Batchelder Associates, PC

June 22, 2026

To the Selectboard
Town of Halifax, Vermont
PO BOX 127, West Halifax
246 Branch Rd
Vermont, 05358

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Halifax, Vermont for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 23, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Halifax, Vermont are described in Note I to the financial statements. Changes in accounting policies and adoption of new accounting pronouncements, if any during 2025 are also described in Note I. We noted no transactions entered into by Town of Halifax, Vermont during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town of Halifax, Vermont's financial statements was:

> Management's estimate of the useful lives for the capital assets to provide depreciation is based on straight – line basis. We evaluated the methods, assumptions, and data used to develop the above-mentioned in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Corrected Misstatements

During our audit of the Town of Halifax, Vermont for the year ended June 30, 2025, we identified several significant misstatements that were corrected through audit adjusting entries. These adjustments were necessary to ensure proper presentation of fund balances, receivables, payables, revenues, expenses, and capital activities. Key adjustments included:

- **Fixed Assets and Loan Proceeds Adjustment (AJE #01):** An adjustment was recorded to reconcile fixed asset additions with related loan proceeds based on supporting documentation. The entry was made to properly classify debt-financed expenditures and ensure the accurate presentation of fixed assets and loan-related balances at year-end.

- **Capital Financing and Capital Outlay Adjustment (AJE #02):** An adjustment was recorded to recognize loan proceeds received for capital acquisitions and the corresponding capital outlay expenditures at year-end based on supporting financing and expenditure records, to properly state debt financing activities and related capital expenditures. Additionally, a small reclassification was made to correct expenditure classification.
- **Equipment Trade-In Capital Outlay Adjustment (AJE #03):** An adjustment was recorded to recognize equipment acquired through a trade-in transaction and the related trade-in value based on supporting fixed asset records.
- **Interfund Balance Adjustment (AJE #04):** An adjustment was recorded to reconcile due to/from balances between funds at year-end and ensure proper presentation of interfund balances.
- **Deferred Property Tax Adjustment (AJE #05):** An adjustment was recorded to reconcile deferred property taxes at year-end based on the delinquent tax report, ensuring proper presentation of deferred tax balances and related tax collections.
- **School Tax Adjustment (AJE #07):** An adjustment was recorded to reconcile school tax revenue, school expenditures, and related due to/from balances at year-end.
- **Accounts Payable Accrual (AJE #08):** Adjustments were recorded to recognize accounts payable for obligations incurred but unpaid at year-end, to properly state liabilities and related expenses in accordance with the accrual basis of accounting.
- **Town Clerk Revenue Adjustment (AJE #09):** An adjustment was recorded to recognize and reconcile current-year Town Clerk cash receipts and related revenues based on the Town Clerk account records, ensuring proper presentation of cash and revenue balances at year-end.
- **Property Tax Revenue Adjustment (AJE #11):** An adjustment was recorded to allocate property taxes and related revenues between the General Fund and the Highway Fund based on the applicable tax allocation ratio, ensuring that each fund reflects its appropriate share of property tax-related revenues at year-end.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 22, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town of Halifax, Vermont's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues - Significant Deficiencies Reported in Audit

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of Halifax, Vermont's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention. The following items are significant deficiencies identified during the audit but are not considered material weaknesses as they relate to the financial reporting controls. We are offering these issues as a way to further strengthen your internal controls.

2025-001: Employee Documentation – Completion and Review of W-9 and I-9 Forms

- **Finding Type:** During our review of employee and vendor documentation, we noted that certain W-9 and I-9 forms were missing, incomplete, or lacked evidence of management review.
- **Criteria:** W-9 and I-9 forms should be properly completed, maintained on file, and reviewed by management to ensure compliance with applicable tax reporting and employment eligibility verification requirements.
- **Cause:** Procedures to obtain, complete, retain, and review required W-9 and I-9 documentation were not consistently followed.
- **Effect:** Missing or incomplete forms and the absence of management review increase the risk of noncompliance with federal requirements, inaccurate reporting, and potential penalties.

- **Recommendation:** We recommend that the Town establishes and enforce procedures to ensure all required W-9 and I-9 forms are obtained, completed in full, reviewed by management for accuracy and completeness, and maintained in accordance with applicable regulatory requirements.

2025-002: Accrued Liabilities – Year-End Accrual Controls

- **Finding Type:** During our search for unrecorded liabilities procedures, we identified expenditures incurred prior to year-end that were not accrued in the Town's accounting records.

- **Criteria:** Liabilities and related expenses should be recorded in the period in which they are incurred to ensure that financial statements are complete and prepared in accordance with the applicable accounting framework.

- **Cause:** Year-end procedures to identify and record outstanding liabilities were not adequately performed or reviewed.

- **Effect:** Liabilities and expenditures may be understated, resulting in incomplete or inaccurate financial reporting.

- **Recommendation:** We recommend that the Town strengthen its year-end closing procedures to identify, review, and record all outstanding obligations incurred prior to year-end to ensure complete and accurate financial reporting.

2025-003: Capital Asset Tracking – Year-End Control Deficiencies

- **Finding Type:** During audit procedures, we identified deficiencies related to the tracking, review, and recording of capital assets at year-end. Capital asset activity, including additions, disposals, and related adjustments, was not consistently tracked, reconciled, or adequately supported.

- **Criteria:** Effective internal controls require that capital assets and related activity be accurately tracked, supported, reviewed, and recorded in the appropriate reporting period in accordance with applicable accounting standards and capitalization policies.

- **Cause:** Procedures for monitoring capital asset activity, maintaining supporting schedules, and recording year-end capital asset adjustments were not sufficiently established or consistently performed.

- **Effect:** Weaknesses in capital asset controls increase the risk of omitted, inaccurate, or misstated capital assets, depreciation expense, expenditures, and net position within the financial statements.

- **Recommendation:** We recommend that management strengthen capital asset procedures by implementing formal processes to consistently track, reconcile, and review capital asset activity, including additions, disposals, and year-end adjustments, supported by appropriate documentation to ensure accurate financial reporting.

2025-004: Expense Coding and Approval Controls

- **Finding Type:** During expense testing, we noted instances where invoices were not coded or were only partially coded and lacked evidence of management review and approval prior to processing.

- **Criteria:** All expenditures should be properly coded to the appropriate general ledger accounts, departments, and funds and should receive documented review and approval prior to processing to ensure accurate financial reporting and proper authorization.

- **Cause:** Procedures for coding, reviewing, and approving invoices were not consistently performed or documented.

- **Effect:** Weaknesses in coding and approval controls increase the risk of misclassification of expenditures, unauthorized transactions, and inaccurate financial reporting.

- **Recommendation:** We recommend that the Town implement and consistently enforce procedures to ensure all invoices are fully coded, reviewed, and approved prior to processing and payment.

