS	2%	1.50%
Infrastructure/Farmland	5%	4.25%

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, 2023, is 3.65%, as published by The Bond Buyer.

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The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service 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 as of June 30, 2023. 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.

**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, 2023, 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:

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$753,005	\$500,284	\$292,557

**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.

**B. Property Taxes**

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Selectboard based on the voter approved budget, the estimated grand list and the State education property tax liability. Property taxes are due in one installment on August 15 but do not go delinquent until November 15. The penalty rate is eight percent (8%). Interest is charged at one percent (1%) per month. The tax rates for 2024 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.4548	.4548
Education	<u>2.3679</u>	<u>2.2692</u>
Total	<u>2.8227</u>	<u>2.7240</u>

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DECEMBER 31, 2024

**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. 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.

**E. Long-term Debt**

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. 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 of the Town and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for a wastewater project.

TOWN OF WARREN, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

Long-term debt outstanding as of December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire Pond, Principal Payments of \$15,000 Payable on November 15 Annually, Interest Ranging from 3.0% to 4.7% Payable on May 15 and November 15, Due November, 2025	\$ 30,000	\$ 0	\$15,000	\$ 15,000
Bond Payable, Vermont Municipal Bond Bank, Solar Array, Principal Payments of \$23,141 Payable on November 15 Annually, Interest Ranging from 0.5% to 4.0% Payable on May 15 and November 15, Due November, 2034	254,556	0	23,141	231,415
Bond Payable, State of Vermont Special Environmental Revolving Fund, Wastewater System Improvements, Principal Payments of \$39,376 Payable on November 1 Annually, 0% Interest, Due November, 2026	<u>118,131</u>	<u>0</u>	<u>39,376</u>	<u>78,755</u>
Total	<u>\$402,687</u>	<u>\$ 0</u>	<u>\$77,517</u>	<u>\$325,170</u>

Maturities are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 77,517	\$ 6,367	\$ 83,884
2026	62,520	5,676	68,196
2027	23,141	5,046	28,187
2028	23,141	4,416	27,557
2029	23,141	3,786	26,927
2030-2034	<u>115,710</u>	<u>9,464</u>	<u>125,174</u>
Total	<u>\$325,170</u>	<u>\$34,755</u>	<u>\$359,925</u>

TOWN OF WARREN, VERMONT  
STATEMENT OF CASH DISBURSEMENTS  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Cash Disbursements:</b>			
<b>Selectboard:</b>			
Salary Expense	\$ 7,500	\$ 6,000	\$ 1,500
Benefits & Taxes	664	2,823	(2,159)
Dues, Subscriptions & Meetings	300	200	100
Legal	3,000	1,839	1,161
Public Notices	2,000	1,572	428
Town Report Printing	3,000	1,501	1,499
VLCT Dues	3,687	3,819	(132)
Office Assistant	2,818	1,638	1,180
<b>Total Selectboard</b>	<b>22,969</b>	<b>19,392</b>	<b>3,577</b>
<b>Town Administrator:</b>			
Salary	75,270	75,270	0
Benefits & Taxes	29,077	27,181	1,896
Meetings/Mileage	1,500	2,086	(586)
<b>Total Town Administrator</b>	<b>105,847</b>	<b>104,537</b>	<b>1,310</b>
<b>Town Clerk:</b>			
Salary	52,420	49,616	2,804
Benefits & Taxes	46,660	41,479	5,181
Dues, Subscriptions & Meetings	3,816	862	2,954
Maintenance Land Records, Filing	1,000	1,200	(200)
Election Costs	3,200	1,988	1,212
Upgrade Storage & Equipment	200	0	200
State Mandated Election Costs	3,000	0	3,000
Election Grant Expenses	0	3,542	(3,542)
<b>Total Town Clerk</b>	<b>110,296</b>	<b>98,687</b>	<b>11,609</b>
<b>Treasurer:</b>			
Salary	53,942	53,942	0
Benefits & Taxes	21,609	21,251	358
Treasurer's Mileage	750	750	0
Dues and Subscriptions	125	204	(79)
Other/Tax Bills	125	0	125
Bank Fees/Miscellaneous	200	200	0
Audit/Accounting Services	24,500	21,976	2,524
<b>Total Treasurer</b>	<b>101,251</b>	<b>98,323</b>	<b>2,928</b>
<b>Office Assistant:</b>			
Salary	12,168	8,231	3,937
Benefits & Taxes	1,200	618	582
<b>Total Office Assistant</b>	<b>13,368</b>	<b>8,849</b>	<b>4,519</b>

