

Audited Financial Statements and  
Other Financial Information

**Town of Stow, Maine**

December 31, 2025



*Proven Expertise & Integrity*

TOWN OF STOW, MAINE

CONTENTS

DECEMBER 31, 2025

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
NOTES TO FINANCIAL STATEMENTS	19 - 35
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	36
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	37
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	38

SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	39
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	40 - 41
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	42
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	43
SPECIAL REVENUE FUNDS DESCRIPTION	44
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	45
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	46
CAPITAL PROJECTS FUNDS DESCRIPTION	47
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	48
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	49
PERMANENT FUNDS DESCRIPTION	50
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	51
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	52
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 <i>GOVERNMENT AUDITING STANDARDS</i>	53 - 54



*Proven Expertise & Integrity*

## INDEPENDENT AUDITOR'S REPORT

Select Board  
Town of Stow  
Stow, Maine

### Report on Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stow, Maine, as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Stow, Maine as of December 31, 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 Stow, Maine 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.

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
[www.rhrsmith.com](http://www.rhrsmith.com)

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 Stow, Maine'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 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 Stow, Maine'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 doubt about the Town of Stow, Maine'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 on pages 5 through 11 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stow, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2026, on our consideration of the Town of Stow, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Stow, Maine'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 Stow, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
June 16, 2026

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2025**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Stow, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Stow, Maine's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have two columns for the Town's type of activity. The type of activity presented for the Town of Stow, Maine is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, health and sanitation, public works, welfare and community agencies, education and unclassified.

### **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 of Stow, Maine, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Stow, Maine are categorized as governmental funds.

*Governmental funds:* All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Stow, Maine presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and roads fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **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 the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position increased by \$248,668 from \$1,506,964 to \$1,755,632.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$856,737 at the end of this year.

**Table 1**  
**Town of Stow, Maine**  
**Net Position**  
**December 31,**

	<b>2025</b>	<b>2024 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 929,457	\$ 820,660
Noncurrent Assets - Capital Assets	921,635	773,953
Total Assets	1,851,092	1,594,613
<b>Liabilities:</b>		
Current Liabilities	35,595	17,730
Noncurrent Liabilities	59,865	69,499
Total Liabilities	95,460	87,229
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	-	420
Total Deferred Inflows of Resources	-	420
<b>Net Position:</b>		
Net Investment in Capital Assets	852,136	694,914
Restricted	46,759	37,993
Unrestricted	856,737	774,057
Total Net Position	\$ 1,755,632	\$ 1,506,964

### Revenues and Expenses

Revenues for the Town's governmental activities decreased by 16.74%, while total expenses increased by 1.71%. The largest decreases in revenue were in operating grants and contributions and grants and contributions not restricted to specific programs, while the biggest increase in expenses was in general government, health and sanitation, public works, welfare and community agencies, education, county tax, capital outlay and unallocated depreciation.

**Table 2**  
**Town of Stow, Maine**  
**Change in Net Position**  
**For The Years Ended December 31,**

	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 2,878	\$ 2,640
Operating grants and contributions	20,306	119,699
<i>General Revenues:</i>		
Taxes	1,159,429	1,128,984
Grants and contributions not restricted to specific programs	150,364	332,977
Miscellaneous	12,762	32,043
Total Revenues	1,345,739	1,616,343
<b>Expenses</b>		
<i>Current:</i>		
General government	150,380	131,635
Public safety	42,760	46,218
Health and sanitation	73,555	63,977
Public works	109,809	93,761
Welfare and community agencies	7,900	4,934
Education	558,087	524,940
County tax	94,455	72,729
Unclassified	28,015	121,017
Capital outlay	8,464	-
Unallocated depreciation (Note 5)*	23,646	19,408
Total Expenses	1,097,071	1,078,619
Change in Net Position	248,668	537,724
Net Position - January 1, As Previously Reported	1,546,845	1,009,121
Net Position Correction	(39,881)	-
Net Position - January 1, As Restated	1,506,964	1,009,121
Net Position - December 31	\$ 1,755,632	\$ 1,546,845