Other Matters

We applied certain limited procedures to Schedule of Proportionate Share of the Net Pension Liability – VMERS Defined Benefit Plan, Schedule of Contributions – VMERS Defined Benefit Plan, Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – General Fund and Highway Fund which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements and individual non-major fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on combining statements and individual non-major fund statements, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Selectboard and management of Town of Halifax, Vermont and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Batchelder Associates, PC

Batchelder Associates, PC

TOWN OF HALIFAX, VERMONT

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2025

TOWN OF HALIFAX, VERMONT
FOR THE YEAR ENDED JUNE 30, 2025
TABLE OF CONTENTS

TOWN OF HALIFAX, VERMONT
FOR THE YEAR ENDED JUNE 30, 2025
TABLE OF CONTENTS

Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Halifax, Vermont
Halifax, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Halifax, 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 Halifax, 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, each major fund, and the aggregate remaining fund information of the Town of Halifax, Vermont, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Halifax, 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 Halifax, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Halifax, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Halifax, Vermont's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net position liability and schedule of the Town's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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. Management has presented management's discussion and analysis only for the year ended June 30, 2025 and, accordingly, it does not include a discussion of current-year results in comparison with the prior year as required by guidelines established by the Governmental Accounting Standards Board. Accordingly, management's discussion and analysis contains a material departure from the prescribed guidelines. 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 Halifax, Vermont's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2026, on our consideration of the Town of Halifax, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Halifax, Vermont's internal control over financial reporting and compliance.

Batchelder Associates, PC

Batchelder Associates, PC
Barre, Vermont
License #945
June 22, 2026

Our discussion and analysis of the Town of Halifax, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2025. This report should be read in conjunction with the Town's financial statements.

Prior-Year Comparative Information

GASB Statement No. 34 requires MD&A to discuss current-year results in comparison with the prior year. Audited financial statements for Town of Halifax, Vermont for the fiscal year ended June 30, 2024 were not available; therefore, this MD&A is presented for the fiscal year ended June 30, 2025 only and does not include audited prior-year comparative information or related variance analysis.

Financial Highlights

The government - wide assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $1,471,847 (net position). Of this amount, $148,103 (unrestricted net position) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $581,006. Of the total ending fund balances, $276,865 is available for spending at the government's discretion, $16,202 is committed, $15,775 is nonspendable and $272,164 is restricted at June 30, 2025.

Change in Accounting Basis

During fiscal year 2025, the Town implemented a change in accounting basis from the modified cash basis of accounting to the accrual and modified accrual basis of accounting, as applicable to the respective financial statements and supplementary information.

This change was made to improve financial reporting transparency and to provide a more comprehensive presentation of the Town's financial position and operating activities. Under the modified accrual basis, revenues are recognized when they are measurable and available, and expenditures are recognized when liabilities are incurred.

Because of this change, certain variations in revenues, expenditures, assets, and liabilities may result from the accounting change rather than operational changes.

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).

1. Government-Wide Financial Statements (continued)

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 in Exhibits A and B 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 and fiduciary fund.

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 two (2) individual major governmental funds, the General Fund and Highway Fund: eight (8) Non-Major Special Revenue Funds which includes the Halifax Celebration Fund, Cemetery Fund, Office Equipment Fund, Reappraiser and Lister Fund, Grant Fund, Records Restoration Fund, and the Eames & Scott Fund, Audit Reserve Fund; and four (4) Capital Project funds, including the Resurfacing Reserve Fund, Bridge Reserve Fund, Building Maintenance Fund and Equipment Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Highway Fund, which is 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.

The basic governmental fund financial statements can be found in Exhibits C through E of this report.

B. Proprietary Funds

The Town has no Proprietary Funds.

C. Fiduciary Funds

The Town has one (1) Fiduciary Fund - the Custodial 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 2025	Total 2025
Current and other assets	$ 654,985	$ 654,985
Capital assets, non-depreciable	215,077	215,077
Capital assets, depreciable	1,579,276	1,579,276
Total assets	2,449,338	2,449,338
Deferred outflows of resources	54,190	54,190
Long-term liabilities outstanding	962,002	962,002
Other liabilities	53,943	53,943
	1,015,945	1,015,945
Deferred inflows of resources	15,736	15,736
Total liabilities	1,031,681	1,031,681
Net position		
Invested in capital assets, net of related debt	1,051,580	1,051,580
Restricted	272,164	272,164
Unrestricted	148,103	148,103
Total net position	$ 1,471,847	$ 1,471,847

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 $1,471,847 at the close of the fiscal year-end.

By far the largest portion of the Town's net position, reflective of 71.44% of the balance, is the investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position for the government as a whole.

Governmental Activities

REVENUES	Governmental Activities 2025	Total 2025
Program revenues		
Charges for services	$ 250,777	$ 250,777
Operating grants and contibutions	441,187	441,187
General revenues		
Property taxes	1,981,111	1,981,111
Other revenues	106,247	106,247
Total revenues	2,779,322	2,779,322
EXPENSES		
Governmental activities		
General government	923,743	923,743
Public safety	56,016	56,016
Public works	1,364,036	1,364,036
Health and social services	36,397	36,397
Conservation and development	24,076	24,076
Interest on long-term debt	18,020	18,020
Total expenses	2,422,288	2,422,288
Change in net assets	357,034	357,034
Net position - beginning of year	1,114,813	1,114,813
Net position - end of year	$ 1,471,847	$ 1,471,847

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 $581,006 going into the next fiscal 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 Fund unrestricted balance was a surplus of $361,267. 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.

b. Highway Fund

During fiscal year 2025, the Town completed the conversion to appropriate fund software, resulting in the Highway Fund being separated from the General Fund. The Highway Fund's fund balance at the end of fiscal year 2025 was a surplus of $9,052**.**

c. Non-Major Funds

Non-Major funds include the following funds:

Special Revenue Funds	Capital Project Funds
Cemetery Fund	Equipment Fund
Halifax Celebration Fund	Bridge Reserve Fund
Office Equipment Fund	Resurfacing Reserve Fund
Reappraiser & Lister Fund	Building Maintenance Fund
Audit Reserve Fund	
Records Restoration Fund	
Scott & Eames Fund	
Grant Fund	

Total Non-Major Fund balances are $194,912.

The following schedule compares actual to budget for the General Fund and Highway Fund. The most significant variances of actual to budget revenue and expenses, including transfers between funds, were as follows:

	Budget	Actual	Favorable (Unfavorable)
Revenues:			
General budget	$ 719,845	$ 1,184,199	$ 464,354
Highway budget	1,199,518	2,086,799	887,281
	1,919,363	3,270,998	1,351,635
Expenditures:			
General budget	382,559	1,019,619	(637,060)
Highway budget	1,868,663	2,077,747	(209,084)
	$ 2,251,222	$ 3,097,366	$ (846,144)

Capital Asset and Debt Administration

1. Capital Assets

The Town's investment in capital assets for the year ended, amounted to $1,794,353 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, furniture, vehicles, and equipment.