TOWN OF WARREN, VERMONT  
STATEMENT OF CASH DISBURSEMENTS  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Human Resources:</b>			
Human Resources	\$ 10,207	\$ 10,207	\$ 0
Benefits & Taxes	901	781	120
Total Human Resources	11,108	10,988	120
<b>Listers:</b>			
Salary	69,803	57,480	12,323
Benefits & Taxes	6,164	4,397	1,767
Office Supplies & Equipment/Mailings	500	818	(318)
Dues, Subscriptions and Meetings	2,500	1,059	1,441
Contracted Services	1,000	0	1,000
Total Listers	79,967	63,754	16,213
<b>Town Mapping:</b>			
Web Support/Updates	5,200	338	4,862
Total Town Mapping	5,200	338	4,862
<b>Zoning/DRB Administrator/E-911</b>			
Salary	57,977	57,977	0
Benefits & Taxes	18,411	17,964	447
Mapping ZP/DRB Applications	500	0	500
Legal Expenses	1,000	0	1,000
Advertising/Public Notices	2,100	1,368	732
DRB/ZA Expense/Site Visits	225	284	(59)
Office Supplies	1,250	1,109	141
Software/Hardware	1,820	1,236	584
Total Zoning/DRB Administrator/E-911	83,283	79,938	3,345
<b>Planning Commission:</b>			
Zoning/Planning Clerk	17,550	8,834	8,716
Planning Assistant Benefits & Taxes	1,550	676	874
Mapping for Planning/GIS	500	0	500
Legal Contingencies	1,000	0	1,000
Office Supplies	250	0	250
Town Plan/Zoning Updates	4,000	4,000	0
Central VT Regional Planning	2,630	2,630	0
Meetings/Courses	500	152	348
Events	500	700	(200)
Software	27,802	27,792	10
Public Notices	1,500	416	1,084
Total Planning Commission	57,782	45,200	12,582
Mad River Valley Planning District:	53,962	53,962	0

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TOWN OF WARREN, VERMONT  
STATEMENT OF CASH DISBURSEMENTS  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Delinquent Tax Collector:</b>			
Commission	\$ 0	\$ 35,175	\$ (35,175)
Benefits & Taxes	3,000	2,691	309
<b>Total Delinquent Tax Collector</b>	<b>3,000</b>	<b>37,866</b>	<b>(34,866)</b>
<b>Conservation Commission:</b>			
Mapping	150	0	150
Dues/Subscriptions/Office	100	0	100
Assessments & Studies/Signage	1,500	0	1,500
Software/Hardware	250	165	85
Blueberry Bush Maintenance at Blueberry Lake	200	0	200
Knotweed Management	15,000	16,718	(1,718)
Knotweed Intern Benefits	1,350	1,213	137
Wildlife Corridor Enhancement Project	1,500	2,000	(500)
Bear Awareness	500	500	0
Public Meetings	600	0	600
<b>Total Conservation Commission</b>	<b>21,150</b>	<b>20,596</b>	<b>554</b>
<b>Postage:</b>			
Postage for Mail	5,000	4,616	384
Postage Box Rent	125	120	5
Meter Lease	945	1,217	(272)
<b>Total Postage</b>	<b>6,070</b>	<b>5,953</b>	<b>117</b>
<b>Computer:</b>			
Maintenance Contracts	21,500	30,170	(8,670)
Software Support	2,500	7,728	(5,228)
Software Purchase	1,500	935	565
Computer Purchase	2,500	2,254	246
Computer Network Support	1,500	1,189	311
<b>Total Computer</b>	<b>29,500</b>	<b>42,276</b>	<b>(12,776)</b>
<b>Photocopying Machine:</b>			
Maintenance and Lease Contracts	4,000	3,299	701
<b>Total Photocopying Machine</b>	<b>4,000</b>	<b>3,299</b>	<b>701</b>
<b>Office Supplies:</b>	<b>6,000</b>	<b>5,102</b>	<b>898</b>
<b>Telephone &amp; Fax:</b>	<b>8,000</b>	<b>7,888</b>	<b>112</b>