### **Financial Analysis of the Town's Fund Statements**

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

**Table 3**  
**Town of Stow, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	<u>2025</u>	<u>2024</u> <u>(Restated)</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 28,018	\$ 1,445	\$ 26,573
Unassigned	559,224	479,993	79,231
Roads Fund:			
Committed	<u>166,859</u>	<u>158,661</u>	<u>8,198</u>
Total General Fund	<u>\$ 754,101</u>	<u>\$ 640,099</u>	<u>\$ 114,002</u>
Nonmajor Funds:			
Special Revenue Funds			
Restricted	\$ 41,985	\$ 33,219	\$ 8,766
Committed	25,000	20,000	5,000
Capital Projects Funds:			
Committed	9,391	20,393	(11,002)
Permanent Funds:			
Restricted	<u>4,774</u>	<u>4,774</u>	<u>-</u>
Total Nonmajor Funds	<u>\$ 81,150</u>	<u>\$ 78,386</u>	<u>\$ 2,764</u>

The changes to total fund balances for the general fund, roads fund and other governmental funds occurred due to the regular activity of operations.

### Budgetary Highlights

The only difference between the original and final budget for the general fund was due to the use of assigned and unassigned fund balance.

The general fund actual revenues exceeded budgeted amounts by \$181,701. This was the result of all revenues categories being receipted in excess of budgeted amounts with the exception of intergovernmental - state revenue sharing.

The general fund actual expenditures were under budgeted amounts by \$111,061. All expenditure categories were within or under budgeted amounts with the exception of transfers to other funds.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2025, the net book value of capital assets recorded by the Town increased by \$147,682 from the prior year. This was due to current year net additions of \$171,328 less current year depreciation expense of \$23,646. Refer to Note 5 of Notes to Financial Statements for additional information.

**Table 4**  
**Town of Stow, Maine**  
**Capital Assets (Net of Depreciation)**  
**December 31,**

	<u>2025</u>	<u>2024</u>
Land	\$ 62,954	\$ 62,954
Construction in Progress	168,945	-
Buildings and improvements	230,613	241,782
Machinery and Equipment	17,808	18,522
Infrastructure	441,315	450,695
Total	<u>\$ 921,635</u>	<u>\$ 773,953</u>

### Debt

At December 31, 2025, the Town of Stow, Maine had \$69,499 in a bond payable versus \$79,039 last year. Refer to Note 7 of Notes to Financial Statements for more detailed information.

### Economic Factors and Next Year's Budgets and Rates

The Town of Stow, Maine has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately five months, while also maintaining significant reserve accounts for future capital and program needs.

### Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town of Stow, Maine's finances and to show the Town of Stow, Maine's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 710 Stow Road, Stow, Maine 04037.

TOWN OF STOW, MAINE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2025

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 722,648
Accounts receivable (net of allowance for uncollectibles):	
Taxes	102,252
Other	76,539
Inventory	26,190
Tax acquired property	1,828
Total current assets	929,457
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	231,899
Depreciable assets, net of accumulated depreciation	689,736
Total noncurrent assets	921,635
<b>TOTAL ASSETS</b>	<b>\$ 1,851,092</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 21,880
Due to other governments	4,081
Current portion of long-term obligations	9,634
Total current liabilities	35,595
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	59,865
Total noncurrent liabilities	59,865
<b>TOTAL LIABILITIES</b>	<b>95,460</b>
<b>NET POSITION</b>	
Net investment in capital assets	852,136
Restricted	46,759
Unrestricted	856,737
<b>TOTAL NET POSITION</b>	<b>1,755,632</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,851,092</b>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STOW, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities					
General government	\$ 150,380	\$ 2,878	\$ -	\$ -	\$ (147,502)
Public safety	42,760	-	-	-	(42,760)
Health and sanitation	73,555	-	-	-	(73,555)
Public works	109,809	-	-	-	(109,809)
Welfare and community agencies	7,900	-	-	-	(7,900)
Education	558,087	-	-	-	(558,087)
County tax	94,455	-	-	-	(94,455)
Unclassified	28,015	-	20,306	-	(7,709)
Capital outlay	8,464	-	-	-	(8,464)
Unallocated depreciation (Note 5)	23,646	-	-	-	(23,646)
Total governmental activities	<u>\$ 1,097,071</u>	<u>\$ 2,878</u>	<u>\$ 20,306</u>	<u>\$ -</u>	<u>(1,073,887)</u>