	Governmental Activities 2025	Total 2025
Land	$ 215,077	$ 215,077
Buildings/improvements	80,809	80,809
Vehicles and equipment	1,197,278	1,197,278
Infrastructure	301,189	301,189
Total Assets	$ 1,794,353	$ 1,794,353

Additional information on the Town's capital assets can be found in Note 5 of the notes to financial statements.

2. Debt Administration

At the end of the current year, the Town had total long-term debt outstanding of $962,002. This debt was a result of a refunding bond, highway department loans, and pension liability.

	Governmental Activities 2025	Total 2025
Notes payable, bank	$ 742,773	$ 742,773
Net pension liability	219,229	219,229
Totals	$ 962,002	$ 962,002

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 of these factors were considered in preparing the Town's budget for the year ending June 30, 2026. The Town approved a combined general fund and highway fund budget of $2,518,875 for the year 2026.

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, P.O. Box 127, West Halifax, Vermont, 05358, (802) 368-7390.

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

EXHIBIT A

	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	$ 564,958	$ 564,958
Receivables (net of allowance for uncollectible accounts)		
Taxes receivable	30,427	30,427
Due from other funds	43,825	43,825
Prepaid expenses	15,775	15,775
Capital assets (net of accumulated depreciation)		
Land, non depreciable	215,077	215,077
Vehicles and equipment	1,579,276	1,579,276
Total assets	2,449,338	2,449,338
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to the Town's participation in VMERS	54,190	54,190
Total deferred outflows of resources	54,190	54,190
LIABILITIES		
Tax overpayments	2,104	2,104
Accrued expenses	37,399	37,399
Accrued payroll and benefits	12,546	12,546
Other current liabilities	1,894	1,894
Due within one (1) year	155,785	155,785
Non-current obligations		
Due in more than one (1) year	586,988	586,988
Net pension liability	219,229	219,229
Total liabilities	1,015,945	1,015,945
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to the Town's participation in VMERS	15,736	15,736
Total deferred inflows of resources	15,736	15,736
NET POSITION		
Net investment in capital assets	1,051,580	1,051,580
Restricted	272,164	272,164
Unrestricted	148,103	148,103
Total net position	$ 1,471,847	$ 1,471,847

The notes to the financial statements are an integral part of this statement

EXHIBIT B

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

		Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants	Capital Grants & Contributions	Governmental Activities	Total
Functions/Programs						
Governmental activities						
General government	$ 923,743	$ 45,961	$ 237,251	$ -	$ (640,531)	$ (640,531)
Public safety	56,016	-	22,638	-	(33,378)	(33,378)
Public works	1,364,036	190,926	181,298	-	(991,812)	(991,812)
Health and social services	36,397	13,890	-	-	(22,507)	(22,507)
Conservation and development	24,076	-	-	-	(24,076)	(24,076)
Interest on long-term debt	18,020	-	-	-	(18,020)	(18,020)
Total governmental activities	$ 2,422,288	$ 250,777	$ 441,187	$ -	$ (1,730,324)	$ (1,730,324)
General revenues:						
Property taxes					$ 1,981,111	$ 1,981,111
Other revenues					106,247	106,247
Total general revenues and transfers					2,087,358	2,087,358
Change in net assets					357,034	357,034
Net position, July 1, 2024					1,114,813	1,114,813
Net position, June 30, 2025					$ 1,471,847	$ 1,471,847

The notes to the financial statements are an integral part of this statement

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

ASSETS	General Fund	Highway Fund	Non-Major Funds	Total Governmental Funds
Cash and equivalents	$ 548,176	$ -	$ 16,782	$ 564,958
Taxes receivable	30,427	-	-	30,427
(net of allowance for uncollectible accounts)				
Due from other funds	-	-	185,530	185,530
Prepaid expenses	15,775	-	-	15,775
Total assets	594,378	-	202,312	796,690
LIABILITIES				
Tax overpayments	2,104	-	-	2,104
Accrued expenses	29,999	-	7,400	37,399
Accrued payroll and withholdings	3,958	1,171	-	5,129
Due to other funds	151,928	(10,223)	-	141,705
Other liabilities	1,894	-	-	1,894
Total liabilities	189,883	(9,052)	7,400	188,231
DEFERRED INFLOWS OF RESOURCES				
Prepaid property taxes	27,453	-	-	27,453
Total deferred inflows of resources	27,453	-	-	27,453
FUND BALANCES				
Non-spendable	15,775	-	-	15,775
Restricted	-	9,052	263,112	272,164
Committed	-	-	16,202	16,202
Unassigned	361,267	-	(84,402)	276,865
Total fund balances	$ 377,042	$ 9,052	$ 194,912	$ 581,006
Total liabilities and fund balances	$ 594,378	$ -	$ 202,312	$ 796,690

The notes to the financial statements are an integral part of this statement

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

EXHIBIT D

	General Fund Fund	Highway Fund	Non-Major Funds	Total Governmental Funds
REVENUES				
Taxes	$ 696,976	$ 826,134	$ -	$ 1,523,110
Tax penalties and interest	213,928	253,571	-	467,499
Grant revenue	43,972	217,123	22,638	283,733
Intergovernmental revenues	151,878	-	5,576	157,454
Charge for services	41,207	189,236	20,334	250,777
Other revenues	36,239	70,000	9	106,247
Total revenues	1,184,199	1,556,064	48,557	2,788,820
EXPENDITURES				
General government	426,278	24,373	330,717	781,368
Public safety	56,016	-	-	56,016
Public works	79,647	1,276,972	-	1,356,619
Cemetery	-	-	36,397	36,397
Conservation and development	24,076	-	-	24,076
Debt service expenditures				
Principal and lease payments	-	156,006	-	156,006
Interest	-	18,020	-	18,020
Capital expenditures				
Public works	142,875	602,376	82,458	827,709
Total expenditures	728,892	2,077,747	449,572	3,256,211
Excess (deficiency) of revenues over (under) expenditures	455,307	(521,683)	(401,015)	(467,391)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	530,735	-	530,735
Transfers in	-	-	294,727	294,727
Transfers out	(290,727)	-	(4,000)	(294,727)
Total other financing sources (uses)	(290,727)	530,735	290,727	530,735
Net change in fund balances	164,580	9,052	(110,288)	63,344
Fund balances, July 1, 2024	212,462	-	305,200	517,662
Fund balances, June 30, 2025	$ 377,042	$ 9,052	$ 194,912	$ 581,006