TOWN OF WARREN, VERMONT  
STATEMENT OF CASH DISBURSEMENTS  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Fire Department:</b>			
Remuneration	\$ 75,000	\$ 69,326	\$ 5,674
Benefits	6,000	5,359	641
Supplies	5,000	4,516	484
Repairs and Maintenance	32,000	36,556	(4,556)
Fuel	3,000	1,960	1,040
Fire Warden	1,200	1,200	0
Contracted Services	16,000	7,559	8,441
Uniforms and Safety Equipment	5,000	3,714	1,286
Fire Hose	3,000	2,495	505
Minor Equipment	7,500	8,254	(754)
Radio Dispatch/Telephone	19,000	30,318	(11,318)
Training	4,000	1,462	2,538
Administrator Supplies	2,500	1,491	1,009
Dues/Subscriptions/Meetings	1,500	876	624
Utilities	3,000	2,485	515
Recruitment & Retention	2,000	1,985	15
PACIF Grant Expenses	0	449	(449)
<b>Total Fire Department</b>	<u>185,700</u>	<u>180,005</u>	<u>5,695</u>
<b>Cemetery Grounds Maintenance:</b>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
<b>Sewer Operations &amp; Maintenance:</b>			
E. Warren School House Repairs	2,645	400	2,245
Engineer Inspection - E. Warren School	1,190	880	310
Town Building Usage Fees	2,975	2,318	657
Miscellaneous	0	35	(35)
<b>Total Sewer Operations &amp; Maintenance</b>	<u>6,810</u>	<u>3,633</u>	<u>3,177</u>
<b>Law Enforcement:</b>			
Washington County Patrol	<u>43,680</u>	<u>37,777</u>	<u>5,903</u>
<b>Total Law Enforcement</b>	<u>43,680</u>	<u>37,777</u>	<u>5,903</u>
<b>Constable:</b>			
Public Safety Memberships	200	153	47
Public Safety Uniforms	400	565	(165)
Contracted Services	750	454	296
Public Safety Training	500	786	(286)
Public Safety Equipment/Supplies	500	504	(4)
Public Safety Mileage	1,700	1,287	413
Public Safety Patrol Hours	8,000	9,928	(1,928)
Training Hours	750	670	80
Training Mileage	400	249	151
Payroll/Taxes	500	803	(303)
<b>Total Constable</b>	<u>13,700</u>	<u>15,399</u>	<u>(1,699)</u>

