TOWN OF FAYSTON, VERMONT

AUDIT REPORT AND REPORTS ON COMPLIANCE AND INTERNAL CONTROL

DECEMBER 31, 2025

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Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

Independent Auditor's Report

Selectboard
Town of Fayston, Vermont
866 North Fayston Road
Fayston, VT 05660

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fayston, Vermont, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Fayston, Vermont's basic financial statements as listed in the Table of Contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Unmodified
Other Equipment/Assets Fund	Unmodified
ARPA Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on Governmental Activities, and Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to previously present fairly, in all material respects, the modified cash basis financial position of the governmental activities, and the aggregate remaining fund information of the Town of Fayston, Vermont, as of December 31, 2025, and the changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Unmodified Opinions on the General Fund, Other Equipment/Assets Fund, and ARPA Fund

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash basis financial position of the General Fund, the Other Equipment/Assets Fund, and the ARPA Fund of the Town of Fayston, Vermont, as of December 31, 2025, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Fayston, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions on Governmental Activities, and the Aggregate Remaining Fund Information

The modified cash basis of accounting requires the Town to record its investments at historical cost. Currently, certain investments in the governmental activities, and the aggregate remaining fund information are recorded at current market value. The amount by which this departure would affect the assets, net position/fund balance, and cash receipts of the governmental activities and the aggregate remaining fund information has not been determined.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I.D., and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Fayston, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fayston, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Fayston, 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fayston, Vermont's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated June 29, 2026, on our consideration of the Town of Fayston, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Fayston, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Fayston, Vermont's internal control over financial reporting and compliance.

Sullivan, Powers & Co.

June 29, 2026
Montpelier, Vermont
VT Lic. #92-000180

Exhibit A

TOWN OF FAYSTON, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash	$ 4,921,996
Investments	325,909
Total Assets	5,247,905
LIABILITIES	
Payroll Withholdings Payable	5,245
Due to Delinquent Tax Collector	801
Due to Education Tax Fund	2,613,261
Total Liabilities	2,619,307
DEFERRED INFLOWS OF RESOURCES	
Prepaid Property Taxes	9,980
Total Deferred Inflows of Resources	9,980
NET POSITION	
Restricted:	
Cemetery	281,064
Eligible ARPA Uses	1,505
FEMA Expenses	86,493
Other	20,409
Unrestricted	2,229,147
Total Net Position	$ 2,618,618

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Cash Receipts			Net (Disbursements)/ Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants/Loans and Contributions	Governmental Activities
Functions/Programs:					
Governmental Activities:					
General Government	$ 538,907	$ 41,937	$ 15,929	$ 0	$ (481,041)
Public Safety	83,554	0	0	0	(83,554)
Highways and Streets	1,310,940	15,500	1,237,199	376,000	317,759
Culture and Recreation	97,843	420	3,850	0	(93,573)
Cemetery	17,414	19,110	0	0	1,696
Sanitation	9,548	0	0	0	(9,548)
Debt Service	1,548	0	0	0	(1,548)
Total Governmental Activities	$ 2,059,754	$ 76,967	$ 1,256,978	$ 376,000	(349,809)
General Receipts:					
Property Taxes					1,742,437
Penalties and Interest on Delinquent Taxes					31,379
General State Grants					88,201
Unrestricted Investment Earnings					119,394
Other					207
Total General Receipts					1,981,618
Change in Net Position					1,631,809
Net Position - January 1, 2025					986,809
Net Position - December 31, 2025					$ 2,618,618

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Other Equipment/Assets Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 4,901,691	$ 0	$ 0	$ 20,305	$ 4,921,996
Investments	65,150	0	0	260,759	325,909
Due from Other Funds	0	100,808	1,505	1,260,337	1,362,650
Total Assets	$ 4,966,841	$ 100,808	$ 1,505	$ 1,541,401	$ 6,610,555
LIABILITIES					
Payroll Withholdings Payable	$ 5,245	$ 0	$ 0	$ 0	$ 5,245
Due to Delinquent Tax Collector	801	0	0	0	801
Due to Other Funds	3,975,586	0	0	325	3,975,911
Total Liabilities	3,981,632	0	0	325	3,981,957
DEFERRED INFLOWS OF RESOURCES					
Prepaid Property Taxes	9,980	0	0	0	9,980
Total Deferred Inflows of Resources	9,980	0	0	0	9,980
FUND BALANCES					
Restricted	86,493	0	1,505	301,473	389,471
Committed	0	100,808	0	1,025,514	1,126,322
Assigned	0	0	0	214,414	214,414
Unassigned/(Deficit)	888,736	0	0	(325)	888,411
Total Fund Balances	975,229	100,808	1,505	1,541,076	2,618,618
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,966,841	$ 100,808	$ 1,505	$ 1,541,401	$ 6,610,555