The notes to the financial statements are an integral part of this statement

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

EXHIBIT E

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

Net change in fund balance - total government funds.	$	581,006
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.		1,794,353
Accrued compensated absences in the governmental funds are limited to benefits used within sixty (60) days after year-end while the full liability is included in the government-wide statements.		(7,417)
Long-term and accrued liabilities, including notes payable, net pension liability are not due or payable in the current period and, therefore, are not reported in the funds		(962,002)
Deferred outflows and inflows of resources relating to the Town's participation in VMERS are applicable to future periods and, therefore, are not reported in the funds		65,907
Change in net assets of governmental activities (Exhibit B).	$	1,471,847

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

EXHIBIT F

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

Net change in fund balance - total government funds (Exhibit D).	$	63,344
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Additions to capital assets, net		827,709
Depreciation/amortization		(131,261)
Accrued compensation and expenses is not reflected in the government funds.		(18,531)
Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within sixty (60) days are unavailable at year-end.		(9,498)
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		(530,735)
Debt service - principal		156,006
Change in net assets of governmental activities (Exhibit B).	$	357,034

TOWN OF HALIFAX, VERMONT

STATEMENT OF NET POSITION FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT G

	Custodial Fund	Total Fiduciary Funds
ASSETS:		
Account receivables	$ 43,825	$ 43,825
Total assets	43,825	43,825
LIABILITIES:		
Due to other funds	43,825	43,825
Total liabilities	43,825	43,825
FUND BALANCES:		
Restricted	-	-
Total fund balances	-	-
Total liabilities, deferred inflows of resources and fund balances	$ 43,825	$ 43,825

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

	Custodial Fund	Total Fiduciary Funds
ADDITIONS:		
Property taxes collected for schools	$ 1,911,576	$ 1,911,576
Total additions	1,911,576	1,911,576
DEDUCTIONS:		
Payments of taxes to schools	1,911,576	1,911,576
Total deductions	1,911,576	1,911,576
Net change in fund balances	-	-
Fund balances - July 1, 2024	-	-
Fund balances - June 30, 2025	$ -	$ -

See Disclaimer in Accompanying Independent Auditor's Report.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Halifax, 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, water, sanitation, 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.

Accounting Pronouncements Implemented

During the year ended June 30, 2025, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*; GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences by establishing a unified recognition and measurement model and amending certain disclosure requirements. GASB Statement No. 102 requires governments to disclose certain concentrations or constraints that make the reporting entity vulnerable to the risk of a substantial impact if specific events or conditions occur.

The implementation of these standards did not have a material effect on the Town's financial statements and did not require a restatement of beginning net position or fund balance.

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 are 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 of 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 is able to 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 the means by which spending activities are controlled.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (Continued)

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.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and fiduciary, are presented. 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.

The Town reports on the following major governmental funds:

General Fund - This is the general operating fund of the Town. It accounts for all financial resources of the general government, except those not accounted for in another fund.

Highway Fund - This fund accounts for revenues and expenditures related to the maintenance, repair, and improvement of the Town's roads and transportation infrastructure. It is funded primarily through state aid, taxes, and other highway-related revenues.

Special Revenue Funds – These funds are used to keep track of revenue and expenditures related to the specific purposes of each individual fund. The Town has eight (8) special revenue funds, to include Halifax Celebration, Cemetery, Office Equipment, Reappraiser & Lister, Audit Reserve, Records Restoration, and Scott & Eames Fund.

Capital Project Funds - These funds are capital project funds used to track all revenue and expenditures related to capital expenditures and associated grants. Expenditures consist of various projects to restore, improve, and create Town improvements.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus (Continued)

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 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 requirements have been met.

Change in Basis of Accounting

Effective July 1, 2024, the Town adopted the accrual basis of accounting for government-wide financial statements and the modified accrual basis of accounting for governmental fund financial statements, replacing the modified cash basis of accounting previously used. Under the accrual basis, revenues are recognized when earned and expenses when liabilities are incurred. Under the modified accrual basis, revenues are recognized when measurable and available, and expenditures are recognized when related liabilities are incurred, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Management implemented this change to present financial information in conformity with GAAP and to provide a complete and more meaningful picture of the Town's financial position, including recognition of capital assets, long-term obligations, and fiduciary activities not previously reported under the modified cash basis.

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 effect 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, cash with fiscal agents and short-term, highly liquid investments with original maturities of three (3) 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 no 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 receivable 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 September and were due and payable September 30, 2025.

During the year ended tax year June 30, 2025, taxes were billed in one installment. Taxes paid after due date are subject to an 8% penalty and 1% 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.

As of June 30, 2025, delinquent taxes receivable was $27,453 inclusive of interest and penalties, with no allowance for uncollectible taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The tax rates for FY 2025 are as follows:

	Homestead	Non-Residential
Homestead education tax	1.5813	1.9465
Municipal tax rate	1.4973	1.4973
Local agreement	0.0076	0.0076
Total	3.0862	3.4513

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 activity's 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
Building and Building Improvements	$ 20,000	10-75 years
Vehicles and Equipment	$ 5,000	3-25 years
Infrastructure	$ 20,000	20-75 years

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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.

Nonspendable and Restricted funds are so designated by external funds sources, such as in the case of the nonspendable 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 by definition, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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."

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, report deferred outflows of resources from one (1) source; deferred outflows related to the Town's participation in the Vermont Municipal Employee Retirement System (VMERS). These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two (2) 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 Employee Retirement System (VMERS). The governmental funds balance sheet reports deferred inflows of resources from one (1) source: prepaid property taxes.

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 precedes 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	$ 564,958	$ -	$ -	$ -	$ -	$ 564,958
Receivable (net of allowance for uncollectible accounts):						
Taxes receivable	30,427	-	-	-	-	30,427
Prepaid expenses	15,775	-	-	-	-	15,775
Due from other funds	185,530	-	-	-	(141,705)	43,825
Capital assets	-	-	1,794,353	-	-	1,794,353
Total assets	796,690	-	1,794,353	-	(141,705)	2,449,338
Deferred outflows	-	54,190	-	-		54,190
LIABILITIES						
Tax overpayments	2,104	-	-	-	-	2,104
Accrued expenses	37,399	-	-	-	-	37,399
Accrued payroll and withholdings	5,129	7,417	-	-	-	12,546
Due to other funds	141,705	-	-	-	(141,705)	-
Non-current obligations	-	-	-	742,773	-	742,773
Net pension liability	-	219,229	-	-	-	219,229
Other liabilities	1,894	-	-	-	-	1,894
Total liabilities	188,231	226,646	-	742,773	(141,705)	1,015,945
Deferred inflows						
Deferred property taxes	27,453	(27,453)	-	-	-	-
Pension resources	-	15,736	-	-	-	15,736
Total deferred inflows	27,453	(11,717)	-	-	-	15,736
NET ASSETS						
Invested in capital assets	-	-	1,794,353	(742,773)	-	1,051,580
Non-spendable	15,775	-	-	-	-	15,775
Committed	16,202		-	-	-	16,202
Restricted	272,164	-	-	-	-	272,164
Unrestricted	276,865	(160,739)	-	-	-	116,126
Total net assets	$ 581,006	$ (160,739)	$ 1,794,353	$ (742,773)	$ -	$ 1,471,847

