TOWN OF MIDDLESEX, VERMONT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

TOWN OF MIDDLESEX, VERMONT
FOR THE YEAR ENDED JUNE 30, 2025
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Batchelder Associates, PC

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FOR THE YEAR ENDED JUNE 30, 2025
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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Middlesex
Middlesex, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middlesex, Vermont as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Middlesex, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Middlesex, Vermont, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Middlesex, Vermont, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Middlesex, Vermont's ability to continue as a going concern for twelve (12) 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 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 (1) resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on 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 Middlesex's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Town of Middlesex's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net position liability and schedule of the Town's pension contributions 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Middlesex's basic financial statements. The accompanying combining and individual non major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2026, on our consideration of the Town of Middlesex, Vermont's internal control over financial reporting and our tests of its compliances 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 Middlesex, 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 Middlesex, Vermont's internal control over financial reporting and compliance.

Batchelder Associates, PC

Batchelder Associates, PC
License #945
Barre, Vermont
April 29, 2026

As management of the Town of Middlesex, Vermont ("Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $2,673,516 (net position). Of this amount, there is a deficit of $793,133 (unrestricted net position). The Town's total net position for governmental activities increased by $1,998,106.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $7,219,925 an increase of $6,939,823 from the prior year end. Although the Town's total fund balances increased significantly, the unassigned fund balance is in a deficit position, while the remaining balances are restricted, nonspendable, or committed, and therefore not available for discretionary spending.

Overview of the Financial Statements

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

1. Government-Wide Financial Statements

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

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two (2) 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 presents information showing how the government'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 vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and social services, conservation, and development.

The government-wide financial statements are designed to include not only the Town itself (known as the primary government), but also any legally separate entities for which the Town is financially accountable (known as component units). The Town has no such entities that qualify as component units.

The government-wide financial statements can be found on page 9 and page 10 of this report.

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

a. Governmental 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. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains four (4) individual governmental funds, including the General Fund, Grant Fund, eleven (11) Special Revenue Funds, and five (5) Capital Project Funds. 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 and 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 presented in a supplementary schedule.

The basic governmental fund financial statements can be found on page 11 through page 14 of this report.

b. Proprietary Funds

The Town has no Proprietary Funds.

c. Fiduciary Funds

The Town has two (2) Fiduciary Funds– Custodial Fund and Private Purpose Trust Fund

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

Government-Wide Financial Analysis

	Governmental Activities		Total	
	2025	2024	2025	2024
Current and other assets	$ 7,405,044	$ 1,395,195	$ 7,405,044	$ 1,395,195
Capital assets, non-depreciable	617,260	568,300	617,260	568,300
Capital assets, depreciable	2,161,172	2,124,311	2,161,172	2,124,311
Total assets	10,183,476	4,087,806	10,183,476	4,087,806
Deferred outflows of resources	69,857	87,840	69,857	87,840
Long-term liabilities outstanding	7,409,222	2,144,265	7,409,222	2,144,265
Other liabilities	168,244	884,219	168,244	884,219
Deferred inflows of resources	2,351	348,238	2,351	348,238
Total liabilities	7,579,817	3,376,722	7,579,817	3,376,722
Net Position				
Invested in capital assets, net of related debt	1,151,169	548,346	1,151,169	548,346
Restricted	154,622	215,916	154,622	215,916
Committed	2,160,858	277,759	2,160,858	277,759
Unrestricted	(793,133)	(243,098)	(793,133)	(243,098)
Total net position	$ 2,673,516	$ 798,924	$ 2,673,516	$ 798,924

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by $2,673,516 at the close of the fiscal year end.

A significant portion of the Town's net position reflects its investment in capital assets (such as land, buildings, equipment, and infrastructure), offset by the outstanding debt used to finance those assets. Because the related debt exceeds the book value of the assets, the Town reports a negative net investment in capital assets, and therefore these assets are not available for future spending.

The unrestricted fund balance is in a deficit position of $793,133 due to the flood during July, 2023. The Town is working closely with FEMA to secure additional grant funds to cover the significant costs to date for flood repairs. Once these grant funds are received, the impact on the unrestricted fund balance will be reversed. Restricted, non-spendable, assigned and committed balances total $3,466,649.

Governmental Activities

Governmental activities increased the Town's net position by $1,998,106 during the current fiscal year.

	Governmental Activities		Total	
	2025	2024	2025	2024
REVENUES				
Program revenues				
Charges for services	$ 33,213	$ 29,336	$ 33,213	$ 29,336
Operating grants and contributions	8,481,413	1,025,212	8,481,413	1,025,212
General revenues				
Property taxes	1,686,856	1,491,737	1,686,856	1,491,737
Penalties and interest	12,126	16,697	12,126	16,697
Unrestricted investment earnings	9,867	16,464	9,867	16,464
Licenses and fees	7,576	10,011	7,576	10,011
Other revenues	83,948	5,135	83,948	5,135
Total revenues	10,314,999	2,594,592	10,314,999	2,594,592
EXPENSES				
Governmental activities				
General government	$ 1,779,263	639,285	1,779,263	639,285
Public safety	175,874	229,933	175,874	229,933
Highway and streets	6,113,077	3,562,078	6,113,077	3,562,078
Cemetery	15,650	14,665	15,650	14,665
Culture and recreation	81,365	79,937	81,365	79,937
Interest on long-term debt	151,664	26,426	151,664	26,426
Total expenses	8,316,893	4,552,323	8,316,893	4,552,323
Change in net assets	1,998,106	(1,957,731)	1,998,106	(1,957,731)
Net position-beginning of year	675,410	2,756,655	675,410	2,756,655
Net position - end of year	$ 2,673,516	$ 798,924	$ 2,673,516	$ 798,924

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.

1. Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing 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 $7,219,925 an increase of $6,939,823 in comparison to the prior year.

Financial Analysis of the Government's Funds (continued)

1. Governmental Funds (continued)

a. General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Funds unassigned balance was a surplus of $4,881,696. As a measure of the General Fund's liquidity, it would be useful to compare total fund balance to total general fund expenditures and operating transfers and loan proceeds which will be repaid substantially in fiscal year 2026.

The General Fund balance increased by $4,994,665 during the fiscal year.

b. Non-Major Special Revenue and Capital Project Funds

Non-Major funds include the following:

Non-Major Funds

Special Revenue	Capital Project
Conservation Fund	Bridge Fund
Conservation Commission	Town Garage Building
Records Restoration	Building Fund
Reappraisal Fund	Resurface Fund
Milford Leonard Fund	Asset and Equipment Fund
Walter Kelley Park Fund	
Town Forest Fund	
Welch Park Fund	
ARPA Fund	
Cemetery Fund	
Paving Fund	

The total non-major funds balances as of June 30, 2025, total $498,108.

Capital Asset and Debt Administration

1. Capital Assets

The Town's investment in capital assets for its governmental funds for the year ended, amounted to $2,778,432 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, furniture, vehicles, and equipment.

	Governmental Activities		Total	
	2025	2024	2025	2024
Land	$ 617,260	$ 568,300	$ 617,260	$ 568,300
Capital assets				
Buildings and improvements	405,351	420,068	405,351	420,068
Vehicles and equipment	996,548	891,865	996,548	891,865
Infrastructure	759,273	812,378	759,273	812,378
Total Assets	$ 2,778,432	$ 2,692,611	$ 2,778,432	$ 2,692,611

Additional information on the Town's capital assets can be found in Note 6 of the notes to financial statements.