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TOWN OF WARREN, VERMONT  
STATEMENT OF CASH DISBURSEMENTS  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Emergency Management:</b>			
Mileage	\$ 500	\$ 464	\$ 36
Memberships	150	0	150
Training Expenses	450	75	375
Hours	5,000	4,556	444
Benefits	400	349	51
Equipment/Supplies	400	427	(27)
<b>Total Emergency Management</b>	<b>6,900</b>	<b>5,871</b>	<b>1,029</b>
<b>Library:</b>			
Salary	91,087	91,036	51
Benefits & Taxes	80,459	70,554	9,905
Expenditures	19,000	43,227	(24,227)
<b>Total Library</b>	<b>190,546</b>	<b>204,817</b>	<b>(14,271)</b>
<b>Highway:</b>			
Highway Crew Salaries	402,683	417,156	(14,473)
Benefits & Taxes	183,691	178,776	4,915
On Call Pay	12,000	10,512	1,488
Shop Maintenance/Supplies	20,000	20,123	(123)
Gravel	120,000	119,394	606
Meetings/Subscriptions	350	0	350
Trainings/Education	10,000	0	10,000
Salt	125,000	110,679	14,321
Chloride	15,000	10,599	4,401
Sand	100,000	91,204	8,796
Paving	690,000	690,000	0
Culverts & Guardrails	32,000	28,849	3,151
Crack Sealing	25,500	32,000	(6,500)
Painted Line Markings	26,000	14,993	11,007
Cobble & Brick Maintenance	7,900	0	7,900
Equipment Rentals	8,500	0	8,500
Vehicle Repair/Maintenance	75,000	65,820	9,180
Licenses & Registration	1,000	314	686
Fuel - Diesel	95,000	65,677	29,323
Other/Safety Equipment	3,000	2,682	318
Telephone	2,800	2,674	126
Tires	20,000	17,267	2,733
Oil	7,000	1,855	5,145
Fuel Tank Inspections & Repair Fees	2,500	1,900	600
Grader Blades & Chains	33,000	28,595	4,405
Contractual	16,400	2,423	13,977
Gasoline	500	316	184
Park Maintenance	17,000	11,523	5,477
State Mandated Signs	2,000	148	1,852
Urban/Community Forestry	4,000	0	4,000
Erosion Control	45,000	34,039	10,961
FEMA: Flat Iron	0	21,068	(21,068)
Signs and Posts	3,500	6,076	(2,576)
Traffic Speed Mitigation	2,500	0	2,500
<b>Total Highway</b>	<b>2,108,824</b>	<b>1,986,662</b>	<b>122,162</b>

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TOWN OF WARREN, VERMONT  
STATEMENT OF CASH DISBURSEMENTS  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Recreation:</b>			
Mad River Stewardship Program	\$ 7,500	\$ 7,500	\$ 0
July 4th Parade	20,000	34,145	(14,145)
Mad River Valley Recreation District	40,000	40,000	0
Park Maintenance	<u>0</u>	<u>1,980</u>	<u>(1,980)</u>
<b>Total Recreation</b>	<u>67,500</u>	<u>83,625</u>	<u>(16,125)</u>
<b>Building Maintenance:</b>			
Solar Array Maintenance	0	514	(514)
Supplies	2,500	2,078	422
Electricity	10,000	11,920	(1,920)
Heating Oil	4,700	2,049	2,651
Propane Gas	25,000	16,735	8,265
Custodial Salaries	13,720	15,145	(1,425)
Repairs and Maintenance	35,000	24,363	10,637
Dump Fees	3,500	5,409	(1,909)
Solid Waste Management	<u>13,839</u>	<u>13,839</u>	<u>0</u>
<b>Total Building Maintenance</b>	<u>108,259</u>	<u>92,052</u>	<u>16,207</u>
<b>Other Expenditures:</b>			
Stormwater Projects	0	11,448	(11,448)
Leased Land	2	0	2
Contingencies	1,500	1,603	(103)
Dogs	1,300	920	380
RF1-088 Wastewater Bond	39,376	39,376	0
Fire Pond Bond	15,900	15,160	740
Solar Array Bond	33,149	31,256	1,893
Solar Array Maintenance Contract	2,500	3,674	(1,174)
Waster System Maintenance Fee - State	3,000	2,859	141
Blueberry Lake Registration Fee - State	1,000	0	1,000
State Municipal Road Permit Tax	1,590	0	1,590
Warren PTO	0	25,849	(25,849)
Village Garden Maintenance	1,900	1,935	(35)
Sugarbush Pedestrian Path	0	78,861	(78,861)
Pavillion Expenses	<u>0</u>	<u>30,938</u>	<u>(30,938)</u>
<b>Total Other Expenditures</b>	<u>101,217</u>	<u>243,879</u>	<u>(142,662)</u>