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Other Equipment/Assets Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:					
Property Taxes	$ 1,742,437	$ 0	$ 0	$ 0	$ 1,742,437
Penalties and Interest on Delinquent Taxes	31,379	0	0	0	31,379
Intergovernmental	1,325,400	0	0	11,779	1,337,179
Charges for Services	12,770	0	0	19,110	31,880
Permits, Licenses and Fees	35,418	0	0	6,669	42,087
Investment Income	86,837	0	0	32,557	119,394
Donations	4,500	0	0	3,500	8,000
Other	3,207	0	0	0	3,207
Total Cash Receipts	3,241,948	0	0	73,615	3,315,563
Cash Disbursements:					
General Government	532,433	0	0	6,474	538,907
Public Safety	83,554	0	0	0	83,554
Highways and Streets	1,042,547	0	0	156,423	1,198,970
Culture and Recreation	68,518	0	18,628	10,697	97,843
Cemetery	0	0	0	17,414	17,414
Sanitation	9,548	0	0	0	9,548
Capital Outlay:					
Highways and Streets	0	18,900	0	93,070	111,970
Debt Service:					
Interest	1,548	0	0	0	1,548
Total Cash Disbursements	1,738,148	18,900	18,628	284,078	2,059,754
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	1,503,800	(18,900)	(18,628)	(210,463)	1,255,809
Other Financing Sources/(Uses):					
Proceeds from Long-term Debt	376,000	0	0	0	376,000
Transfers In	0	125,000	0	397,288	522,288
Transfers Out	(511,500)	0	0	(10,788)	(522,288)
Total Other Financing Sources/(Uses)	(135,500)	125,000	0	386,500	376,000
Net Change in Fund Balances	1,368,300	106,100	(18,628)	176,037	1,631,809
Fund Balances/(Deficit) - January 1, 2025	(393,071)	(5,292)	20,133	1,365,039	986,809
Fund Balances - December 31, 2025	$ 975,229	$ 100,808	$ 1,505	$ 1,541,076	$ 2,618,618

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	$ 1,648,415	$ 1,742,437	$ 94,022
Interest on Delinquent Taxes	8,000	18,972	10,972
Penalties on Delinquent Taxes	8,000	12,407	4,407
State Highway Aid	38,812	39,968	1,156
Green Mountain Valley School	4,500	4,500	0
Liquor Licenses	800	460	(340)
Marriage Licenses	100	75	(25)
Dog Licenses	700	1,039	339
Record Preservation	4,000	0	(4,000)
Other Income	1,000	3,207	2,207
Hall Rental	600	270	(330)
Fees	15,000	23,916	8,916
Permits-EW	450	465	15
Zoning Fees	9,000	9,463	463
Waitsfield Road Work	12,500	12,500	0
Interest - CD	500	2,015	1,515
Interest - General Fund	10,000	84,822	74,822
Current Use	54,000	72,609	18,609
Payment in Lieu of Taxes	15,500	15,592	92
FEMA Reimbursement	0	1,156,133	1,156,133
Grant Income	12,000	11,098	(902)
State Emergency Funds	0	30,000	30,000
Proceeds from Long-term Debt	0	376,000	376,000
Total Cash Receipts	1,843,877	3,617,948	1,774,071
Cash Disbursements:			
Administrative:			
Pound	2,000	2,000	0
Legal	5,000	2,136	2,864
Audit Expense	12,600	12,603	(3)
Fire Warden	300	300	0
Public Safety	300	0	300
MRV Solid Waste Alliance	9,548	9,548	0
Leagues of Cities & Towns	3,051	3,051	0
Loan Interest	20,000	1,548	18,452
Total Administrative	52,799	31,186	21,613
Benefits:			
Hospitalization	130,000	137,799	(7,799)
Retirement	30,000	30,674	(674)
Taxes - Payroll	38,000	36,026	1,974
Uniforms	3,200	2,779	421
Dental	9,119	9,069	50
Vision	583	605	(22)
Total Benefits	210,902	216,952	(6,050)
Elections:			
Elections Clerks	1,000	184	816
Supplies	1,000	955	45
Town Report	3,500	3,343	157
Total Elections	5,500	4,482	1,018