Capital Asset and Debt Administration (continued)

2. Long-term Debt

At the end of the current year, the Town had total long-term debt outstanding of $7,158,577. This debt is a result of the major equipment financing and the fire station construction bond.

	Governmental Activities		Total	
	2025	2024	2025	2024
Notes payable, bank	$ 7,158,577	$ 2,144,265	$ 7,158,577	$ 2,144,265
Totals	$ 7,158,577	$ 2,144,265	$ 7,158,577	$ 2,144,265

State statutes limit the amount of bonded debt any governmental entity may issue to ten (10) times its total assessed valuation. The current debt limit for the Town is significantly in excess of the Town's outstanding bonded debt.

Economic Factors and Next Year's Budgets and Rates

Recent data on Vermont economic conditions indicate that the performance of the Vermont economy has generally outperformed the developments in the U.S. economy overall during the past twelve to eighteen (12 to 18) months.

All these factors were considered in preparing the Town's budget for the year ended June 30, 2026.

The Town approved a general fund budget for the year ended June 30, 2026 in the amount of $2,091,479. This represents an annualized increase of $115,299 or 5.83% from the approved budget for the prior fiscal year.

Requests 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 requests for additional financial information should be addressed to the Town Treasurer, 5 Church Steet, Middlesex, Vermont, 05602, (802) 223-5915.

TOWN OF MIDDLESEX, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash	4,178,772.00
Accounts receivable, net	13,726
Delinquent taxes receivable, net	65,286
Grant receivable, net	3,124,351
Prepaid expenses	22,909
Capital assets:	
Land	568,300
Construction in progress	48,960
Buildings and building improvements	995,178
Equipment and vehicles	2,434,712
Infrastructure	1,133,095
Accumulated depreciation	(2,401,813)
Total assets	10,183,476
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to the Town's participation in VMERS	69,857
Total deferred outflows of resources	69,857
LIABILITIES	
Accounts payable	122,155
Accrued wages	33,589
Due to other funds	12,500
Bonds, notes & leases payable due within one (1) year	4,230,638
Bonds, notes & leases payable due after one (1) year	2,927,939
Net pension liability	250,645
Total liabilities	7,577,466
DEFERRED INFLOWS OF RESOURCES	
Prepaid property taxes	815
Deferred inflows of resources related to the Town's participation in VMERS	1,536
Total deferred inflows of resources	2,351
NET POSITION	
Net investment in capital assets	1,151,169
Restricted	154,622
Committed	2,160,858
Unrestricted (deficit)	(793,133)
Total net position	$ 2,673,516

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

TOWN OF MIDDLESEX, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Total
Governmental activities:					
General government	$ 3,851,978	$ 18,411	$ 7,186,494	$ 3,352,927	$ 3,352,927
Public safety	175,874	164	-	(175,710)	(175,710)
Public works	4,040,362	-	1,294,919	(2,745,443)	(2,745,443)
Cemetery	15,650	-	-	(15,650)	(15,650)
Culture and recreation	81,365	14,638	-	(66,727)	(66,727)
Interest on debt	151,664	-	-	(151,664)	(151,664)
Total governmental activities	8,316,893	33,213	8,481,413	197,733	197,733
General Revenues:					
Property taxes				1,686,856	1,686,856
Penalties and interest				12,126	12,126
Earnings on investments				9,867	9,867
Licenses and fees				7,576	7,576
Other				83,948	83,948
Total general revenues and transfers				1,800,373	1,800,373
Change in net position				1,998,106	1,998,106
Net Position - July 1, 2024 (restated)				675,410	675,410
Net Position - June 30, 2025				$ 2,673,516	$ 2,673,516

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

TOWN OF MIDDLESEX, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 3,651,873	$ -	$ 526,899	$ 4,178,772
Accounts receivable, net	1,492	-	12,234	13,726
Grants receivable	-	3,124,351	-	3,124,351
Delinquent taxes receivable, net	65,286	-	-	65,286
Prepaid expenses	22,909	-	-	22,909
Due from other funds	1,335,664	-	112	1,335,776
Total assets	$ 5,077,224	$ 3,124,351	$ 539,245	$ 8,740,820
LIABILITIES				
Accounts payable	$ 123,655	$ -	$ -	$ 123,655
Accrued wages	16,505	-	-	16,505
Accrued liabilities	(590)	-	-	(590)
Due to other funds	-	1,307,139	41,137	1,348,276
Total liabilities	139,570	1,307,139	41,137	1,487,846
DEFERRED INFLOWS OF RESOURCES				
Prepaid property taxes	815	-	-	815
Unavailable property taxes, penalties and interest	32,234	-	-	32,234
Total deferred inflows of resources	33,049	-	-	33,049
FUND BALANCES				
Nonspendable	22,909	-	-	22,909
Restricted	-	-	154,622	154,622
Assigned	-	1,817,212	343,646	2,160,858
Unassigned	4,881,696	-	(160)	4,881,536
Total fund balances	4,904,605	1,817,212	498,108	7,219,925
Total liabilities, deferred inflows of resources and fund balances	$ 5,077,224	$ 3,124,351	$ 539,245	$ 8,740,820

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

TOWN OF MIDDLESEX, VERMONT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
Fund balance - total governmental funds	$ 7,219,925
Capital assets used in governmental activities are not financial resources and, financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of assets	5,180,245
Accumulated depreciation	(2,401,813)
Deferred outflows/inflows of resources are recognized on the accrual basis in the statement of net position, not the modified accrual basis. Deferred outflows, Inflows of resources not available to pay current period expenditures consisted of the following:	
Unavailable property taxes, penalties and interest	32,234
Deferred outflow - pension	69,857
Deferred inflow - pension	(1,536)
Long-term liabilities, including bonds and leases payable are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:	
Bonds, notes and leases payable	(7,158,577)
Uncompensated balances	(16,174)
Net pension liability	(250,645)
Net position - governmental activities	$ 2,673,516

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

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

	General Fund	Grants Fund	Other Governmental Funds	Total Government Funds
REVENUES:				
Property taxes	$ 1,672,871	$ -	$ -	$ 1,672,871
Property taxes - interest and penalties	12,126	-	-	12,126
Intergovernmental	286,383	-	-	286,383
Grants	-	7,850,123	344,907	8,195,030
Charges for services	18,575	-	14,638	33,213
Licenses and fees	7,576	-	-	7,576
Investment income	6,894	-	5,272	12,166
Miscellaneous	81,648	-	-	81,648
	2,086,073	7,850,123	364,817	10,301,013
EXPENDITURES:				
General government	396,759	2,891,507	316,406	3,604,672
Public safety	175,874	-	-	175,874
Public works	879,831	3,156,717	-	4,036,548
Cemetery	6,900	-	8,750	15,650
Culture, recreation, development and transportation	81,365	-	-	81,365
Capital outlay:				
Highway and streets	258,327	-	51,402	309,729
Debt service:				
Principal	3,699,002	-	-	3,699,002
Interest	151,664	-	-	151,664
Total expenditures	5,649,722	6,048,224	376,558	12,074,504
Excess (deficiency) of revenues over expenditures	(3,563,649)	1,801,899	(11,741)	(1,773,491)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	8,713,314	-	-	8,713,314
Transfers in	-	-	155,000	155,000
Transfers out	(155,000)	-	-	(155,000)
Total other financing sources (uses)	8,558,314	-	155,000	8,713,314
Net Change in Fund Balances	4,994,665	1,801,899	143,259	6,939,823
Fund Balances - July 1, 2024	(90,060)	15,313	354,849	280,102
Fund Balances - June 30, 2025	$ 4,904,605	$ 1,817,212	$ 498,108	$ 7,219,925