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					
Taxes	$ 1,523,110	$ (9,498)	$ -	$ -	$ 1,513,612
Tax penalties and interest	467,499	-	-	-	467,499
Intergovernmental	157,454	-	-	-	157,454
Public safety grants	283,733				283,733
Charges for current services	250,777	-	-	-	250,777
Other revenues	106,247	-	-	-	106,247
Total revenues	2,788,820	(9,498)	-	-	2,779,322
EXPENDITURES					
General government	781,368	7,417	131,261	-	920,046
Public safety	56,016	-	-	-	56,016
Public works	1,356,619	11,114	-	-	1,367,733
Health and social services	36,397	-	-	-	36,397
Conservation and development	24,076	-	-	-	24,076
Debt service expenditures					
Principal	156,006	-	-	(156,006)	-
Interest	18,020	-	-	-	18,020
Capital expenditures					
Public works	827,709	-	(827,709)	-	-
Total expenditures	3,256,211	18,531	(696,448)	(156,006)	2,422,288
Excess (deficiency) of revenues over (under) expenditures	(467,391)	(28,029)	696,448	156,006	357,034
OTHER FINANCING SOURCES (USES)					
Loan proceeds	530,735	-	-	(530,735)	-
Transfers in	294,727	-	-	-	294,727
Transfers out	(294,727)	-	-	-	(294,727)
Total other financing sources (uses)	530,735	-	-	(530,735)	-
Net change in fund balances	$ 63,344	$ (28,029)	$ 696,448	$ (374,729)	$ 357,034

NOTE 3. CASH AND CASH EQUIVALENTS

At June 30, 2025, the carrying amount of the Town's deposits with financial institutions was $564,958. Of the funds on deposit, $250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

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
FDIC insured	$ 250,000	$ 250,000
Category 4	314,958	370,688
Total Deposits	$ 564,958	$ 620,688

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.

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.

NOTE 4. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2025, are as follows:

	Receivables	Payables
General Fund	$ -	$ 132,708
Highway Fund	-	8,997
Cemetery Fund	16,165	-
Office Equipment Fund	9,018	-
Records Restoration Fund	14,831	-
Bridge Reserve Fund	64,995	-
Reappraiser & Lister Fund	51,296	-
Grant Fund	4,000	-
Resurfacing Reserve Fund	21,535	-
Audit Reserve Fund	3,691	-
Custodial Fund	-	43,825
Total	$ 185,530	$ 185,530

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		
	Special Revenue	Capital Projects	Total
Transfers out:			
General Fund	$ 33,714	$ 257,013	$ 290,727
Capital Project Fund	4,000	-	4,000
Total	$ 37,714	$ 257,013	$ 294,727

NOTE 5. 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
Capital assets, not being depreciated:				
Land	$ 215,077	$ -	$ -	$ 215,077
Construction in progress	47,625	-	(47,625)	-
	262,702	-	(47,625)	215,077
Capital assets being depreciated:				
Buildings/improvements	159,200	82,458	-	241,658
Vehicles and equipment	1,790,010	602,376	(257,000)	2,135,386
Infrastructure	125,398	190,500	-	315,898
Total capital assets, being depreciated	2,074,608	875,334	(257,000)	2,692,942
Less accumulated depreciation:				
Buildings/improvements	159,200	1,649	-	160,849
Vehicles and equipment	1,072,600	122,508	(257,000)	938,108
Infrastructure	7,605	7,104	-	14,709
	1,239,405	131,261	(257,000)	1,113,666
Being depreciated, net	835,203	744,073	-	1,579,276
Net assets	$ 1,097,905	$ 744,073	$ (47,625)	$ 1,794,353

Depreciation expense was charged to governmental functions as follows:

Public works	$ 131,261
Total 2025 governmental depreciation expense	$ 131,261

NOTE 6. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the Governmental Activities consists of $54,190 of required employer pension contributions made subsequent to the measurement date, as further described in Note 10.

NOTE 7. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the Governmental Activities consists of $15,736 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 V.A. Total deferred inflows of resources in the Governmental Funds is $27,453 which is deferred property taxes.

NOTE 8. LEASE AGREEMENTS

Operating Leases

The Town of Halifax has no operating lease agreements for Fiscal Year 2025.

NOTE 9. COMMITTED AND RESTRICTED FUND BALANCES

At June 30, 2025, the Town had restricted and committed fund balances for the following purposes, with the General, Special Revenue, and Capital Fund as stated below:

	General Fund	Special Revenue Fund	Capital Project Fund	Total
Restricted fund	$ -	$ 74,727	$ 188,385	$ 263,112
Committed fund	-	16,202	-	16,202
	$ -	$ 90,929	$ 188,385	$ 279,314

NOTE 10. 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, 2024, the retirement system consisted of 357 participating employers.

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

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five (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 0.06600% resulting in a liability of $219,229. 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 0.06600% was a decrease of .00257% from its proportion measured as of June 30, 2023.

NOTE 10. PENSION PLAN (continued)

For the year ended June 30, 2025, the Town recognized pension expense of $11,114.

As of June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflow of	Deferred Inflow of
Difference between expected and actual experience	$ 23,743	$ -
Changes in assumptions	1,181	-
Difference between projected and actual earnings on pension plan investments	5,408	-
Difference between the employer contributions and proportionate share of total contributions	-	15,736
Town's required employer contributions made subsequent to the measurement date	23,858	-
	$ 54,190	$ 15,736

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of $23,858 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 30	
2025	$ 21
2026	18,349
2027	(227)
2028	(3,547)
Total	$ 14,596

Summary of System Provisions

Membership – Ful-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: Group B – The earlier of age sixty-two (62) with five (5) years of service or age fifty-five (55) with thirty (30) years of service.

NOTE 10. PENSION PLAN (continued)

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

Maximum benefit is 60% of AFC for Groups B. The amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility: Age fifty-five (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.

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 (1/2) of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments".

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 with interest are refunded.

Post-Retirement Adjustments: Allowance in payment for at least one (1) year increased on each January 1 by one-half (1/2) of the percentage increase in Consumer Price Index, but not more than 3% for Group B.

Member Contributions: Group B – 6.125% effective July 1, 2023

Employer Contributions: Group B – 6.75% effective July 1, 2023

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

NOTE 10. PENSION PLAN (continued)

Significant Actuarial Assumptions and Methods

Interest rate of return – 7.0%, net of pension plan investment expenses, including inflation.

Salary increases – Varying service-based rates ranging from 4.07% to 6.21%. Salary increases include an assumed inflation rate of 2.30%.