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Favorable/ (Unfavorable)
Highway Equipment:			
Blades	$ 9,000	$ 10,336	$ (1,336)
Diesel	50,000	42,428	7,572
Repairs	20,000	20,789	(789)
Gasoline	6,000	3,923	2,077
Oil	3,000	3,650	(650)
Other Parts	6,500	6,297	203
Rental	5,000	0	5,000
Tires	4,000	4,542	(542)
Total Highway Equipment	103,500	91,965	11,535
Highway Garage:			
Electricity	2,500	2,026	474
Heat	5,500	6,133	(633)
Maintenance and Repairs	6,000	3,916	2,084
Telephone	2,000	1,966	34
Total Highway Garage	16,000	14,041	1,959
Highway Salaries:			
Salaries	267,762	276,944	(9,182)
Highway Administration	1,508	377	1,131
Total Highway Salaries	269,270	277,321	(8,051)
Highway Supplies:			
Calcium	16,000	16,582	(582)
Sand	26,000	30,891	(4,891)
Other Supplies	1,000	1,327	(327)
Salt	35,000	47,617	(12,617)
Total Highway Supplies	78,000	96,417	(18,417)
Highway Grant Expenses			
Stone	0	31,351	(31,351)
Total Highways Grant Expenses	0	31,351	(31,351)
Flood Expense:			
Flood Expense - 7/11/24	0	401,249	(401,249)
Total Flood Expenses	0	401,249	(401,249)
Insurance:			
Property and Casualty	17,791	17,607	184
Public Officials	1,600	1,600	0
Workers Compensation	14,317	14,629	(312)
Employment Practices	1,831	1,831	0
VLCT Unemployment	521	520	1
Total Insurance	36,060	36,187	(127)

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Municipal Buildings:			
Cleaning	$ 1,500	$ 1,609	$ (109)
Electricity	3,000	2,155	845
Heat	4,000	5,395	(1,395)
Maintenance	6,500	4,093	2,407
Telephone	3,600	3,699	(99)
Total Municipal Buildings	18,600	16,951	1,649
Office:			
Computer Expenses	16,000	15,828	172
Equipment Purchase	2,500	4,030	(1,530)
Listers Expenses	750	664	86
911 Wages	1,508	1,450	58
Tax Mapping	2,500	2,080	420
Selectboard	3,000	3,000	0
Minute Taker	3,600	3,400	200
Postage	3,200	0	3,200
Equipment Rental	2,100	2,002	98
Supplies	3,500	3,242	258
Seminars/Dues	3,000	1,315	1,685
Office Grant Expense	0	1,474	(1,474)
Bank Fees	0	80	(80)
Miscellaneous	0	2,370	(2,370)
Total Office	41,658	40,935	723
Planning:			
Advertising	2,000	2,149	(149)
CVRPC	1,882	1,882	0
FCC	4,500	4,634	(134)
ZA Miscellaneous	750	83	667
Planning Supplies	500	0	500
MRVPD	68,334	68,334	0
Planning/DRB Resources	500	0	500
Zoning Administration	45,240	43,544	1,696
Total Planning	123,706	120,626	3,080
Salaries:			
Town Clerk	53,102	53,102	0
Treasurer & Tax Collector	39,961	39,833	128
Selectboard Assistant	10,621	10,621	0
Listers	32,656	28,315	4,341
Assistant Town Clerk and Assistant Treasurer	8,320	182	8,138
Total Salaries	144,660	132,053	12,607
Taxes:			
Joslin Library Donation	28,518	28,518	0
Mad River Valley Ambulance	9,000	9,000	0
Mad River Path	4,000	4,000	0
Washington County	35,892	35,892	0
Donations	27,768	27,768	0
Recreation District	40,000	40,000	0
Total Taxes	145,178	145,178	0

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Transfers:			
Road Retreatment	$ 80,000	$ 80,000	$ 0
Equipment	125,000	125,000	0
Bridge	150,000	150,000	0
Fire Equipment	75,000	75,000	0
Road Construction	45,000	45,000	0
FCC Conservation Fund	3,500	3,500	0
Town Garage Reserve	10,000	10,000	0
Culvert Reserve	10,000	10,000	0
Municipal Building	1,000	1,000	0
Town Forest Reserve	12,000	12,000	0
Total Transfers	511,500	511,500	0
Waitsfield/Fayston Contract:	86,544	81,254	5,290
Total Cash Disbursements	1,843,877	2,249,648	(405,771)
Excess of Cash Receipts Over Cash Disbursements	$ 0	1,368,300	$ 1,368,300
Fund Balance/(Deficit) - January 1, 2025		(393,071)	
Fund Balance - December 31, 2025		$ 975,229	