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

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

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ 6,939,823
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets ($309,729) is allocated over their estimated useful lives and reported as depreciation expense ($223,908).This is the amount by which capital outlays exceeded depreciation in the current period.	85,821
Property taxes receivable, notes receivable and other receivables are recognized on the accrual basis in the statement of net position, not the modified accrual basis. The decrease in this unearned and unavailable revenue for the year is:	13,991
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.	
Proceeds from borrowing	(8,713,314)
Debt service - principal	3,699,002
In the statement of activities, accrued compensated absences are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences incurred was (greater)/less than the amounts paid.	(2,522)
Governmental funds report employer pension contributions as expenditures . However, in the statement of activities, the cost of pension benefits earned plus employee contributions is reported as pension expense. This amount is the net effect of the difference in the treatment of pension expense.	(24,695)
Change in net position of governmental activities	$ 1,998,106

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

TOWN OF MIDDLESEX, VERMONT
STATEMENT OF NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Fund	Private Purpose Trust Fund	Total Fiduciary Fund
ASSETS			
Investments	$ -	$ 124,574	$ 124,574
Due from other funds	-	12,500	12,500
Total assets	-	137,074	137,074
LIABILITIES			
Due to other funds	-	-	-
Total liabilities	-	-	-
NET POSITION			
Restricted	-	137,074	137,074
Total net position	$ -	$ 137,074	$ 137,074

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

TOWN OF MIDDLESEX, VERMONT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Fund	Private Purpose Trust Fund	Total Fiduciary Fund
REVENUES:			
Property taxes collected for schools	$ 4,074,143	$ -	$ 4,074,143
Investment income	-	13,560	13,560
Total revenues	4,074,143	13,560	4,087,703
EXPENDITURES:			
Payments of taxes to schools	4,074,143	-	4,074,143
Total expenditures	4,074,143	-	4,074,143
Excess (deficiency) of revenues over expenditures	-	13,560	13,560
Change in net position	-	13,560	13,560
Net position - July 1, 2024 (restated)	-	123,514	123,514
Net position - June 30, 2025	$ -	$ 137,074	$ 137,074

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies adopted by 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.

The Financial Reporting Entity

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

This report includes all the funds of the Town. The 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 organizations governing body and it can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. There are no agencies or entities that should be combined with the financial statements of the Town.

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, liabilities, 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 how 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.

Basic Financial Statements - Government-Wide Statements

The statement of net position and the statement of activities display information about the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of activities between funds; however, interfund services provided and used are not eliminated. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each governmental and fiduciary funds category are presented. In governmental funds, the emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. In fiduciary funds, the Town have two funds, Custodial Fund and Private Purpose Trust Fund.

Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources. 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 assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Basis of Accounting

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

Accrual Basis of Accounting

The government-wide and proprietary 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. Non-exchange 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.

Modified Accrual Basis of Accounting

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 and acquisitions under capital leases 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 requirement have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used by the Town are the estimated useful lives used to calculate depreciation of property, plant, and equipment.

Assets, Liabilities and Fund Balances

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six (6) months or less from the date of acquisition.

Investments

State statute does not restrict the types of investments the Town can make. All investments require the authorization of the Board of Selectmen. The Town has investments in Edward Jones, see note 4 for investments.

In accordance with GASB 31, "Accounting and Financial Reporting for Certain Investments," investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

Receivables

Accounts 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.

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (for the current portion of the interfund loans) or "advances to/from other funds" (for the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Accounts receivable from other governments represent amounts due from the State of Vermont for grants reimbursements. Based on experience and because the receivables are in accordance with formal agreements, the Town has not established an allowance for uncollectible receivables.

The Town is responsible for assessing and collecting its own property taxes, as well as taxes for the State for school purposes. Property taxes are assessed based on property valuations as of April 1 annually. Taxes were levied during August and were due and payable during September 2024, November 2024, February 2025, and May 2025.

During the year ended tax year June 30, 2025, taxes were billed in four (4) installments. Taxes paid after due date are subject to an 8% penalty and .5% interest per month. Because unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale by the delinquent tax collector, the Town has not established an allowance for uncollectible taxes receivable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables (continued)

As of June 30, 2025, property, grant and account receivables were as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Governmental Fund			
Property taxes receivable	$ 65,286	$ -	$ 65,286
Account receivables	13,726	-	13,726
Grants receivables	3,124,351	-	3,124,351
Net receivables	$3,203,363	$ -	$3,203,363

The tax rates for FY2025 are as follows:

	Homestead	Non-Residential
Homestead education tax	$ 2.0270	$ -
Non-residential education tax	-	1.9350
Town general fund appropriations	0.7000	0.7000
Local agreement	0.0024	0.0024
Total	$ 2.7294	$ 2.6374

Inventories

The Town does not record inventories of supplies as these amounts are not material in relation to the Town's results of operations. Accordingly, expenditures related to inventories are reported in governmental funds when purchased.

Capital Assets

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities' column in the governmental-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of $5,000 or more and estimated useful life in excess of one (1) year. Such 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 fair 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.

Capital assets reported in the government-wide fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, 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 improvements	$ 10,000	10-50 years
Buildings and building improvements	$ 20,000	10-75 years
Vehicles and equipment	$ 5,000	3-25 years
Infrastructure	$ 20,000	20-75 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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

Accrued Compensated Balances

Government-Wide Financial Statements – All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

Fund Financial Statements - Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

Long-Term Liabilities

Long-term liabilities include bonds and notes payable, and capital leases payable. Long-term liabilities also include other obligations such as compensated absences and post-employment benefits. 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 funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

Fund Balances

Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

Fund Balances

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Selectboard or by an official or body to which the Selectboard delegates the authority.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances (continued)

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

Non-spendable and restricted funds are so designated by external funds sources, such as in the case of the nonspendable Cemetery Trust Fund corpus, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so designated by action of the voters or the Selectboard, respectively. Special revenue funds are, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

Budget Accounting

The Town is required by state law to adopt a budget for the General and Highway Funds. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP). The operating budget is prepared by the Selectboard and approved by the Selectboard at a properly warned meeting for presentation to the voters. The operating budget includes proposed expenditures by line item and the means of financing them. The budget is approved by Town voters at a properly warned annual Town meeting. The voters vote on the total expense amount, but voters have discretion to change individual line items within the budget, thereby changing the total voted expense amount.

Encumbrances

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

Interfund Balances

Transactions 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 to/from 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".

Deferred Outflows 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 statement element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one (1) type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred outflows of resources from one (1) source; deferred outflows related to the Town's participation in the Vermont Municipal Employees Retirement System (VMERS). These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The Town has three (3) types of items which arise under the modified accrual basis of accounting and two (2) types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from two (2) sources; prepaid property taxes and deferred inflows related to the Town’s participation in the Vermont Municipal Employees Retirement System (VMERS). The governmental funds balance sheet reports deferred inflows of resources from three (3) sources: prepaid property taxes, unavailable property taxes, penalties and interest and unavailable receivables. The business-type activities and proprietary funds report deferred inflows of resources from one (1) source; deferred inflows related to the Town’s participation in the Vermont Municipal Employees Retirement System (VMERS). 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.