STATEMENT B (CONTINUED)  
TOWN OF STOW, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>\$ (1,073,887)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	1,073,342
Excise taxes	86,087
Grants and contributions not restricted to specific programs	150,364
Miscellaneous	<u>12,762</u>
Total general revenues	<u>1,322,555</u>
Change in net position	<u>248,668</u>
NET POSITION - JANUARY 1, AS PREVIOUSLY REPORTED	1,546,845
NET POSITION CORRECTION	<u>(39,881)</u>
NET POSITION - JANUARY 1, AS RESTATED	<u>1,506,964</u>
NET POSITION - DECEMBER 31	<u>\$ 1,755,632</u>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF STOW, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2025

	General Fund	Roads Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 722,648	\$ -	\$ -	\$ 722,648
Accounts receivable (net of allowance for uncollectibles):				
Taxes	102,252	-	-	102,252
Other	76,539	-	-	76,539
Inventory	26,190	-	-	26,190
Tax acquired property	1,828	-	-	1,828
Due from other funds	-	166,859	81,150	248,009
<b>TOTAL ASSETS</b>	<b>\$ 929,457</b>	<b>\$ 166,859</b>	<b>\$ 81,150</b>	<b>\$ 1,177,466</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 21,880	\$ -	\$ -	\$ 21,880
Due to other governments	4,081	-	-	4,081
Due to other funds	248,009	-	-	248,009
<b>TOTAL LIABILITIES</b>	<b>273,970</b>	<b>-</b>	<b>-</b>	<b>273,970</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred tax revenues	68,245	-	-	68,245
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>68,245</b>	<b>-</b>	<b>-</b>	<b>68,245</b>
<b>FUND BALANCES</b>				
Nonspendable	28,018	-	-	28,018
Restricted	-	-	46,759	46,759
Committed	-	166,859	34,391	201,250
Assigned	-	-	-	-
Unassigned	559,224	-	-	559,224
<b>TOTAL FUND BALANCES</b>	<b>587,242</b>	<b>166,859</b>	<b>81,150</b>	<b>835,251</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 929,457</b>	<b>\$ 166,859</b>	<b>\$ 81,150</b>	<b>\$ 1,177,466</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF STOW, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2025

	Total Governmental Funds
Total Fund Balances	\$ 835,251
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	921,635
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	68,245
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bond payable	(69,499)
Net position of governmental activities	\$ 1,755,632

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF STOW, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Roads Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 1,098,662	\$ -	\$ -	\$ 1,098,662
Excise taxes	86,087	-	-	86,087
Intergovernmental	150,364	-	20,306	170,670
Charges for services	2,878	-	-	2,878
Miscellaneous revenues	11,985	-	777	12,762
<b>TOTAL REVENUES</b>	<b>1,349,976</b>	<b>-</b>	<b>21,083</b>	<b>1,371,059</b>
<b>EXPENDITURES</b>				
Current:				
General government	150,380	-	-	150,380
Public safety	42,760	-	-	42,760
Health and sanitation	73,555	-	-	73,555
Public works	109,809	-	-	109,809
Welfare and community agencies	7,900	-	-	7,900
Education	558,087	-	-	558,087
County tax	94,455	-	-	94,455
Unclassified	76	18,197	19,282	37,555
Capital outlay	-	168,945	10,847	179,792
<b>TOTAL EXPENDITURES</b>	<b>1,037,022</b>	<b>187,142</b>	<b>30,129</b>	<b>1,254,293</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>312,954</b>	<b>(187,142)</b>	<b>(9,046)</b>	<b>116,766</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,888	197,000	32,010	244,898
Transfers (out)	(223,038)	(1,660)	(20,200)	(244,898)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(207,150)</b>	<b>195,340</b>	<b>11,810</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>105,804</b>	<b>8,198</b>	<b>2,764</b>	<b>116,766</b>
<b>FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED</b>	<b>481,438</b>	<b>198,542</b>	<b>78,386</b>	<b>758,366</b>
<b>FUND BALANCE CORRECTION</b>	<b>-</b>	<b>(39,881)</b>	<b>-</b>	<b>(39,881)</b>
<b>FUND BALANCES - JANUARY 1, AS RESTATED</b>	<b>481,438</b>	<b>158,661</b>	<b>78,386</b>	<b>718,485</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 587,242</b>	<b>\$ 166,859</b>	<b>\$ 81,150</b>	<b>\$ 835,251</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF STOW, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 116,766</u>
<p>Amounts reported for governmental activities in the Statement of Activities          (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while          governmental activities report depreciation expense allocated to those          expenditures over the life of the assets:</p>	
Capital asset acquisitions	171,328
Depreciation expense	<u>(23,646)</u>
	<u>147,682</u>
<p>Revenues in the Statement of Activities that do not provide current financial          resources as revenues in the funds:</p>	
Taxes and liens receivable	<u>(25,320)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental          funds, but the repayment reduces long-term liabilities in the Statement          of Net Position</p>	
	<u>9,540</u>
Change in net position of governmental activities (Statement B)	<u>\$ 248,668</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Stow was incorporated under the laws of the State of Maine. The Town operates under the Select Board-treasurer form of government and provides the following services: general government, public safety, health and sanitation, public works, welfare and community agencies, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended December 31, 2025, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 102 "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. A disclosure should be made in the notes to financial statements if a government determines that those criteria for disclosures have been met for a concentration or constraint. Management has determined the impact of this Statement is not material to the financial statements.