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2025

	Custodial Fund Education Tax Fund
ASSETS	
Due from Other Funds	$ 2,613,261
Total Assets	2,613,261
LIABILITIES	
Due to State of Vermont	2,613,261
Total Liabilities	2,613,261
NET POSITION	
Restricted	0
Total Net Position	$ 0

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

TOWN OF FAYSTON, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Custodial Fund Education Tax Fund
ADDITIONS	
Education Taxes Collected for Other Governments	$ 8,421,662
Total Additions	8,421,662
DEDUCTIONS	
Education Taxes Distributed to Other Governments	8,421,662
Total Deductions	8,421,662
Change in Net Position	0
Net Position - January 1, 2025	0
Net Position - December 31, 2025	$ 0

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

The Town of Fayston, Vermont operates under a Selectboard form of government and provides the following services: highways and streets, culture and recreation, cemetery, planning and zoning and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the funds of the Town of Fayston, Vermont. 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 organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

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

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town.

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through property taxes, intergovernmental receipts, and other nonexchange transactions.

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

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

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

The Town reports on the following major governmental funds:

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

Other Equipment/Assets Fund – This fund accounts for the resources to be used or saved for capital equipment.

ARPA Fund – This fund accounts for the resources from Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program used to support the Town's response to and recovery from the COVID-19 public health emergency.

Additionally, the Town reports the following fund type:

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

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) are considered a measure of available spendable resources and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

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

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records its certificates of deposit at cost, mutual funds and unit trusts at market value, amounts due to the School District for property taxes, payroll withholdings payable and amounts due to the delinquent tax collector for delinquent property tax penalties collected but not remitted as liabilities and property taxes paid in advance as deferred inflows of resources.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt are reported as other financing sources.

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

1. Cash

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

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

2. Investments

The Town invests in investments as allowed by State Statute. Investments in certificates of deposit are reported at cost and investments in mutual funds and unit trusts are reported at current market value. The modified cash basis of accounting requires that all investments be reported at cost.

3. Fund Equity

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

4. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due from/to other funds".

5. Deferred Inflows of Resources

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2025, expenditures in the General Fund exceeded appropriations by $405,771. These over-expenditures were funded by excess revenues.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of December 31, 2025 consist of the following:

Cash:	
Deposits with Financial Institutions	$4,912,798
Deposits Held by Investment Company	9,198
Total Cash	4,921,996
Investments:	
Unit Trusts	5,576
Mutual Funds – Mixed Holdings	255,183
Certificates of Deposit	65,150
Total Investments	325,909
Total Cash and Investments	$5,247,905

The Town has one (1) certificate of deposit with Northfield Savings Bank in the amount of $65,150 with an interest rate of 3.68%, maturing in June, 2026.

Custodial Credit Risk

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

	Book Balance	Bank Balance
FDIC/SIPC Insured	$ 324,349	$ 324,348
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	4,662,797	4,911,153
Total	$4,987,146	$5,235,501

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	$4,912,798
Cash – Deposits with Investment Company	9,198
Investments – Certificates of Deposit	65,150
Total	$4,987,146

Interest Rate Risk

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The Town does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit and unit trusts are not subject to credit risk. The mutual funds are open-ended and, therefore, are exempt from credit rate risk disclosure.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town has no investments subject to concentration of credit risk disclosure.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

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

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

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

Description	Total	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Unit Trusts	$ 5,576	$ 5,576	$ 0	$ 0
Mutual Funds - Mixed Holdings	255,183	255,183	0	0
Total	$ 260,759	$ 260,759	$ 0	$ 0

B. Interfund Balances and Transfers

Interfund balances as of December 31, 2025 are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	$ 0	$3,975,586
Other Equipment/Assets Fund	100,808	0
ARPA Fund	1,505	0
Non-Major Governmental Funds	1,260,337	325
Custodial Fund – Education Tax Fund	2,613,261	0
Total	$3,975,911	$3,975,911

Interfund transfers during the year ended December 31, 2025 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Other Equipment/Assets Fund	$ 125,000	Annual Appropriation
General Fund	Conservation Fund	3,500	Annual Appropriation
General Fund	Fire Equipment Fund	75,000	Annual Appropriation
General Fund	Bridge Reserve Fund	150,000	Annual Appropriation
General Fund	Road Construction Fund	45,000	Annual Appropriation
General Fund	Town Garage Fund	10,000	Annual Appropriation
General Fund	Culvert Reserve Fund	10,000	Annual Appropriation
General Fund	Town Forest Reserve Fund	12,000	Annual Appropriation
General Fund	Municipal Building Fund	1,000	Annual Appropriation
General Fund	Road Retreatment Fund	80,000	Annual Appropriation
Cemetery Maintenance Fund	Cemetery Perpetual Care Fund	2,500	Perpetual Care Funds
Cemetery Maintenance Fund	Cemetery Perpetual Care Fund	8,288	Re-Allocate Funds
Total		$ 522,288	

C. Deferred Inflows of Resources

Deferred inflows of resources consist of $9,980 of prepaid property taxes.