TOWN OF WARREN, VERMONT  
STATEMENT OF CASH DISBURSEMENTS  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Special Appropriations:</b>			
Central VT Economic Development Corp.	\$ 780	\$ 780	\$ 0
Central VT Council on Aging	900	900	0
VT Center for Independent Living	480	480	0
Washington County Youth Services	250	250	0
Central VT Community Action (Capstone)	300	300	0
Warren Arts Committee	2,500	2,500	0
Central VT Home & Health	5,000	5,000	0
Battered Women Services (Circle)	755	755	0
Retired Senior Volunteer Program	200	200	0
Mad River Valley Senior Citizens	10,000	10,000	0
People's Health & Wellness Clinic	500	500	0
Vermont Rural Fire Protection Task Force	100	100	0
MRVTV 44	3,400	3,400	0
Washington County Court Diversion Program	200	200	0
Green Up Vermont	100	100	0
Warren Historical Society	200	200	0
Valley Transportation	943	943	0
Down Street Land Trust	750	750	0
Central VT Basic Education	600	600	0
Good Beginnings	300	300	0
Family Center of Washington County	500	500	0
Washington County Mental Health	1,200	1,200	0
Prevent Child Abuse	300	300	0
<b>Total Special Appropriations</b>	<b>30,258</b>	<b>30,258</b>	<b>0</b>
<b>Insurance and Taxes:</b>			
Insurance - Multi-Peril	42,866	41,462	1,404
Insurance - Vehicles	22,034	21,622	412
Workers Compensation/Fire/Constable	26,767	24,439	2,328
HRA Expense	43,500	43,141	359
Town Officers Liability	3,254	3,254	0
Unemployment Compensation	1,026	788	238
Broker Health Insurance Fee	200	265	(65)
Employment Practices Liability	6,161	6,161	0
EAP First - Fire Department	1,806	1,806	0
County Tax	72,360	72,360	0
<b>Total Insurance and Taxes</b>	<b>219,974</b>	<b>215,298</b>	<b>4,676</b>

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TOWN OF WARREN, VERMONT  
STATEMENT OF CASH DISBURSEMENTS  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Capital Budget:</b>			
Highway Department Equipment	\$ 280,000	\$ 280,000	\$ 0
Fire Department Equipment	130,000	130,000	0
Reappraisal	81,000	81,000	0
Conservation	50,000	50,000	0
Bridge Repairs	25,000	25,000	0
Road Paving	240,000	240,000	0
Fire Protection/Standpipe	12,500	12,500	0
Firefighter Training & Personal Equipment	30,000	30,000	0
Library Building Improvements	5,000	5,000	0
Town Building Renovations	60,000	60,000	0
Town Improvements	50,000	50,000	0
Town Planning & Development	55,000	55,000	0
Wastewater	11,000	11,000	0
Warren Cemetery	10,000	10,000	0
Blueberry Dam & Covered Bridge	25,000	25,000	0
Warren Department of Public Safety Major Equipment	2,000	2,000	0
<b>Total Capital Budget</b>	<u>1,066,500</u>	<u>1,066,500</u>	<u>0</u>
<b>Total Cash Disbursements</b>	<u>\$ 4,897,621</u>	<u>\$ 4,897,724</u>	<u>\$ (103)</u>

TOWN OF WARREN, VERMONT  
 COMBINING SCHEDULE OF MODIFIED CASH BASIS  
 ASSETS, LIABILITIES AND FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2024