**Government -Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the government-wide and fund financial statements categorize primary activities as governmental. All activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Road Fund is used to account for financial resources to be used for the building and maintenance of Town roads. The revenue sources are grants and internal transfers.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in governmental activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Expenditure Recognition**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt which has not matured are recognized when paid. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Stow, Maine has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due for ambulance and other Town services provided. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2025. Accounts receivable netted with allowances for uncollectible accounts were \$76,539 for the year ended December 31, 2025.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market value. Under the consumption method, the costs of inventory items are recognized as expenditures when used. The cost value is determined using the first-in, first-out (FIFO) method. In the general fund, inventory consist of pipe and gravel.

**Tax Acquired Property**

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Select Board is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by or the provisions of the Town charter.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of a bond payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Select Board.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times 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/expenditure) until then. The Town currently does not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Deferred revenue and prepaid taxes also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied October 15, 2025 on the assessed value listed as of April 1, 2025, for all real property located in the Town. Taxes were due on December 1, 2025. Interest on unpaid taxes commenced on December 2, 2025, at 7.5% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$19,439 for the year ended December 31, 2025.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town follows state statutes for the investment of funds, which authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2025, the Town's cash balance of \$722,648 was comprised of bank deposits amounting to \$687,168. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these deposits, \$250,000 was insured by federal depository insurance and was not exposed to custodial credit risk and deposits of \$437,168 were collateralized by an irrevocable standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 36,672
Money market account	650,496
	<u>\$ 687,168</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At December 31, 2025, the Town did not have any investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2025 consisted of the following individual fund receivables and payables.

	Receivables (Due From)	Payables (Due To)
General fund	\$ -	\$ 248,009
Roads fund	166,859	-
Nonmajor special revenue funds	66,985	-
Nonmajor capital projects funds	9,391	-
Nonmajor permanent funds	4,774	-
	<u>\$ 248,009</u>	<u>\$ 248,009</u>

The result of amounts owed between funds is considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

At December 31, 2025, the Town had the following interfund transfers:

	Transfers In	Transfers Out
General fund	\$ 15,888	\$ 223,038
Roads fund	197,000	1,660
Nonmajor special revenue funds	10,038	15,888
Nonmajor capital projects funds	21,972	4,312
	<u>\$ 244,898</u>	<u>\$ 244,898</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2025:

	Balance, 1/1/25	Additions	Disposals	Balance, 12/31/25
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 62,954	\$ -	\$ -	\$ 62,954
Construction in Progress	-	168,945	-	168,945
	<u>62,954</u>	<u>168,945</u>	<u>-</u>	<u>231,899</u>
Depreciated assets:				
Buildings and improvements	363,728	-	-	363,728
Machinery and equipment	23,327	-	-	23,327
Infrastructure	471,568	2,383	-	473,951
	<u>858,623</u>	<u>2,383</u>	<u>-</u>	<u>861,006</u>
Less: accumulated depreciation				
Buildings and improvements	(121,946)	(11,169)	-	(133,115)
Machinery and equipment	(4,805)	(714)	-	(5,519)
Infrastructure	(20,873)	(11,763)	-	(32,636)
	<u>(147,624)</u>	<u>(23,646)</u>	<u>-</u>	<u>(171,270)</u>
Net depreciated assets	<u>710,999</u>	<u>(21,263)</u>	<u>-</u>	<u>689,736</u>
Net capital assets	<u>\$ 773,953</u>	<u>\$ 147,682</u>	<u>\$ -</u>	<u>\$ 921,635</u>

NOTE 6 - SHORT-TERM DEBT

On May 15, 2025, the Town issued a tax anticipation note to provide liquidity for governmental operations financed by property taxes. The tax anticipation note allowed principal draws up to \$300,000 at a 5.89% fixed interest per annum with a maturity date of December 15, 2025. As of December 31, 2025, there were no draws and no interest paid.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2025:

	Balance 1/1/25	Additions	Reductions	Balance 12/31/25	Current Year Portion
Bond payable	\$ 79,039	\$ -	\$ (9,540)	\$ 69,499	\$ 9,634

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bonds payable:

Bond payable for the construction of a new sand and salt shed with the Maine Municipal Bond Bank, due in annual payments of \$10,846, through August of 2032. Interest is charged at a fixed rate of 1.0% per annum.

\$ 69,499

The following is a summary of outstanding bond payable principal and interest requirements for the following fiscal years ending December 31:

	Principal	Interest	Total Debt Service
2026	9,634	1,211	\$ 10,845
2027	9,731	1,115	10,846
2028	9,828	1,018	10,846
2029	9,927	920	10,847
2030	10,026	820	10,846
2031-2035	20,353	1,339	21,692
	\$ 69,499	\$ 6,423	\$ 75,922

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at December 31, 2025:

Invested in capital assets	\$ 1,092,905
Accumulated depreciation	(171,270)
Outstanding capital related debt	(69,499)
	\$ 852,136

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

At December 31, 2025, the Town had the following restricted net position and fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 41,985
Nonmajor permanent funds (Schedule I)	4,774
	<u>\$ 46,759</u>

NOTE 10 - NONSPENDABLE FUND BALANCE

At December 31, 2025, the Town had the following nonspendable fund balance:

General fund:	
Inventory	\$ 26,190
Tax acquired property	1,828
	<u>28,018</u>

NOTE 11 - COMMITTED FUND BALANCES

At December 31, 2025, the Town had the following committed fund balances:

Major Funds	
Roads fund	\$ 166,859
Nonmajor special revenue funds (Schedule E)	25,000
Nonmajor capital projects funds (Schedule G)	9,391
	<u>\$ 201,250</u>

NOTE 12 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. RSU No. 72 had the following long-term debt as of December 31, 2025:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 72	8,782,840	4.29%	<u>376,491</u>

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 13 - 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 and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at December 31, 2025.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met. Under the

general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$2,500 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of December 31, 2025. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF STOW, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 14 - COMMITMENTS AND CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 15 - STANDBY LETTER OF CREDIT

At December 31, 2025, the Town of Stow, Maine has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh. This letter of credit, which expires at the close of business on January 8, 2026, authorizes one draw only up to the amount of \$650,000. There were no draws for the year ended December 31, 2025.

NOTE 16 - RESTATEMENT

During the fiscal year 2025, the Town of Stow, Maine determined that, fund balance corrections were required to the roads fund. The fund balance corrections impacted the beginning net position for the governmental activities. These changes with the fund balance corrections resulted in adjustments to and restatements of net position and fund balance as follows:

	12/31/24 As Previously Reported	Fund Balance/ Net Position Correction	12/31/24 As Restated
Government-Wide			
Governmental Activities	\$ 1,546,845	\$ (39,881)	\$ 1,506,964
Governmental Funds			
Major Funds:			
General Fund	\$ 481,438	\$ -	\$ 481,438
Road Fund	198,542	(39,881)	158,661
Other Governmental Funds	78,386	-	78,386
Total Governmental Funds	\$ 758,366	\$ (39,881)	\$ 718,485