D. Due to State of Vermont

The Town has billed and collected education taxes for the State of Vermont as of December 31, 2025 but had not remitted them all to the State of Vermont. The amount of education taxes owed by the Town to the State of Vermont as of December 31, 2025, was $2,613,261.

E. Fund Balances

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

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

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

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. Governments are required to disclose in the notes key information about their stabilization arrangements, including the authority by which they were established, provisions for additions to the stabilization amount, and circumstances under which those amounts may be spent.

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

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

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

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

Major Funds	
General Fund:	
Restricted for FEMA Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	$ 86,493
ARPA Fund:	
Restricted for Eligible Uses of the Coronavirus Local Fiscal Recovery Funding by Grant Agreement (Source of Revenue is Grant Revenue)	1,505
Non-Major Funds	
Special Revenue Funds:	
Restricted for Preservation of Records Expenses by Statute (Source of Revenue is Restoration Fees)	20,409
Restricted for Cemetery Maintenance by Sale of Lots and/or Donations	227,869
Total Special Revenue Funds	248,278
Permanent Fund:	
Restricted for Cemetery Expenses by Sale of Lots	53,195
Total Non-Major Funds	301,473
Total Restricted Fund Balances	$389,471

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

Major Funds	
Other Equipment/Assets Fund:	
Committed for Equipment and Asset Expenditures by the Voters	$ 100,808
Non-Major Funds	
Special Revenue Funds:	
Committed for Conservation Expenses by the Voters	68,936

Capital Projects Funds:	
Committed for Fire Equipment Expenditures by the Voters	$ 341,927
Committed for Bridge Expenditures by the Voters	320,355
Committed for Road Construction Expenditures by the Voters	31,578
Committed for Town Garage Expenditures by the Voters	51,852
Committed for Municipal Building Expenditures by the Voters	10,000
Committed for Town Forest Expenditures by the Voters	44,213
Committed for Road Retreatment Expenditures by the Voters	156,653
Total Capital Projects Funds	956,578
Total Non-Major Funds	1,025,514
Total Committed Fund Balances	$1,126,322

The fund balance in the following fund is assigned as follows:

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	$214,414
Total Assigned Fund Balances	$214,414

The unassigned deficit of $325 in the Culvert Reserve Fund will be funded with a future transfer in from the General Fund.

F. Restricted Net Position

The restricted net position in the Governmental Activities includes the restricted fund balances of $389,471.

IV. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2024, the measurement date selected by the State of Vermont, the retirement system consisted of 362 participating employers.

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

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

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

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

As of June 30, 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 position liability of $332,147,666. The Town's proportionate share of this was 0.0772% resulting in a net pension liability of $256,312. 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 June 30, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.0772% was a decrease of 0.0053 from its proportion measured as of the prior year.

Summary of Plan Provisions

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

Creditable Service – Service as a member plus purchased service.

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

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

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

Early Retirement Eligibility – Groups A and B – Age 55 with five (5) years of service. Group D – Age 50 with twenty (20) years of service.

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

Vesting – All Groups – Five (5) years of service. Allowance beginning at Normal Retirement Age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments".

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

Disability Retirement Amount – All Groups – Immediate allowance based on AFC and service to date of disability. Children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit Eligibility – All Groups – Death after five (5) years of service.

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

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

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

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

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

Member Contribution Rates:

Effective	Group A	Group B	Group C	Group D
July 1, 2024	4.00%	6.375%	11.50%	12.85%
July 1, 2025	4.25%	6.625%	11.75%	13.10%
July 1, 2026	4.50%	6.875%	12.00%	13.35%
July 1, 2027	4.75%	7.125%	12.25%	13.60%
July 1, 2028	5.00%	7.375%	12.50%	13.85%
July 1, 2029	5.25%	7.625%	12.75%	14.10%

Employer Contribution Rates:

Effective	Group A	Group B	Group C	Group D
July 1, 2024	5.50%	7.00%	8.75%	11.35%
July 1, 2025	5.75%	7.25%	9.00%	11.60%
July 1, 2026	6.00%	7.50%	9.25%	11.85%
July 1, 2027	6.25%	7.75%	9.50%	12.10%
July 1, 2028	6.50%	8.00%	9.75%	12.35%
July 1, 2029	6.75%	8.25%	10.00%	12.60%

Significant Actuarial Assumptions and Methods

Inflation Rate – 2.30% per year.