Mortality:

Pre-Retirement: 60% PubG-2010 General Employee Amount-Weighted Below-Median and 40% ofPubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021.

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

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

Disabled Post-Retirement: PubNS-2010 Non-safety Disabled Retiree Mortality Table with generational projection using scale MP-2021.

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

Cost-of-Living Adjustments - 1.20 % per annum for Group B members. The January 1, 2025, COLA is expected to be 1.90% for Group B. The January 1, 2024, COLAs was 1,10% for Group B.

Significant Actuarial Assumptions and Methods (continued)

Actuarial Cost Method - Entry age actuarial cost method.

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

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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rates 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 10. 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 Equity3.00	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 In	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 7.00%. 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 expectation that employers will continue to contribute at the rates set by the Board, which exceed 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 new 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%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
$335,169	$219,229	$124,069

Additional Information

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

NOTE 11. 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 12. 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; injury 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 13. LINE OF CREDIT

The Town of Halifax currently has no line of credit outstanding.

NOTE 14. LONG-TERM DEBT

Long-term debt consisted of the following:

Long-Term Debt	Beginning Balance	Additions	Deletions	Ending Balance
Note Payable, Peoples United Bank, interest 2.4%, due in annual Installments of $38,238, guaranteed with 2020 Western Star dump truck. Due annually on June 4th, with final payment June, 2025.	$ 38,238	$ -	$ 38,238	$ -
Note Payable, Peoples United Bank, interest 2.25%, due in annual Installments of $34,379, guaranteed with 2022 Western Star dump truck. Due annually on August 9th, with final payment August, 2026.	103,136	-	34,379	68,757
Note Payable, M&T Bank, interest 6.53%, due in annual principal installments of $45,334, plus accrued interest, secured by a pledge of FY 2024 tax revenue receipts and used to finance a 2023 Western Star dump truck. Payments due annually on July 12, beginning July 12, 2024, with final payment due July 12, 2028.	226,670	-	45,334	181,336
Lease Purchase Agreement, M&T Bank Corporation, interest 5.50%, due in 5 annual installments of $32,867.19, secured by equipment listed in Schedule A. Payments due annually on October 30, beginning October 30, 2025, with final payment due October 30, 2029.	-	142,129	-	142,129
Lease Payable, 233 Genesee Street Corporation, interest 5.064%, due in annual installments of $38,055.18, secured by a 2024 CASE WX140E Wheeled Excavator. Due annually on March 19, with final payment March 19, 2031.	-	230,085	38,055	192,030
Lease Purchase Agreement, Deere Credit, Inc., interest 5.50%, due in six (6) annual installments of $33,055.49, secured by a 2024 John Deere 544 G-Tier Wheel Loader (including forks). Payments due annually on January 28, with final payment January 28, 2031.	-	158,521	-	158,521
	$ 368,044	$ 530,735	$ 156,006	$ 742,773

NOTE 14. LONG-TERM DEBT (Continued)

Principal maturities on long-term debt are as follows:

	Principal	Interest	Total
Years Ending			
June 30, 2026	155,785	41,294	$ 197,079
June 30, 2027	160,053	33,312	$ 193,365
June 30, 2028	130,186	25,247	$ 155,433
June 30, 2029	134,956	18,866	$ 153,822
June 30, 2030-32	161,793	13,294	175,087
Total	$ 742,773	$ 132,013	$ 874,786

NOTE. 15. ALLOCATION OF PROPERTY TAX REVENUE

Property tax revenues and related revenues (i.e., interest and penalty) are budgeted and reported in the General Fund and Highway Fund. These revenues are allocated between the funds based on the proportion of total expenditures incurred by each fund during the fiscal year. Management believes this allocation methodology reasonably reflects the relative funding requirements of the respective funds.

NOTE. 16. PRIOR-YEAR COMPARATIVE INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") is required supplementary information that precedes the basic financial statements. GASB Statement No. 34 provides that MD&A should discuss current-year results in comparison with the prior year, with emphasis on the current year, and should include condensed financial information comparing the current year to the prior year, together with analysis of significant changes.

The accompanying MD&A for Town of Halifax, Vermont is presented for the fiscal year ended June 30, 2025 only. Audited financial statements and audited prior-year comparative information for the fiscal year ended June 30, 2024 were not available for inclusion in the MD&A. Accordingly, the MD&A does not include the prior-year comparative condensed financial information or related prior -year variance analysis that would ordinarily be presented.

This disclosure is provided to inform financial statement users of the limitation on prior-period comparative information in the MD&A. The basic financial statements and notes present the financial position and results of operations of Town of Halifax, Vermont as of and for the fiscal year ended June 30, 2025.

NOTE. 17. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the financial statement date, but before the financial statements are issued. Management has evaluated from June 30, 2025, through the date of these financial statements were available for an issuance.

We have examined subsequent events from the end of the fiscal year to the date of this report, and there are no events that would significantly impact the presentation of these financial statements.

SCHEDULE 1

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

	2025	2024	2023	2022	2021	2020	2019
Total Plan Net Pension Liability	$ 332,147,666	$ 320,293,753	$ 303,371,956	$ 147,184,198	$ 249,743,442	$ 173,491,807	$ 140,675,892
Town's Proportion of the Net Pension Liability	0.06600%	0.06857%	0.07350%	0.08653%	0.08653%	0.08535%	0.09560%
Town's Proportionate Share of the Net Pension Liability	$ 219,229	$ 219,623	$ 222,977	$ 113,574	$ 216,103	$ 148,075	$ 134,486
Town's Covered Employee Payroll	$ 340,831	$ 322,095	$ 300,691	$ 294,224	$ 285,934	$ 307,908	$ 297,835
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	64.32%	68.19%	74.15%	38.60%	75.58%	48.09%	45.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.22%	74.01%	73.60%	86.29%	80.35%	82.60%	83.64%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net position liability was lowered from 8.50% to 7.00%, due to the adoption by the Board of Trustees of a 7.50% expected future rate of return on assets for funding purposes.

Fiscal year 2019 was the first year of implementation, therefore, only seven (7) years are shown.

SCHEDULE 2

TOWN OF HALIFAX, 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
Contractually Required Contribution (Actuarially Determined)	$ 23,858	$ 21,741	$ 19,545	$ 18,389	$ 17,156	$ 17,705	$ 16,942
Contributions in Relation to the Actuarially Determined Contributions	23,858	21,741	19,545	18,389	17,156	17,705	16,942
Contribution Excess/(Deficiency)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's Covered Employee Payroll	$ 340,831	$ 322,095	$ 300,691	$ 294,224	$ 285,934	$ 307,908	$ 297,835
Contributions as a Percentage of Town's Covered Employee Payroll	7.00%	6.75%	6.50%	6.25%	6.00%	5.75%	5.69%

Notes to Schedule

Valuation Date: June 30, 2024

Fiscal year 2019 was the first year of implementation, therefore, only seven (7) years are shown.