Pension Plans

Effective June 30, 2015, the Town implemented GASB Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town’s participation in the Vermont Municipal Employees’ Retirement System (VMERS) as well as additional disclosures and required supplemental information.

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while 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 operating expenses (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation expense as an expense. Further, governmental funds report the proceeds for the sale of capital assets as revenue, 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 bond proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position is as follows:

	Total Governmental Funds	Long-Term Revenues/ Expenses	Capital-Related Items	Long-Term Debt Transactions	Elimination of Due To/From	Statement of Net Position Total
ASSETS						
Cash	$ 4,178,772	$ -	$ -	$ -	$ -	$ 4,178,772
Accounts receivable, net	13,726	-	-	-	-	13,726
Delinquent taxes receivable, net	59,032	-	-	-	-	59,032
Interest and penalties receivable, net	6,254	-	-	-	-	6,254
Prepaid expenses	22,909	-	-	-	-	22,909
Grants receivable	3,124,351	-	-	-	-	3,124,351
Due from other funds	1,335,776	-	-	-	(1,335,776)	-
Capital assets	-	-	2,778,432	-	-	2,778,432
Total assets	8,740,820	-	2,778,432	-	(1,335,776)	10,183,476
Deferred Outflows						
Pension sources	-	69,857	-	-	-	69,857
LIABILITIES						
Accounts payable	123,655	(1,500)	-	-	-	122,155
Accrued wages	16,505	17,084	-	-	-	33,589
Accrued liabilities	(590)	590	-	-	-	-
Due to other funds	1,348,276	-	-	-	(1,348,276)	-
Non-current obligations	-	-	-	7,158,577	-	7,158,577
Net pension liability	-	250,645	-	-	-	250,645
Total liabilities	1,487,846	266,819	-	7,158,577	(1,348,276)	7,564,966
Deferred Inflows						
Prepaid property taxes	815	-	-	-	-	815
Deferred property taxes	32,234	(32,234)	-	-	-	-
Pension resources	-	1,536	-	-	-	1,536
Total deferred inflows	33,049	(30,698)	-	-	-	2,351
NET ASSETS						
Invested in capital assets	-	-	2,778,432	(1,627,263)	-	1,151,169
Nonspendable	22,909	-	-	-	-	22,909
Restricted	154,622	-	-	-	-	154,622
Assigned	2,160,858	-	-	-	-	2,160,858
Unrestricted	4,881,536	(166,264)	-	(5,531,314)	-	(816,042)
Total net assets	$ 7,219,925	$ (166,264)	$ 2,778,432	$ (7,158,577)	$ -	$ 2,673,516

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)

A detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities is as follows:

	Total Governmental Funds	Long-Term Revenues/ Expenses	Capital-Related Items	Long-Term Debt Transactions	Statement of Net Assets Total
REVENUES					
Property taxes	$ 1,672,871	$ 13,985	$ -	$ -	$ 1,686,856
Property taxes - interest and penalties	12,126	-	-	-	12,126
Intergovernmental	286,383	-	-	-	286,383
Grants	8,195,030	-	-	-	8,195,030
Charges for services	33,213	-	-	-	33,213
Licenses and fees	7,576	-	-	-	7,576
Investment income	12,166	-	-	-	12,166
Miscellaneous	81,648	-		-	81,648
Total revenues	10,301,013	13,985	-	-	10,314,998
EXPENDITURES					
Current expenditures					
General government	3,604,672	23,398	223,908	-	3,851,978
Public safety	175,874	-	-	-	175,874
Public works	4,036,548	3,814	-		4,040,362
Cemetery	15,650	-	-	-	15,650
Culture, recreation and development	81,365	-	-	-	81,365
Debt service expenditures					
Principal	3,699,002	-	-	(3,699,002)	-
Interest	151,664	-	-	-	151,664
Capital expenditures					
Highway and streets	309,729	-	(309,729)	-	-
Total expenditures	12,074,504	27,212	(85,821)	(3,699,002)	8,316,892
Excess (deficiency) of revenues over (under) expenditures	(1,773,491)	(13,227)	85,821	3,699,002	1,998,106
OTHER FINANCING SOURCES (USES)					
Note proceeds, net of repayment	8,713,314	-	-	(8,713,314)	-
Transfers in	155,000	-	-	-	155,000
Transfers out	(155,000)	-	-	-	(155,000)
Total other financing sources (uses)	8,713,314	-	-	(8,713,314)	-
Net change in fund balances	$ 6,939,823	$ (13,227)	$ 85,821	$ (5,014,312)	$ 1,998,106

NOTE 3. CASH AND CASH EQUIVALENTS

At June 30, 2025, the carrying amount of the Town's deposits with financial institutions was $4,178,772. Of the funds on deposit, $250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and was collateralized. The Town has a collateralization agreement with the Community Bank, of which the remainder is collateralized to the extent its deposits exceed FDIC insurance limits.

The cash deposits held at financial institutions and cash on hand can be categorized according to four (4) levels of risk:

Category 1 - Deposits which are insured or collateralized with securities held by the Town or by its agent in the Town's name (repurchase agreements).

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 - Private commercial insurance protection or letters of credit for funds in excess of FDIC limits.

Category 4 - Deposits which are not collateralized or insured (includes cash on hand).

Balances held in each area are as follows:

	Book Balance	Bank Balance
Insured by FDIC	$ 250,000	$ 250,000
Category 1	3,928,772	4,979,843
Total Deposits	$ 4,178,772	$ 5,229,843

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured, and not collateralized cash could have been much higher than at year end.

Balances in excess of FDIC insurance limits are collateralized by Community Bank using a pool of securities, separate from the Bank's other assets. At June 30, 2025, the security used are U.S. Treasury Notes, due 8/15/40 (CUSIP #912810SQ2) in the face amount of $8,188,000.

None of the Town's cash deposits at year end is subject to credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. The Town does not have policies regarding custodial credit risk, credit risk, concentration of credit risk, interest risk, or foreign currency risk.

GASB Statement No. 40 requires the Town's investments be categorized indicating the level of risk assumed by the Town at year end. Category 1 includes investments that are insured or registered or securities that are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments which are held by a trust department or agent in the Town's name. At June 30, 2025, all the Town's investments were in Category 1.

NOTE 4. PRIVATE PURPOSE TRUST FUND

In order to diversify Credit and Market Risk, the Town has Cemetery money invested with Edward Jones. For Fiscal Year 2025 asset withdrawn from the account were $12,500 and unrealized gains totaled $13,560.

NOTE 4. PRIVATE PURPOSE TRUST FUND (continued)

Breakdown of cost versus fair market value is as follows:

	Cost	Fair Value
Equities	$ 119,893	$ 124,518
Cash	56	56
	$ 119,949	$ 124,574

NOTE 5. FAIR VALUE MEASUREMENTS

FASB ASC Topic No. 820-10 provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework in Generally Accepted Accounting Principles (GAAP) for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with *FASB ASC 820-10*, Town of Middlesex, Vermont may use valuation techniques consistent with market, income and cost approaches to measure fair value. As a basis for considering market participant assumptions in fair value measurements, *ASC Topic 820* establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three (3) levels of the fair value hierarchy under *ASC Topic 820* are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

All of the Organization's investments were classified as Level 1 at June 30, 2025.

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at June 30, 2025.