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

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

Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2025 COLA is expected to be 1.90% for all groups. The January 1, 2024 COLA was 1.10% for all groups.

Mortality:

Pre-Retirement Participants – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Employee Amount-Weighted Below Median, with generational projection using scale MP-2021.

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

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

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

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

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

Determination of Discount Rate and Investment Rates of Return

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Agg Fixed Income	19%	1.70%
TIPS	2%	1.70%
Large/Mid Cap US Equity	4%	4.20%
Small Cap US Equity	3%	4.70%
Developed Large/Mid Cap International Equity	5%	5.95%
Global Equity	32%	5.25%
Core Real Estate	3%	3.45%
Non-Core Real Estate	4%	5.70%
Private Credit	11%	5.70%
Private Equity	11%	7.45%
Private Core Infrastructure	4%	4.95%
Agriculture/Farmland	2%	3.95%

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

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

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$391,863	$256,312	$145,055

Additional Information

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

B. Risk Management

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

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

C. Contingent Liabilities

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

D. Property Taxes

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Selectboard based on the voter approved budget, the estimated grand list and the State education property tax liability. Property taxes are due in one installment on August 21st but do not go delinquent until November 1st. The penalty is eight percent (8%). Interest is charged at one percent (1%) per month for the first three months and one and one-half percent (1-1/2%) per month thereafter. The tax rates for 2025 are as follows:

	Homestead	Non-Homestead
Town	.4101	.4101
Local Agreement	.0002	.0002
Education	2.2471	2.2491
Total	2.6574	2.6594

E. Long-Term Debt

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

Long-term debt activity during the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Bond Payable, Vermont Bond Bank, Municipal Climate Recovery Fund, Principal and Interest Payments of $65,549 Payable Semi-Annually on March 1 and September 1 Beginning September 1, 2026, or Payable in Full when Fifty Percent (50%) of their FEMA Funds have been Received For all Projects. Interest at 1.30%, Due March 1, 2032	$ 0	$376,000	$ 0	$376,000
Total	$ 0	$376,000	$ 0	$376,000

Maturities are estimated to be as follows:

Year Ending June 30	Principal	Interest
2026	$ 0	$ 2,444
2027	60,661	4,494
2028	61,449	3,700
2029	62,248	2,896
2030	63,057	2,081
2031	63,877	1,256
2032	64,708	421
Total	$376,000	$17,292

F. Subsequent Events

Subsequent to year end, the Town entered into a construction contract with Winterset Inc, for the removal, demolition and construction of Bridge #19 on Randell Road and Bridge # 20 on Airport Road in the amount of $2,100,000. This work will be mostly reimbursed by FEMA as the bridges were damaged during the July 2024 flooding event.

On June 4, 2026, the Town entered into a general obligation note through the Vermont Bond Bank in the amount of $600,000 to help finance the replacement of Randell Road Bridge and Airport Road Bridge.

TOWN OF FAYSTON, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS
ASSETS, LIABILITIES AND FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Perpetual Care Fund	Total
ASSETS				
Cash	$ 20,291	$ 0	$ 14	$ 20,305
Investments	207,578	0	53,181	260,759
Due from Other Funds	303,759	956,578	0	1,260,337
Total Assets	$ 531,628	$ 956,578	$ 53,195	$ 1,541,401
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to Other Funds	$ 0	$ 325	$ 0	$ 325
Total Liabilities	0	325	0	325
Fund Balances:				
Restricted	248,278	0	53,195	301,473
Committed	68,936	956,578	0	1,025,514
Assigned	214,414	0	0	214,414
Unassigned/(Deficit)	0	(325)	0	(325)
Total Fund Balances	531,628	956,253	53,195	1,541,076
Total Liabilities and Fund Balances	$ 531,628	$ 956,578	$ 53,195	$ 1,541,401