TOWN OF HALIFAX, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 669,145	$ 696,976	$ 27,831
Tax penalties and interest	-	213,928	213,928
Intergovernmental revenues	-	151,878	151,878
Charges for current services	-	41,207	41,207
Grant income	-	43,972	43,972
Other revenues	50,700	36,239	(14,461)
Total revenues	719,845	1,184,199	464,354
EXPENDITURES			
General government	251,135	426,278	(175,143)
Public safety	64,585	56,016	8,569
Public works	30,314	79,647	(49,333)
Conservation and development	31,525	24,076	7,449
Capital expenditures			
Public works	5,000	142,875	(137,875)
Total expenditures	382,559	728,892	(346,333)
Excess(deficiency) of revenues over expenditures	337,286	455,307	118,021
OTHER FINANCING SOURCES (USES)			
Transfer out	-	(290,727)	(290,727)
Total other financing sources (uses)	-	(290,727)	(290,727)
Net change in fund balances	$ 337,286	$ 164,580	$ (172,706)

NOTE TO BUDGETERY INFORMATION:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund. The budgets for these funds are prepared and reported using the modified accrual basis of accounting, which is the same basis used to report these funds in the governmental fund financial statements. Because the budgetary basis of accounting is the same as the basis used in accordance with GAAP for the governmental funds, no separate reconciliation between budgetary and GAAP amounts is presented. Accordingly, there are no basis, timing, perspective, or entity differences between the budgetary comparison schedules and the corresponding governmental fund financial statements.

TOWN OF HALIFAX, VERMONT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 785,518	$ 826,134	$ 40,616
Tax penalties and interest	-	253,571	253,571
Charges for current services	-	189,236	189,236
Grant income	414,000	217,123	(196,877)
Other revenues	-	70,000	70,000
Total revenues	1,199,518	1,556,064	356,546
EXPENDITURES			
Public works			
Roads	896,300	578,445	317,855
Equipment	276,000	178,088	97,912
Garage	41,500	51,078	(9,578)
Road crew	347,412	490,964	(143,552)
Other	171,402	2,770	168,632
Debt service expenditures			
Principal	117,951	156,006	(38,055)
Interest	18,098	18,020	78
Capital expenditures			
Public works	-	602,376	(602,376)
Total expenditures	1,868,663	2,077,747	(209,084)
Excess(deficiency) of revenues over expenditures	(669,145)	(521,683)	147,462
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	530,735	530,735
Total other financing sources (uses)	-	530,735	530,735
Net change in fund balances	$ (669,145)	$ 9,052	$ 678,197

NOTE TO BUDGETERY INFORMATION:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the Highway Fund.The budgets for these funds are prepared and reported using the modified accrual basis of accounting, which is the same basis used to report these funds in the governmental fund financial statements. Because the budgetary basis of accounting is the same as the basis used in accordance with GAAP for the governmental funds, no separate reconciliation between budgetary and GAAP amounts is presented. Accordingly, there are no basis, timing, perspective, or entity differences between the budgetary comparison schedules and the corresponding governmental fund financial statements.

TOWN OF HALIFAX, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

SCHEDULE 4

	Special Revenue Fund	Capital Project Fund	Total
ASSETS:			
Cash	$ 16,782	$ -	$ 16,782
Due from other funds	99,000	86,530	185,530
Total assets	115,782	86,530	202,312
LIABILITIES:			
Accrued expenses	878	6,521	7,400
Total liabilities	878	6,521	7,400
FUND BALANCES:			
Restricted	74,727	188,385	263,112
Committed	16,202	-	16,202
Unrestricted	23,975	(108,376)	(84,402)
Total fund balances	114,904	80,009	194,912
Total liabilities, deferred inflows of resources and fund balances	$ 115,782	$ 86,530	$ 202,312

TOWN OF HALIFAX, VERMONT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2025

	Special Revenue Fund	Capital Project Fund	Total
REVENUES:			
Intergovernmental	$ 5,576	$ -	$ 5,576
Grant revenue	-	22,638	22,638
Charge for current services	20,334		20,334
Other revenues	9	-	9
Total revenues	25,919	22,638	48,557
EXPENDITURES:			
General government	17,341	313,376	330,717
Cemetery	36,397	-	36,397
Capital outlay:			
Public works	-	82,458	82,458
Total expenditures	53,738	395,834	449,572
Excess (deficiency) of revenues over expenditures	(27,819)	(373,196)	(401,015)
OTHER FINANCING SOURCES (USES)			
Transfers in	37,714	257,013	294,727
Transfers out	-	(4,000)	(4,000)
Total other financing sources (uses)	37,714	253,013	290,727
Net change in fund balances	9,895	(120,183)	(110,288)
Fund balances - July 1, 2024	105,009	200,191	305,200
Fund balances - June 30, 2025	$ 114,904	$ 80,009	$ 194,912

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HALIFAX, VERMONT
BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2025

SCHEDULE 6

	Halifax Celebration	Cemetery	Office Equipment	Reappraiser & Lister Fund	Audit Reserve Fund	Records Restoration	Scott & Eames Fund	Grants	Total Non-Major Funds
ASSETS									
Cash and equivalents	$ 16,782	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,782
Due from other funds	-	16,165	9,018	51,296	3,691	14,831	-	4,000	99,000
Total assets	16,782	16,165	9,018	51,296	3,691	14,831	-	4,000	115,782
LIABILITIES									
Accrued expenses	-	878	-	-	-	-	-	-	878
Total liabilities	-	878	-	-	-	-	-	-	878
FUND BALANCES									
Restricted	16,750	-	-	40,720	-	17,257	-	-	74,727
Committed	-	-	11,202	-	5,000	-	-	-	16,202
Unassigned	32	15,287	(2,184)	10,576	(1,309)	(2,427)	-	4,000	23,975
Total fund balances	16,782	15,287	9,018	51,296	3,691	14,831	-	4,000	114,904
Total liabilities and fund balances	$ 16,782	$ 16,165	$ 9,018	$ 51,296	$ 3,691	$ 14,831	$ -	$ 4,000	$ 115,782

The notes to the financial statements are an integral part of this statement.