Mutual Funds: All actively traded mutual funds are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. All mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission.

Equities: Valued at the closing price reported on the active market on which the individual equities are traded.

NOTE 6. CAPITAL ASSET ACTIVITY

Capital asset activity of the Town for the year ended June 30, 2025, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 568,300	$ -	$ -	$ 568,300
Construction in progress	-	48,960	-	48,960
	568,300	48,960	-	617,260
Capital assets being depreciated:				
Buildings/improvements	982,752	12,426	-	995,178
Vehicles and equipment	2,268,036	246,676	80,000	2,434,712
Infrastructure	1,131,428	1,667	-	1,133,095
Total capital assets, being depreciated	$ 4,382,216	$ 260,769	$ 80,000	$ 4,562,985

	Beginning	Increases	Decreases	Ending
Less Accumulated Depreciation:				
Buildings/improvements	$ 562,684	$ 27,143	$ -	$ 589,827
Vehicles and equipment	1,376,171	141,993	80,000	1,438,164
Infrastructure	319,050	54,772	-	373,822
Total accumulated depreciation	2,257,905	223,908	80,000	2,401,813
Assets being depreciated, net	2,124,311	36,861	-	2,161,172
Net assets	$ 2,692,611	$ 85,821	$ -	$ 2,778,432

Depreciation expense was charged to governmental functions as follows:

General government	$ 27,143
Public safety	141,993
Public works	54,772
Total 2025 governmental depreciation expense	$ 223,908

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2025 are as follows:

	Receivables	Payables
General fund	$ -	$ 3,893,768
Special revenue fund	3,893,768	-
Total	$ 3,893,768	$ 3,893,768

Operating Interfund Transfers

The Town occasionally transfers funds to cover expenditures made in one (1) fund for which the revenues are in another fund. Interfund transfers during the year ending June 30, 2025 are detailed below.

	Transfers in								
	Reappraisal Fund	Bridge Fund	Town Garage Building	Building Fund	Paving Fund	Resurface Fund	Asset and Equipment Fund	Conservation Fund	Total
Transfers out:									
General fund	$ 26,500	$ 6,000	$ 5,000	$ 30,000	$ 30,000	$ 5,000	$ 50,000	$ 2,500	$ 155,000
Total	$ 26,500	$ 6,000	$ 5,000	$ 30,000	$ 30,000	$ 5,000	$ 50,000	$ 2,500	$ 155,000

NOTE 8. DEFERRED REVENUE

The deferred revenues reported at year end is summarized as follows:

Property taxes:	$32,234

NOTE 9. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the Governmental Activities consists of $69,857 of required employer pension contributions made subsequent to the measurement date, as further described in Note 11.

NOTE 10. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities consists of $815 of prepaid property taxes and $1,536 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note 11. Total deferred inflows of resources in the Governmental Activities are $2,351.

Deferred inflows of resources in the General Fund consists of $815 of prepaid property taxes and $32,234 of delinquent property taxes (including penalties and interest on those taxes) that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund are $33,049.

NOTE 11. PENSION PLAN

Defined Benefit Plan

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 includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2025, the retirement system consisted of 423 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 (5) members. They are the State Treasurer, two (2) employee representatives elected by the membership of the system, and two (2) employer representatives-one (1) elected by the governing bodies of participating employers of the system, and one (1) selected by the Governor from a list of four (4) nominees. The list of four (4) nominees is jointly submitted by the Vermont League of Cities and Towns (VLCT) and the Vermont School Boards Association (VSBA). 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, 2024, the measurement date selected by the State of Vermont, VMERS was funded at 75.22% and had a plan fiduciary net position of $1,008,504,817 and a total pension liability of $1,340,652,483 resulting in a net pension liability of $332,147,666. As of June 30, 2024, the Town's proportionate share of this was 0.07546% resulting in a liability of $250,645. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 entities, actuarially determined. As of June 30, 2024, the Town's proportion of 0.07546% was a decrease of 0.000081% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of $22,909. As of June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources.

NOTE 11. PENSION PLAN (continued)

	Deferred Outflow of	Deferred Inflow of
Difference between expected and actual experience	$ 27,145	$ -
Changes in assumptions	1,351	-
Difference between projected and actual earnings on pension plan investments	6,183	-
Changes in proportional share of contributions	7,748	1,536
Difference between the employer contributions and proportionate share of total contributions	-	-
Town's required employer contributions made subsequent to the measurement date	27,430	-
	$ 69,857	$ 1,536

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of $27,430 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30th,	
2025	$ 13,372
2026	30,488
2027	1,087
2028	(4,055)
	$ 40,892

Summary of System Provisions

Membership – Full-time employees of participating municipalities. The Town elected coverage under Group B.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC): Group B – Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

Eligibility – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service.

NOTE 11. PENSION PLAN (continued)

Amount – 1.7% of AFC x service as a Group B member plus percentage earned as a Group A member x AFC.

Early Retirement Allowance:

Eligibility: Age 55 with five (5) years of service for Group B.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members.

Vested Retirement Allowance:

Eligibility: Five (5) years of service.

Amount: Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

Disability Retirement Allowance:

Eligibility: Five (5) years of service and disability as determined by Retirement Board.

Amount: Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility: Death after five (5) years of service.

Amount: For Groups B, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement: For Groups B, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

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

Post-Retirement Adjustments: Allowance in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% for Groups B.

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

Member Contributions: Group B – 5.625%.

Employer Contributions: Group B – 6.25%.

Significant Actuarial Assumptions and Methods

Investment rate of return: 7.0%, net of pension plan investment expense, including inflation.

NOTE 11. PENSION PLAN (continued)

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

Mortality:

Pre-Retirement: Group B - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.

Healthy Post-Retirement - Retirees: Group B - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with general projection using scale MP-2019.

Healthy Post-Retirement - Beneficiaries: Group B - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Disabled Post-Retirement: All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

Spouse's Age: - Females three (3) years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.2% per annum for Group B members. (Beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group B, who receive a disability retirement benefit).

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.

Asset Valuation Method – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five (5) year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

Inflation: 2.3%

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025, is summarized in the following table:

NOTE 11. PENSION PLAN (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	32.00%	5.25%
Private Equity	11.00%	7.45%
Large/Mid Cap US Equity	4.00%	4.20%
Small Cap US Equity	3.00%	4.70%
Non-Core Real Estate	4.00%	5.70%
US Agg Fixed Income	19.00%	1.70%
Core Real Estate	3.00%	3.45%
US Tips	2.00%	1.70%
Developed Large/Mid Cap International Equity	5.00%	5.95%
Private Credit	11.00%	5.70%
Private Core Infrastructure	4.00%	4.95%
Agriculture/Farmland	2.00%	3.95%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the system's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectations that employers will continue to contribute at the rates set by the board, which excel the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero (0) by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability calculated, using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one (1) percent lower (6.00%) or one (1) percent higher (8.00%):

1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
$383,200	$250,645	$141,848

NOTE 12. LONG-TERM CONTRACTS AND COMMITMENTS

The Town participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money recovered may be required and the collectability of any related receivable at June 30, 2025, may be impaired. In the opinion of the Town, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 13. RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injured to employees; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

In addition, the Town is a member of Vermont League of Cities and Towns (VLCT). The VLCT has set up three (3) insurance Trusts:

1. The Property and Casualty Inter-Municipal Fund, Inc. (PACIF) for multi-line insurance.
2. The Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life, and disability coverage; and
3. The Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation.