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF FAYSTON, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Perpetual Care Fund	Total
Cash Receipts:				
Intergovernmental	$ 11,429	$ 350	$ 0	$ 11,779
Investment Income	28,914	0	3,643	32,557
Charges for Service	19,110	0	0	19,110
Permits, Licenses and Fees	6,249	420	0	6,669
Donations	0	3,500	0	3,500
Total Cash Receipts	65,702	4,270	3,643	73,615
Cash Disbursements:				
General Government	6,474	0	0	6,474
Highways and Streets	0	156,423	0	156,423
Culture and Recreation	0	10,697	0	10,697
Cemetery	17,414	0	0	17,414
Capital Outlay:				
Highways and Streets	0	93,070	0	93,070
Total Cash Disbursements	23,888	260,190	0	284,078
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	41,814	(255,920)	3,643	(210,463)
Other Financing Sources/(Uses):				
Transfers In	3,500	383,000	10,788	397,288
Transfers Out	(10,788)	0	0	(10,788)
Total Other Financing Sources/(Uses)	(7,288)	383,000	10,788	386,500
Net Change in Fund Balances	34,526	127,080	14,431	176,037
Fund Balances - January 1, 2025	497,102	829,173	38,764	1,365,039
Fund Balances - December 31, 2025	$ 531,628	$ 956,253	$ 53,195	$ 1,541,076

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF FAYSTON, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS
ASSETS, LIABILITIES AND FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2025

	Preservation of Records Fund	Reappraisal Fund	Conservation Fund	Cemetery Maintenance Fund	Total
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 20,291	$ 20,291
Investments	0	0	0	207,578	207,578
Due from Other Funds	20,409	214,414	68,936	0	303,759
Total Assets	$ 20,409	$ 214,414	$ 68,936	$ 227,869	$ 531,628
LIABILITIES AND FUND BALANCES					
Liabilities:	$ 0	$ 0	$ 0	$ 0	$ 0
Fund Balances:					
Restricted	20,409	0	0	227,869	248,278
Committed	0	0	68,936	0	68,936
Assigned	0	214,414	0	0	214,414
Total Fund Balances	20,409	214,414	68,936	227,869	531,628
Total Liabilities and Fund Balances	$ 20,409	$ 214,414	$ 68,936	$ 227,869	$ 531,628

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF FAYSTON, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Preservation of Records Fund	Reappraisal Fund	Conservation Fund	Cemetery Maintenance Fund	Total
Cash Receipts:					
Intergovernmental	$ 0	$ 11,429	$ 0	$ 0	$ 11,429
Investment Income	0	0	0	28,914	28,914
Charges for Service	0	0	0	19,110	19,110
Permits, Licenses and Fees	6,249	0	0	0	6,249
Total Cash Receipts	6,249	11,429	0	48,024	65,702
Cash Disbursements:					
General Government	6,474	0	0	0	6,474
Cemetery	0	0	0	17,414	17,414
Total Cash Disbursements	6,474	0	0	17,414	23,888
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	(225)	11,429	0	30,610	41,814
Other Financing Sources/(Uses):					
Transfers In	0	0	3,500	0	3,500
Transfers Out	0	0	0	(10,788)	(10,788)
Total Other Financing Sources/(Uses)	0	0	3,500	(10,788)	(7,288)
Net Change in Fund Balances	(225)	11,429	3,500	19,822	34,526
Fund Balances - January 1, 2025	20,634	202,985	65,436	208,047	497,102
Fund Balances - December 31, 2025	$ 20,409	$ 214,414	$ 68,936	$ 227,869	$ 531,628

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF FAYSTON, VERMONT
COMBINING SCHEDULE OF MODIFIED CASH BASIS
ASSETS, LIABILITIES AND FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2025

	Fire Equipment Fund	Bridge Reserve Fund	Road Construction Fund	Town Garage Fund	Municipal Building Fund	Culvert Reserve Fund	Town Forest Reserve Fund	Road Retreatment Fund	Total
ASSETS									
Due from Other Funds	$ 341,927	$ 320,355	$ 31,578	$ 51,852	$ 10,000	$ 0	$ 44,213	$ 156,653	$ 956,578
Total Assets	$ 341,927	$ 320,355	$ 31,578	$ 51,852	$ 10,000	$ 0	$ 44,213	$ 156,653	$ 956,578
LIABILITIES AND FUND BALANCES									
Due to Other Funds	$ 0	$ 0	$ 0	$ 0	$ 0	$ 325	$ 0	$ 0	$ 325
Total Liabilities	0	0	0	0	0	325	0	0	325
Fund Balances:									
Committed	341,927	320,355	31,578	51,852	10,000	0	44,213	156,653	956,578
Unassigned/(Deficit)	0	0	0	0	0	(325)	0	0	(325)
Total Fund Balances	341,927	320,355	31,578	51,852	10,000	(325)	44,213	156,653	956,253
Total Liabilities and Fund Balances	$ 341,927	$ 320,355	$ 31,578	$ 51,852	$ 10,000	$ 0	$ 44,213	$ 156,653	$ 956,578