	Library Fund	Cemetery Fund	Records Restoration Fund	ARPA Fund	Total
<b>ASSETS</b>					
Cash	\$ 1,451	\$ 3,109	\$ 0	\$ 0	\$ 4,560
Investments	9,137	82,922	56,016	0	148,075
Due from Other Funds	<u>4,938</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,938</u>
Total Assets	<u>\$ 15,526</u>	<u>\$ 86,031</u>	<u>\$ 56,016</u>	<u>\$ 0</u>	<u>\$ 157,573</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to Other Funds	\$ <u>0</u>	\$ <u>0</u>	\$ <u>625</u>	\$ <u>0</u>	\$ <u>625</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>625</u>	<u>0</u>	<u>625</u>
Fund Balances:					
Restricted	<u>15,526</u>	<u>86,031</u>	<u>55,391</u>	<u>0</u>	<u>156,948</u>
Total Fund Balances	<u>15,526</u>	<u>86,031</u>	<u>55,391</u>	<u>0</u>	<u>156,948</u>
Total Liabilities and Fund Balances	<u>\$ 15,526</u>	<u>\$ 86,031</u>	<u>\$ 56,016</u>	<u>\$ 0</u>	<u>\$ 157,573</u>

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TOWN OF WARREN, VERMONT  
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS  
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Library Fund	Cemetery Fund	Records Restoration Fund	ARPA Fund	Total
<b>Cash Receipts:</b>					
Charges for Services	\$ 0	\$ 6,405	\$ 0	\$ 0	\$ 6,405
Permits, Licenses and Fees	0	0	8,346	0	8,346
Investment Income	344	6,497	908	0	7,749
Other	1,188	0	0	0	1,188
<b>Total Cash Receipts</b>	<b>1,532</b>	<b>12,902</b>	<b>9,254</b>	<b>0</b>	<b>23,688</b>
<b>Cash Disbursements:</b>					
General Government	0	0	1,619	0	1,619
Culture and Recreation	1,674	0	0	0	1,674
Community Development	0	0	0	54,000	54,000
Cemetery	0	7,555	0	0	7,555
<b>Capital Outlay:</b>					
General Government	0	0	0	30,560	30,560
Culture and Recreation	0	0	0	200,000	200,000
<b>Total Cash Disbursements</b>	<b>1,674</b>	<b>7,555</b>	<b>1,619</b>	<b>284,560</b>	<b>295,408</b>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	(142)	5,347	7,635	(284,560)	(271,720)
<b>Other Financing Sources/(Uses):</b>					
Transfers Out	0	0	0	(206,425)	(206,425)
<b>Total Other Financing Sources/(Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(206,425)</b>	<b>(206,425)</b>
Net Change in Fund Balances	(142)	5,347	7,635	(490,985)	(478,145)
Fund Balances - January 1, 2024	15,668	80,684	47,756	490,985	635,093
Fund Balances - December 31, 2024	\$ 15,526	\$ 86,031	\$ 55,391	\$ 0	\$ 156,948

See Disclaimer in Accompanying Independent Auditor's Report.

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

Certified Public Accountants

77 Barre Street  
P.O. Box 947  
Montpelier, VT 05601  
802/223-2352  
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Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
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VT Lic. #92-000180

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

Selectboard  
Town of Warren, Vermont  
P.O. Box 337  
Warren, Vermont 05674

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 Warren, Vermont, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Town of Warren, Vermont's basic financial statements and have issued our report thereon dated August 25, 2025. The report on the financial statements of the business-type activities, the General Fund, the Capital Fund, the Wastewater Fund and the aggregate remaining fund information was qualified due to reporting activity in the Capital Fund required to be accounted for within the General Fund, separate Special Revenue Funds and the Proprietary Fund.

## **Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2024-001 and 2024-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 2024-003 and 2024-004 to be significant deficiencies.

### **Report on Compliance and Other Matters**

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

### **Town of Warren, Vermont's Response to Findings**

"Government Auditing Standards" requires the auditor to perform limited procedures on the Town of Warren, Vermont's response to the findings identified in our audit and included with the accompanying Schedule of Findings and Deficiencies in Internal Control. The Town of Warren, Vermont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

*Sullivan, Powers & Co.*

August 25, 2025  
Montpelier, Vermont  
VT Lic. #92-000180

TOWN OF WARREN, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
DECEMBER 31, 2024

Deficiencies in Internal Control:

Material Weaknesses:

2024-001 Segregation of Duties - Cash

*Criteria:*

An important factor in developing good internal control procedures is to divide responsibilities so that no individual can both perpetrate and conceal errors or irregularities. One of the most common division of duties is the division between the check signing and bank reconciliation functions.