PACIF, VLCTHT, and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont Cities and Towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association. To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

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

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims, and provides excess reinsurance protection. Contributions are based on payroll expense and the previous two (2) year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

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

NOTE 14. LINE OF CREDIT

The Town of Middlesex maintains multiple lines of credit with Community Bank to support operating and grant-related activities. Details of the outstanding balances, interest rates, and maturities are included in note related to long-term debt. As of June 30, 2025, $2,143,314 was due within next 12 months related to these lines of credit.

NOTE 15. LONG-TERM DEBT

Long-term debt consisted of the following:

	6/30/2024 Balance	New Debt	Principal Payments	6/30/2025 Balance
Fire station construction bond payable to the Vermont Municipal Bond Bank, variable annual principal payments, net of interest of 4.19%. Maturing November, 2029.	$ 240,000	$ -	$ 40,000	$ 200,000
Highway equipment, note payable to the Community Bank. Due, August, 2019 bearing interest at 3.25%. Maturing August, 2025. Annual installments of principal and interest of $21,409.	42,815	-	21,409	21,406
Fire Equipment - Vtech Fire Truck, note payable dated 9/26/19 to the Community Bank, seven (7) year terms, bearing interest at 3.38%.	29,074	-	14,593	14,481
Highway equipment, note payable to Community Bank. Due July 22,2022, bearing interest at 2.45%. Maturing, 2036 with annual principal and interest payments of $25,572.	243,100	-	18,700	$ 224,400
Highway equipment, note payable to Community Bank. Due September 30, 2023, bearing interest at 2.79%. Maturing, 2027 with annual principal and interest payments of $40,000.	139,276	-	40,000	99,276
General obligation bond payable to Vermont Bond Bank, Due March 28, 2024, bearing interest at 1.30%. Maturing March 01, 2031 with annual principal and interest payment of $177,268	888,000	-	-	888,000
Line of credit payable to Community Bank, bearing interest at 5.48%. Maturing February 17, 2025.	562,000	1,500,000	2,062,000	-
Highway equipment note payable to Community Bank, dated July 11, 2024, bearing interest at 5.97%, maturing July 11, 2034, with annual principal payments of $2,300 plus interest.	-	182,000	2,300	179,700
General obligation note payable to Vermont Bond Bank, dated December 19, 2024, bearing interest at 0.50%, maturing December 15, 2025, with semiannual interest payments and a single principal payment at maturity.	-	1,000,000	-	1,000,000
General obligation refunding bond payable to Vermont Bond Bank, dated May 9, 2025, bearing interest at 3.50%, maturing June 30, 2032, with annual principal and interest payments of $288,260.	-	1,536,000	-	1,536,000
General obligation current expense note payable to Vermont Bond Bank, dated May 9, 2025, bearing interest at 3.50%, maturing March 1, 2026, with interim interest payment and principal due at maturity.	-	852,000	-	852,000
Line of credit payable to community bank, dated November 7, 2024, with maximum borrowing of $3,500,000, bearing interest at 4.99%, maturing November 6, 2025.	-	1,500,000	1,500,000	-
General obligation current expense note payable to Community Bank, dated February 19, 2025, in the amount of $2,143,314, bearing interest at 4.95%, maturing February 18, 2026.	-	2,143,314	-	2,143,314
	$ 2,144,265	$8,713,314	$3,699,002	$ 7,158,577

NOTE 15. LONG-TERM DEBT (continued)

Principle maturities on long-term debt are as follows:

	Governmental Activities		
Years Ending	Principal	Interest	Total
June 30, 2026	$ 4,230,638	$ 210,705	$ 4,441,343
June 30, 2027	518,088	86,990	605,078
June 30, 2028	507,747	69,447	577,194
June 30, 2029	499,164	58,019	557,183
June 30, 2030 and after	1,402,940	113,583	1,516,523
Total	$ 7,158,577	$ 538,743	$ 7,697,320

NOTE. 16. RESTATEMENT OF BEGINNING FUND BALANCE

During the year ended June 30, 2025, the Town re-evaluated the classification of activities previously reported within the Cemetery Fund. Based on this evaluation, a portion of the Cemetery Fund met the criteria to be reported as a fiduciary activity in accordance with applicable accounting standards. As a result, the Town reclassified this portion to a Private Purpose Trust Fund, with the remaining activity reported as a Special Revenue Fund.

This change resulted in a restatement of beginning balances to properly reflect the reclassification. There was no impact on the Town's total fund balance.

The following table presents the effect of the restatement on beginning balances as previously reported and as restated:

Description	Cemetery Fund (Previously Reported)	Cemetery Fund (Restated)	Private Purpose Trust Fund (Restated)
Beginning balance, as previously reported	122,080	-	-
Reclassification – fund split	-	(1,434)	123,514
Beginning balance, as restated	**-**	**(1,434)**	**123,514**

NOTE. 17. SUBSEQUENT EVENTS

The Town has evaluated subsequent events from June 30, 2025, through the date the financial statements were issued.

During fiscal year 2025, the Town recognized a receivable for approved and obligated costs related to the 2024 FEMA flood assistance program. Certain FEMA expenditures were not formally obligated until fiscal year 2026 and, accordingly, will be reported on the Town's fiscal year 2026 Schedule of Expenditures of Federal Awards (SEFA).

Management has determined that no other subsequent events occurred that require disclosure or adjustment to the financial statements.

TOWN OF MIDDLESEX, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NEW PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Plan Net Pension Liability	$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	$ 77,095,810
Town's Proportion of the Net Pension Liability	0.0755%	0.0763%	0.0738%	0.0676%	0.0660%	0.0704%	0.0734%	0.0785%	0.0746%	0.0806%
Town's Proportionate Share of the Net Pension Liability	250,645	244,285	224,019	99,537	166,881	122,059	103,209	95,149	96,019	62,124
Town's Covered Employee Payroll	391,861	368,254	334,451	196,742	254,960	200,158	240,310	233,654	233,191	206,173
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	63.96%	66.34%	66.98%	50.59%	65.45%	60.98%	42.95%	40.72%	41.18%	30.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.22% as of June 30, 2024	74.01% as of June 30, 2023	73.60% as of June 30, 2022	86.29% as of June 30, 2021	74.52% as of June 30, 2020	80.35% as of June 30, 2019	82.60% as of June 30, 2018	83.64% as of June 30, 2017	80.95% as of June 30, 2016	87.42% as of June 30, 2015

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: None.

Fiscal year 2015 was the first year of implementation, therefore, only ten (10) years are shown.

TOWN OF MIDDLESEX, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution (Actuarially Determined)	$ 27,430	$ 24,857	$ 21,739	$ 14,966	$ 11,031	$ 13,672	$ 13,517	$ 12,851	$ 12,825	$ 11,339
Contributions in Relation to the Actuarially Determined Contributions	27,430	24,857	21,739	14,966	11,031	13,672	13,517	12,851	12,825	11,339
Contribution Excess/(Deficiency)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's Covered Employee Payroll	$ 391,861	$ 368,254	$ 334,451	$ 239,449	$ 254,960	$ 200,158	$ 240,310	$ 240,310	$ 233,654	$ 233,191
Contributions as a Percentage of Town's Covered Employee Payroll	7.000%	6.750%	6.500%	6.250%	4.327%	6.831%	5.625%	5.348%	5.489%	4.863%
Notes to Schedule										
Valuation Date:	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30,2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Fiscal year 2015 was the first year of implementation, therefore, only ten (10) years are shown.