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

## TOWN OF STOW, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 481,438	\$ 481,438	\$ 481,438	\$ -
Resources (Inflows):				
Property taxes	1,073,265	1,073,265	1,098,662	25,397
Excise taxes	-	-	86,087	86,087
Intergovernmental:				
State revenue sharing	85,316	85,316	78,742	(6,574)
Homestead reimbursement	25,582	25,582	27,663	2,081
Tree growth	-	-	35,431	35,431
Snowmobile	-	-	132	132
PILT funds	-	-	8,394	8,394
BETE reimbursement	-	-	2	2
Charges for service	-	-	2,878	2,878
Interest income	-	-	9,765	9,765
Miscellaneous revenues	-	-	2,220	2,220
Transfers from other funds	-	-	15,888	15,888
Amounts Available for Appropriation	<u>1,665,601</u>	<u>1,665,601</u>	<u>1,847,302</u>	<u>181,701</u>
Charges to Appropriations (Outflows):				
General government	177,400	193,565	150,380	43,185
Public safety	42,760	42,760	42,760	-
Health and sanitation	75,000	81,773	73,555	8,218
Public works	199,222	199,222	109,809	89,413
Welfare and community agencies	7,200	10,200	7,900	2,300
Education	558,087	558,087	558,087	-
County tax	94,455	94,455	94,455	-
Unclassified	20,039	27,281	76	27,205
Transfers to other funds	10,000	163,778	223,038	(59,260)
Total Charges to Appropriations	<u>1,184,163</u>	<u>1,371,121</u>	<u>1,260,060</u>	<u>111,061</u>
Budgetary Fund Balance, December 31	<u>\$ 481,438</u>	<u>\$ 294,480</u>	<u>\$ 587,242</u>	<u>\$ 292,762</u>
Utilization of unassigned fund balance	\$ -	\$ 126,778	\$ -	\$ (126,778)
Utilization of assigned fund balance	-	60,180	-	(60,180)
	<u>\$ -</u>	<u>\$ 186,958</u>	<u>\$ -</u>	<u>\$ (186,958)</u>

See accompanying independent auditor's report and notes to financial statements.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds

## TOWN OF STOW, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 1,073,265	\$ 1,073,265	\$ 1,098,662	\$ 25,397
Auto/boat excise	-	-	86,087	86,087
Intergovernmental revenues:				
State revenue sharing	85,316	85,316	78,742	(6,574)
Homestead reimbursement	25,582	25,582	27,663	2,081
Tree growth	-	-	35,431	35,431
Snowmobile	-	-	132	132
PILOT funds	-	-	8,394	8,394
BETE reimbursement	-	-	2	2
Charges for services:				
Clerk fees	-	-	2,585	2,585
Vital fees	-	-	293	293
Interest income:				
Tax interest	-	-	3,478	3,478
Interest income	-	-	6,287	6,287
Miscellaneous revenues:				
Other	-	-	2,220	2,220
Transfers from other funds	-	-	15,888	15,888
Amounts Available for Appropriation	<u>\$ 1,184,163</u>	<u>\$ 1,184,163</u>	<u>\$ 1,365,864</u>	<u>\$ 181,701</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STOW, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Town officers	\$ 130,000	\$ -	\$ 130,000	\$ 134,372	\$ (4,372)
Municipal offices	30,000	10,734	40,734	11,975	28,759
Planning Board	2,400	4,694	7,094	970	6,124
Grant writer	15,000	-	15,000	-	15,000
Conservation committee	-	737	737	-	737
TAN legal fees	-	-	-	3,063	(3,063)
<b>Total</b>	<b>177,400</b>	<b>16,165</b>	<b>193,565</b>	<b>150,380</b>	<b>43,185</b>
<b>PUBLIC SAFETY</b>					
Rescue	14,197	-	14,197	14,197	-
Fire department	28,563	-	28,563	28,563	-
<b>Total</b>	<b>42,760</b>	<b>-</b>	<b>42,760</b>	<b>42,760</b>	<b>-</b>
<b>HEALTH AND SANITATION</b>					
	75,000	6,773	81,773	73,555	8,218
<b>PUBLIC WORKS</b>					
Highway account	199,222	-	199,222	109,809	89,413
<b>Total</b>	<b>199,222</b>	<b>-</b>	<b>199,222</b>	<b>109,809</b>	<b>89,413</b>
<b>WELFARE AND COMMUNITY AGENCIES</b>					
Social services	7,200	-	7,200	7,900	(700)
General assistance	-	3,000	3,000	-	3,000
<b>Total</b>	<b>7,200</b>	<b>3,000</b>	<b>10,200</b>	<b>7,900</b>	<b>2,300</b>