*Condition:*

In the Town, the same person that reconciles the bank accounts also collects cash, posts to the journals, makes deposits and has check signing authority.

*Cause:*

The limited staff available in the office provides little opportunity to achieve an optimum separation of duties and responsibilities.

*Effect:*

The Town has inadvertently made its assets susceptible to misappropriation.

*Recommendation:*

We recommend that the Town revise their procedures to ensure that the bank reconciliation function is delegated to an individual who does not have check signing authority. Otherwise, we recommend that, at a minimum, someone other than a check signer review all bank reconciliations, bank statements, cancelled checks and any debit memos.

2024-002 Reconciliation of Bank Statements

*Criteria:*

Internal controls should be in place to ensure that all bank accounts are reconciled to the general ledger on a monthly basis.

*Condition:*

The Town does not have controls in place to ensure that all bank accounts are being reconciled to the general ledger. This resulted in variances that were required to be researched and adjusted.

TOWN OF WARREN, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
DECEMBER 31, 2024

*Cause:*

Unknown.

*Effect:*

The Town's financial records may not report the true cash position of the Town at a given date.

*Recommendation:*

We recommend that the Town implement controls to ensure that bank statements are reconciled to the general ledger on a monthly basis so that errors can be detected and corrected.

Significant Deficiencies:

2024-003 Authorization and Support for General Journal Entries

*Criteria:*

Internal controls should be in place that requires appropriate officials to authorize all adjustments to the books of original entry. Each journal entry should have supporting documentation showing where the amounts come from and why the journal entry is being made. This should be attached or referenced to the journal entry.

*Condition:*

The Town does not have a policy in place to require authorization of adjustments to the books of original entry. Also, the Town does not maintain supporting documentation for journal entries.

*Cause:*

Unknown.

*Effect:*

This deficiency in the internal control structure could allow other working control policies to be circumvented.

*Recommendation:*

We recommend that the Town enact a policy that requires appropriate officials to authorize all general journal entries so as not to circumvent the original approval process. We also recommend that the Town attach or reference supporting documentation to all journal entries.

TOWN OF WARREN, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL  
DECEMBER 31, 2024

2024-004 Netting Revenues and Expenditures

*Criteria:*

Internal controls should be in place to ensure that revenues are not netted with expenditures in order to conform with the modified cash basis of accounting.

*Condition:*

The Town netted their Capital Reserve revenues with the related expenditures during the year. This nets out the revenue and expenditures as if they did not exist and results in the understatement of both revenue and expenditures.

*Cause:*

The Town was not aware that this practice is not in accordance with the modified cash basis of accounting.

*Effect:*

This will result in understatement of revenue and expenditures.

*Recommendation:*

We recommend that the Town implement controls to ensure that revenues are not netted with expenditures.

# TOWN OF WARREN

Municipal Building  
P.O. Box 337  
Warren, Vermont  
05674-0337

Office of:

Town Clerk  
Town Treasurer  
Assessor-Listers  
Collector of Delinquent Taxes  
Administrative Assistant  
Zoning Administrator  
Selectmen

Hours:

9:00-4:30 p.m.  
Monday-Friday

Telephone: 802-496-2709

September 11, 2025

Dear Sullivan, Powers & Co.,

I am writing to inform you of the corrective actions that the Town of Warren will be working towards to resolve the 4 findings from our completed FY24 Audit.

2024-001: Segregation of Duties – Cash. We are budgeting to put in place a NEMRC Cash module for 2026. Staff will be trained to use this system in each department.

2024-002 Reconciliation of Bank Statements- Please see attached note.

2024-003 Authorization and Support for General Journal Entries- Please see attached note.

2024-004 Netting of Revenues and Expenditures

Moving forward, the Town will ensure that revenues and expenditures are booked in separate G/Ls to avoid netting of revenues and expenses.

Thank you,



Dayna Lisaius

Town of Warren Treasurer