TOWN OF MIDDLESEX, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property taxes	$ 1,845,508	$ 1,672,871	$ (172,637)
Intergovernmental	123,000	286,383	163,383
Charge for services	-	18,575	18,575
Investment income	-	6,894	6,894
Licenses and fees	-	7,576	7,576
Penalty and interest on delinquent taxes	-	12,126	12,126
Other	-	81,648	81,648
Total revenue	1,968,508	2,086,073	117,565
EXPENDITURES:			
General Government:			
Selectmen	171,072	132,455	38,617
Administration	280,180	242,899	37,281
Town hall	14,780	12,493	2,287
Zoning and board of adjustment	14,297	8,520	5,777
Planning commission	4,450	392	4,058
Total general government	484,779	396,759	88,020
Public Safety:			
Public safety	80,158	81,541	(1,383)
Fire department	93,661	94,333	(672)
Total public safety	173,819	175,874	(2,055)
Public works	871,678	814,160	57,518
Cemetery	7,500	6,900	600
Recreation	24,360	81,365	(57,005)
Debt service	157,372	3,850,666	(3,693,294)
Special articles	130,672	65,673	64,999
Capital outlays	126,000	258,327	(132,327)
Total expenditures	1,976,180	5,649,722	(3,673,542)
Excess/(deficiency) of revenue over/(under) expenditures	(7,672)	(3,563,649)	(3,555,977)
Other Financing Sources/(Uses):			
Proceeds of long-term debt	-	8,713,314	8,713,314
Transfers out	-	(155,000)	155,000
Total other financing sources/(uses)	-	8,558,314	8,558,314
Excess/(deficiency) of revenue and other financing sources over/(under) expenditures and other financing uses	$ (7,672)	$ 4,994,665	$ 5,002,337
Fund Balance - Beginning		(90,060)	
Fund Balance - Ending		$ 4,904,605	

See Disclaimer in accompanying Independent Auditor's Report

TOWN OF MIDDLESEX, VERMONT
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Fund	Capital Project Fund	Total
ASSETS			
Cash	$ 211,358	$ 315,541	$ 526,899
Accounts receivable	12,234	-	12,234
Grants receivable	-	-	-
Due from other funds	112	-	112
Total assets	223,704	315,541	539,245
LIABILITIES			
Due to other funds	24,894	16,243	41,137
Total liabilities	24,894	16,243	41,137
FUND BALANCES			
Restricted	41	154,581	154,622
Assigned	198,929	144,717	343,646
Unassigned	(160)		(160)
Total fund balances	198,810	299,298	498,108
Total liabilities, deferred inflows of resources and fund balances	$ 223,704	$ 315,541	$ 539,245

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

TOWN OF MIDDLESEX, VERMONT
SCHEDULE 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Fund	Capital Project Fund	Total Other Governmental Funds
REVENUES:			
Grants	$ 344,907	$ -	$ 344,907
Investment income	3,472	1,800	5,272
Charges for services	14,638	-	14,638
Total revenues	363,016	1,800	364,817
EXPENDITURES:			
General government	312,589	3,817	316,406
Cemetery	-		-
Capital outlay:			-
Highways and streets	38,976	12,426	51,402
Total expenditures	351,565	16,243	367,808
Excess (deficiency) of revenues over expenditures	11,452	(14,443)	(2,991)
OTHER FINANCING SOURCES (USES)			
Transfers in	59,000	96,000	155,000
Total other financing sources (uses)	59,000	96,000	155,000
Net Change in Fund Balances	61,702	81,557	143,259
Fund Balances - July 1, 2024 (restated)	137,108	217,741	354,849
Fund Balances - June 30, 2025	$ 198,810	$ 299,298	$ 498,108

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

TOWN OF MIDDLESEX, VERMONT
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds											Total Special Revenue Funds
	Conservation Fund	Conservation Commission	Records Restoration	Reappraisal Fund	Milford Leonard Fund	Walter Kelley Park Fund	Town Forest Fund	Welch Park Fund	Cemetery Fund	Paving Fund	ARPA Fund	
ASSETS												
Cash	$ 31,158	$ 1,023	$ 28,629	$ 93,824	$ 9,345	$ 330	$ 41	$ -	$ 4,649	$ 42,359	$ -	$ 211,358
Accounts receivable	-	-	-	-	-	-	-	12,234	-	-	-	12,234
Due from other funds	-	-	112	-	-	-	-	-	-	-	-	112
Total assets	$ 31,158	$ 1,023	$ 28,741	$ 93,824	$ 9,345	$ 330	$ 41	$ 12,234	$ 4,649	$ 42,359	$ -	$ 223,704
LIABILITIES												
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,394	$ 12,500	$ -	$ -	$ 24,894
Total liabilities	-	-	-	-	-	-	-	12,394	12,500	-	-	24,894
FUND BALANCES												
Restricted	-	-	-	-	-	-	41	-	-	-	-	41
Assigned	31,158	1,023	28,741	93,824	9,345	330	-	-	(7,851)	42,359	-	198,929
Unassigned								(160)	-	-		(160)
Total fund balances	31,158	1,023	28,741	93,824	9,345	330	41	(160)	(7,851)	42,359	-	198,810
Total liabilities, deferred inflows of resources and fund balances	$ 31,158	$ 1,023	$ 28,741	$ 93,824	$ 9,345	$ 330	$ 41	$ 12,234	$ 4,649	$ 42,359	$ -	$ 223,704

The accompanying notes are an integral part of these financial statements

TOWN OF MIDDLESEX, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds											Total Special
	Conservation Fund	Conservation Commission	Records Restoration	Reappraisal Fund	Milford Leonard Fund	Walter Kelley Park Fund	Town Forest Fund	Welch Park Fund	Cemetery Fund	Paving Fund	ARPA Fund	Revenue Funds
REVENUES:												
Grants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 344,907	$ 344,907
Investment income	229	8	195	514	74	3	-	-	2,333	116.00	-	3,472
Charges for services	-	-	5,470	9,168	-	-	-	-	-	-	-	14,638
Total revenues	229	8	5,665	9,682	74	3	-	-	2,333	116	344,907	363,017
EXPENDITURES:												
General government	-	-	2,282	4,376	-	-	-	-	-	-	305,931	312,589
Cemetery	-	-	-	-	-	-	-	-	8,750	-	-	8,750
Capital outlay:												
Highways and streets	-	-	-	-	-	-	-	-	-	-	38,976	38,976
Total expenditures	-	-	2,282	4,376	-	-	-	-	8,750	-	344,907	360,315
Excess (deficiency) of revenues over expenditures	229	8	3,383	5,306	74	3	-	-	(6,417)	116	-	2,702
OTHER FINANCING SOURCES (USES)												
Transfers in	2,500	-	-	26,500	-	-	-	-	-	30,000	-	59,000
Total other financing sources (uses)	2,500	-	-	26,500	-	-	-	-	-	30,000	-	59,000
Net Change in Fund Balances	2,729	8	3,383	31,806	74	3	-	-	(6,417)	30,116	-	61,702
Fund Balances - July 1, 2024 (restated)	28,429	1,015	25,358	62,018	9,271	327	41	(160)	(1,434)	12,243	-	137,108
Fund Balances - June 30, 2025	$ 31,158	$ 1,023	$ 28,741	$ 93,824	$ 9,345	$ 330	$ 41	$ (160)	$ (7,851)	$ 42,359	$ -	$ 198,810