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF FAYSTON, VERMONT
COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Fire Equipment Fund	Bridge Reserve Fund	Road Construction Fund	Town Garage Fund	Municipal Building Fund	Culvert Reserve Fund	Town Forest Reserve Fund	Road Retreatment Fund	Total
Cash Receipts:									
Intergovernmental	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 350	$ 0	$ 350
Permits, Licenses and Fees	0	0	0	0	0	0	420	0	420
Donations	0	0	0	0	0	0	3,500	0	3,500
Total Cash Receipts	0	0	0	0	0	0	4,270	0	4,270
Cash Disbursements:									
Highways and Streets	0	0	127,558	1,490	0	25,450	0	1,925	156,423
Culture and Recreation	0	0	0	0	0	0	10,697	0	10,697
Capital Outlay:									
Highways and Streets	0	0	0	6,670	0	0	0	86,400	93,070
Total Cash Disbursements	0	0	127,558	8,160	0	25,450	10,697	88,325	260,190
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	0	0	(127,558)	(8,160)	0	(25,450)	(6,427)	(88,325)	(255,920)
Other Financing Sources:									
Transfers In	75,000	150,000	45,000	10,000	1,000	10,000	12,000	80,000	383,000
Total Other Financing Sources	75,000	150,000	45,000	10,000	1,000	10,000	12,000	80,000	383,000
Net Change in Fund Balances	75,000	150,000	(82,558)	1,840	1,000	(15,450)	5,573	(8,325)	127,080
Fund Balances - January 1, 2025	266,927	170,355	114,136	50,012	9,000	15,125	38,640	164,978	829,173
Fund Balances/(Deficit) - December 31, 2025	$ 341,927	$ 320,355	$ 31,578	$ 51,852	$ 10,000	$ (325)	$ 44,213	$ 156,653	$ 956,253

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF FAYSTON, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31,2025

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction	20.205	08100-ER0233	$ 0	$ 7,886
Total U.S. Department of Transportation			0	7,886
U.S. Department of the Treasury				
Direct Program				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		0	18,628
Total U.S. Department of the Treasury			0	18,628
U.S. Department of Homeland Security				
Passed through State of Vermont Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84810-032	0	1,142,690
Total U.S. Department of Homeland Security			0	1,142,690
Total Federal Awards			$ 0	$ 1,169,204

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Fayston, Vermont under programs of the federal government for year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Fayston, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Fayston , Vermont has elected not to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C - FEMA Reconciliation

The Town has FEMA Projects obligated during fiscal year 2025 in the amount of $1,229,183 for Grant #02140-84810-032. Of this amount, $401,249 was spent in 2025, $741,441 was spent in 2024 and $86,491 still had not been spent by December 31, 2025.

See Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

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

Selectboard
Town of Fayston, Vermont
866 North Fayston Road
Fayston, Vermont 05660

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 the Town of Fayston, Vermont, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Fayston, Vermont's basic financial statements, and have issued our report thereon dated June 29, 2026. Our opinions on the governmental activities and the aggregate remaining fund information were qualified because of the recording of certain investments at market value rather than cost.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fayston, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

Purpose of This Report

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

Sullivan, Powers & Co.

June 29, 2026
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
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Richard J. Brigham, CPA
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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Selectboard
Town of Fayston, Vermont
866 North Fayston Road
Fayston, Vermont 05660

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Fayston, Vermont's compliance with the types of compliance requirements identified as subject to audit in the U.S Office of Management and Budget (OMB) "Compliance Supplement" that could have a direct and material effect on the Town of Fayston, Vermont's major federal program for the year ended December 31, 2025. The Town of Fayston, Vermont's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town of Fayston, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Fayston, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Town of Fayston, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fayston, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Sullivan, Powers & Co.

June 29, 2026
Montpelier, Vermont
VT Lic. #92-000180

There was no single audit required in the prior year.

TOWN OF FAYSTON, VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:
Unmodified:
General Fund
Other Equipment/Assets Fund
ARPA Fund

Qualified:
Governmental Activities
Aggregate Remaining Fund Information

Internal Control Over Financial Reporting:
Material Weaknesses identified:
None noted.
Significant Deficiencies identified not considered to be material weaknesses:
None noted.

Noncompliance material to financial statements:
None noted.

Federal Awards

Internal Control Over Major Programs:
Material Weaknesses identified:
None noted.
Significant Deficiencies identified not considered to be material weaknesses:
None noted.

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

There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

Major Programs:

AL #	Program	Federal Agency
97.036	Disaster Grants Public Assistance (Presidentially Declared Disaster)	U.S. Department of Homeland Security

The dollar threshold used to distinguish between Type A and Type B programs was $1,000,000.

The auditee did not qualify as a low risk auditee.