SCHEDULE 7

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

	Halifax Celebration	Cemetery Fund	Office Equipment	Reappraiser & Lister Fund	Audit Reserve Fund	Records Restoration Fund	Scott & Eames Fund	Grants Fund	Total Non-Major Funds
REVENUES									
Intergovernmental revenues	$ -	$ -	$ -	$ 5,576	$ -	$ -	$ -	$ -	$ 5,576
Charges for current services	3,213	13,890	1,615	-	-	1,615	-	-	20,334
Other revenues	9	-	-	-	-	-	-		9
Total revenues	3,222	13,890	1,615	5,576	-	1,615	-	-	25,919
EXPENDITURES									
General government	3,190	-	3,800	-	6,309	4,042	-	-	17,341
Cemetery	-	36,397	-	-	-	-	-	-	36,397
Total expenditures	3,190	36,397	3,800	-	6,309	4,042	-	-	53,738
Excess (deficiency) of revenues over (under) expenditures	32	(22,507)	(2,184)	5,576	(6,309)	(2,427)	-	-	(27,819)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	23,714	-	5,000	5,000	-	-	4,000	37,714
Total other financing sources (uses)	-	23,714	-	5,000	5,000	-	-	4,000	37,714
Net change in fund balances	32	1,207	(2,184)	10,576	(1,309)	(2,427)	-	4,000	9,895
Fund balances, July 1, 2024	16,750	14,080	11,202	40,720	5,000	17,257	-	-	105,009
Fund balances, June 30, 2025	$ 16,782	$ 15,287	$ 9,018	$ 51,296	$ 3,691	$ 14,831	$ -	$ 4,000	$ 114,904

The notes to the financial statements are an integral part of this statement.

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

	Resurfacing Reserve Fund	Bridge Reserve Fund	Building Maintenance Fund	Equipment Fund	Total Capital Funds
ASSETS					
Due from other funds	$ 21,535	$ 64,995	$ -	$ -	$ 86,530
Total assets	21,535	64,995	-	-	86,530
LIABILITIES					
Accrued expenses	6,521	-	-	-	6,521
Total liabilities	6,521	-	-	-	6,521
FUND BALANCES					
Restricted	128,390	59,995	-	-	188,385
Unrestricted	(113,376)	5,000	-	-	(108,376)
Total fund balances	15,013	64,995	-	-	80,009
Total liabilities, deferred inflows of resources and fund balances	$ 21,535	$ 64,995	$ -	$ -	$ 86,530

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HALIFAX, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2025

	Resurfacing Reserve Fund	Bridge Reserve Fund	Building Maintenance Fund	Equipment Fund	Total Capital Funds
REVENUES:					
Grant revenue	$ -	$ -	$ 22,638	$ -	$ 22,638
Total revenues	-	-	22,638	-	22,638
EXPENDITURES:					
General government	313,376	-	-	-	313,376
Capital expenditures					
Public works	-	-	82,458	-	82,458
Total expenditures	313,376	-	82,458	-	395,834
Excess/(deficiency) of revenues over expenditures	(313,376)	-	(59,820)	-	(373,196)
Other Financing Sources:					
Transfers out	-	-	(4,000)	-	(4,000)
Transfers in	200,000	5,000	52,013	-	257,013
Total other financing sources	200,000	5,000	48,013	-	253,013
Net change in fund balances	(113,376)	5,000	(11,806)	-	(120,183)
Fund balances - July 1, 2024	128,390	59,995	11,806	-	200,191
Fund balances - June 30, 2025	$ 15,013	$ 64,995	$ -	$ -	$ 80,009

See Disclaimer in Accompanying Independent Auditor's Report.

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 Halifax, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Halifax, Vermont, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Halifax, Vermont's basic financial statements, and have issued our report thereon dated June 22, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 through 2025-004 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Halifax, 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, P.C
Barre, Vermont
Vermont License #945
June 22, 2026

Deficiencies in Internal Control:

Significant Deficiencies:

2025-001: Employee Documentation – Completion and Review of W-9 and I-9 Forms

- **Finding Type:** During our review of employee and vendor documentation, we noted that certain W-9 and I-9 forms were missing, incomplete, or lacked evidence of management review.

- **Criteria:** W-9 and I-9 forms should be properly completed, maintained on file, and reviewed by management to ensure compliance with applicable tax reporting and employment eligibility verification requirements.

- **Cause:** Procedures to obtain, complete, retain, and review required W-9 and I-9 documentation were not consistently followed.

- **Effect:** Missing or incomplete forms and the absence of management review increase the risk of noncompliance with federal requirements, inaccurate reporting, and potential penalties.

- **Recommendation:** We recommend that the Town establishes and enforce procedures to ensure all required W-9 and I-9 forms are obtained, completed in full, reviewed by management for accuracy and completeness, and maintained in accordance with applicable regulatory requirements.

2025-002: Accrued Liabilities – Year-End Accrual Controls

- **Finding Type:** During our search for unrecorded liabilities procedures, we identified expenditures incurred prior to year-end that were not accrued in the Town's accounting records.

- **Criteria:** Liabilities and related expenses should be recorded in the period in which they are incurred to ensure that financial statements are complete and prepared in accordance with the applicable accounting framework.

- **Cause:** Year-end procedures to identify and record outstanding liabilities were not adequately performed or reviewed.

- **Effect:** Liabilities and expenditures may be understated, resulting in incomplete or inaccurate financial reporting.

- **Recommendation:** We recommend that the Town strengthen its year-end closing procedures to identify, review, and record all outstanding obligations incurred prior to year-end to ensure complete and accurate financial reporting.

2025-003: Capital Asset Tracking – Year-End Control Deficiencies

- **Finding Type:** During audit procedures, we identified deficiencies related to the tracking, review, and recording of capital assets at year-end. Capital asset activity, including additions, disposals, and related adjustments, was not consistently tracked, reconciled, or adequately supported.

- **Criteria:** Effective internal controls require that capital assets and related activity be accurately tracked, supported, reviewed, and recorded in the appropriate reporting period in accordance with applicable accounting standards and capitalization policies.

- **Cause:** Procedures for monitoring capital asset activity, maintaining supporting schedules, and recording year-end capital asset adjustments were not sufficiently established or consistently performed.

- **Effect:** Weaknesses in capital asset controls increase the risk of omitted, inaccurate, or misstated capital assets, depreciation expense, expenditures, and net position within the financial statements.

- **Recommendation:** We recommend that management strengthen capital asset procedures by implementing formal processes to consistently track, reconcile, and review capital asset activity, including additions, disposals, and year-end adjustments, supported by appropriate documentation to ensure accurate financial reporting.

2025-004: Expense Coding and Approval Controls

- **Finding Type:** During expense testing, we noted instances where invoices were not coded or were only partially coded and lacked evidence of management review and approval prior to processing.

- **Criteria:** All expenditures should be properly coded to the appropriate general ledger accounts, departments, and funds and should receive documented review and approval prior to processing to ensure accurate financial reporting and proper authorization.

- **Cause:** Procedures for coding, reviewing, and approving invoices were not consistently performed or documented.

- **Effect:** Weaknesses in coding and approval controls increase the risk of misclassification of expenditures, unauthorized transactions, and inaccurate financial reporting.

- **Recommendation:** We recommend that the Town implement and consistently enforce procedures to ensure all invoices are fully coded, reviewed, and approved prior to processing and payment.