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

TOWN OF MIDDLESEX, VERMONT
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 8

	Capital Project Funds					Total Capital Project Funds
	Bridge Fund	Town Garage Building	Building Fund	Resurface Fund	Asset and Equip Fund	
ASSETS						
Cash	$ 50,988	$ 35,652	$ 109,972	$ 18,466	$ 100,463	$ 315,541
Total assets	50,988	35,652	109,972	18,466	100,463	315,541
LIABILITIES						
Due to other funds	-	-	16,243	-	-	16,243
Total liabilities	-	-	16,243	-	-	16,243
FUND BALANCES						
Restricted	-	35,652	-	18,466	100,463	154,581
Assigned	50,988	-	93,729	-	-	144,717
Total fund balances	50,988	35,652	93,729	18,466	100,463	299,298
Total liabilities, deferred inflows of resources and fund balances	$ 50,988	$ 35,652	$ 109,972	$ 18,466	$ 100,463	$ 315,541

The accompanying notes are an integral part of these financial statements

TOWN OF MIDDLESEX, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 9

	Capital Project Funds					Total Capital Project Funds
	Bridge Fund	Town Garage Building	Building Fund	Resurface Fund	Asset and Equip Fund	
REVENUES:						
Investment income	$ 361	$ 246	$ 653	$ 110	$ 430	$ 1,800
Total revenues	361	246	653	110	430	1,800
EXPENDITURES:						
General government	-	-	3,817	-	-	3,817
Capital outlay:						
Highways and streets	-	-	12,426	-	-	12,426
Total expenditures	-	-	16,243	-	-	16,243
Excess (deficiency) of revenues over expenditures	361	246	(15,590)	110	430	(14,443)
OTHER FINANCING SOURCES (USES)						
Transfers in	6,000	5,000	30,000	5,000	50,000	96,000
Total other financing sources (uses)	6,000	5,000	30,000	5,000	50,000	96,000
Net change in fund balances	6,361	5,246	14,410	5,110	50,430	81,557
Fund Balances - July 1, 2024	44,627	30,406	79,319	13,356	50,033	217,741
Fund Balances - June 30, 2025	$ 50,988	$ 35,652	$ 93,729	$ 18,466	$ 100,463	$ 299,298

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

Batchelder Associates, PC

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

To the Selectboard
Town of Middlesex, Vermont
Middlesex, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Middlesex, Vermont, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Middlesex, Vermont's basic financial statements, and have issued our report thereon dated April 29, 2026.

Report on Internal Control over Financial Reporting

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

Batchelder Associates, PC

Batchelder Associates, PC
License #945
Barre, Vermont
April 29, 2026

Batchelder Associates, PC

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

To the Selectboard
Town of Middlesex
5 Church St
Middlesex, Vermont 05602

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Middlesex, Vermont compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Middlesex, Vermont's major federal programs for the year ended June 30, 2025. Town of Middlesex, Vermont's major federal program for the year ended June 30, 2025 is Disaster Grants – Public Assistance (Assistance Listing 97.036) and Emergency Watershed Protection Program (Assistance Listing 10.923).

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Report on Internal Control over Compliance

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

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

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

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

Batchelder Associates, PC

Batchelder Associates, PC
Barre, Vermont
Vermont License #945
April 29, 2026

TOWN OF MIDDLESEX, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Passed Through/Program Title	Assistance Listing Number		Pass-through Entity Identifying Number	From Pass-Through Awards	From Direct Awards	Total Federal Expenditures	Passed through to Subreceipients
U.S. Department of Homeland Security							
Passed through Vermont Department of Public Safety							
Public Assistance	97.036	*	02140-84720-092	$ 4,269,550	$ -	$ 4,269,550	$ -
Public Assistance	97.036	*	02140-84810-052	154,135	-	154,135	-
				4,423,685	-	4,423,685	-
Building Resilient Infrastructure and Communities	97.047		02140-31239-005AD	7,075	-	7,075	-
Total U.S. Department of Homeland Security				4,430,760	-	4,430,760	-
U.S. Department of Agriculture							
Natural Resources Conservation Service							
Emergency Watershed Protection Program	10.923	*	NR241644XXXXC004	-	816,516	816,516	-
Total U.S. Department of Agriculture				-	816,516	816,516	-
U.S. Department of the Treasury							
Pass through the Vermont Administration Agency							
Coronavirus State Fiscal Recovery Fund and Coronovirus Local Fiscal Recovery Fund	21.027		SLRFVT0137	344,907	-	344,907	-
Total U.S. Department of Treasury				344,907	-	344,907	-
	Total Awards and Expenditures:			$ 4,775,667	$ 816,516	$ 5,592,183	$ -

** Major Program*

TOWN OF MIDDLESEX, VERMONT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE I. Basis of Presentation

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

NOTE II. Basis of Accounting

a. Expenditures reported on the Schedule are presented on the same basis of accounting as the Town's financial statements. The Town uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

b. Pass-through entity identifying numbers are presented where available.

NOTE III. Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs could be more than shown. Such expenditures are recognized following, as applicable, the cost principles in the Titlel 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements, wherein certain types of expenditures are not allowable or are limited to reimbursement.

FEMA Public Assistance – Expenditure Recognition (ALN 97.036)

Federal expenditures under the FEMA Public Assistance Program (Assistance Listing 97.036) are reported on the Schedule when both of the following conditions are met: (1) FEMA has obligated the project, and (2) the Town has incurred the eligible expenditures. For the year ended June 30, 2025, total expenditures under this program were $4,423,685.

NOTE IV. Major Programs

In accordance with OMB Uniform Guidance, major programs are determined using a risk-based approach. The programs listed below are determined by the independent auditor to be major programs.

Federal Agency/Department	Program	ALN
U.S. Department of Homeland Security	Disaster Grants - Public Assistance	97.036
U.S. Department of Agriculture	Emergency Watershed Protection Program	10.923

NOTE V. Pass-Through Entity Information

Federal funding reported under Assistance Listing 97.036 and 97.047 was passed through the Vermont Department of Public Safety, and 21.027 was passed through the Vermont Administration Agency. No federal funds were passed through by the Town to subrecipients during fiscal year 2025 and 2024.

NOTE VI. Indirect Cost Rate

The Town of Middlesex, Vermont, has not elected to use the ten (10) percent de minimis indirect cost rate permitted under the Uniform Guidance.

TOWN OF MIDDLESEX, VERMONT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

A. Summary of auditor's results:

Financial Statements:

Type of auditor's report issued: *Unmodified.*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *No*

Noncompliance material to financial statements noted? *No*

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *No*

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

Any audit findings disclosed that are required by 2 CFR section 200.516(a) are reported: *No*

Identification of major programs:

- *U.S. Department of Homeland Security ALN #97.036*
- *U.S. Department of Agriculture ALN #10.923*

Dollar threshold used to distinguish between Type A and Type B programs: *$750,000*

Auditee qualified as low-risk auditee: *No*

B. Audit findings – financial statements:

None

C. Audit findings – federal awards:

None

STATUS OF PRIOR AUDIT FINDINGS
AS OF JUNE 30, 2024

This is the first year the Town of Middlesex, Vermont was subject to the Single Audit requirements under the Uniform Guidance. Accordingly, there are no prior audit findings to report.