TOWN OF STOW, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
EDUCATION	558,087	-	558,087	558,087	-
COUNTY TAX	94,455	-	94,455	94,455	-
UNCLASSIFIED					
Cemeteries	600	7,242	7,842	76	7,766
Overlay	19,439	-	19,439	-	19,439
Total	20,039	7,242	27,281	76	27,205
TRANSFERS TO OTHER FUNDS					
Special revenue funds	10,000	30,000	40,000	10,038	29,962
Capital projects funds	-	123,778	123,778	213,000	(89,222)
Total	10,000	153,778	163,778	223,038	(59,260)
TOTAL DEPARTMENTAL OPERATIONS	\$ 1,184,163	\$ 186,958	\$ 1,371,121	\$ 1,260,060	\$ 111,061

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STOW, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Due from other funds	\$ 66,985	\$ 9,391	\$ 4,774	\$ 81,150
<b>TOTAL ASSETS</b>	<b>\$ 66,985</b>	<b>\$ 9,391</b>	<b>\$ 4,774</b>	<b>\$ 81,150</b>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	41,985	-	4,774	46,759
Committed	25,000	9,391	-	34,391
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>66,985</b>	<b>9,391</b>	<b>4,774</b>	<b>81,150</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 66,985</b>	<b>\$ 9,391</b>	<b>\$ 4,774</b>	<b>\$ 81,150</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF STOW, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 20,306	\$ -	\$ -	\$ 20,306
Other	777	-	-	777
TOTAL REVENUES	<u>21,083</u>	<u>-</u>	<u>-</u>	<u>21,083</u>
EXPENDITURES				
Capital outlay	-	10,847	-	10,847
Other	1,467	17,815	-	19,282
TOTAL EXPENDITURES	<u>1,467</u>	<u>28,662</u>	<u>-</u>	<u>30,129</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>19,616</u>	<u>(28,662)</u>	<u>-</u>	<u>(9,046)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,038	21,972	-	32,010
Transfers (out)	(15,888)	(4,312)	-	(20,200)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,850)</u>	<u>17,660</u>	<u>-</u>	<u>11,810</u>
NET CHANGE IN FUND BALANCES	13,766	(11,002)	-	2,764
FUND BALANCES - JANUARY 1	<u>53,219</u>	<u>20,393</u>	<u>4,774</u>	<u>78,386</u>
FUND BALANCES - DECEMBER 31	<u>\$ 66,985</u>	<u>\$ 9,391</u>	<u>\$ 4,774</u>	<u>\$ 81,150</u>

See accompanying independent auditor's report and notes to financial statements.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF STOW, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2025

	Local Roads	National Forest Highway	Fuel for Neighbors	Elderly Tax Relief	Friends of Lovell Recreation	Comprehensive Town Plan	State Broadband	Animal Welfare	Revaluation	Total
<b>ASSETS</b>										
Due from other funds	\$ 18,348	\$ 1,958	\$ 4,980	\$ 1,699	\$ -	\$ 15,000	\$ -	\$ -	\$ 25,000	\$ 66,985
<b>TOTAL ASSETS</b>	<b>\$ 18,348</b>	<b>\$ 1,958</b>	<b>\$ 4,980</b>	<b>\$ 1,699</b>	<b>\$ -</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 66,985</b>
<b>LIABILITIES</b>										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	18,348	1,958	4,980	1,699	-	15,000	-	-	-	41,985
Committed	-	-	-	-	-	-	-	-	25,000	25,000
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>18,348</b>	<b>1,958</b>	<b>4,980</b>	<b>1,699</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>66,985</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,348</b>	<b>\$ 1,958</b>	<b>\$ 4,980</b>	<b>\$ 1,699</b>	<b>\$ -</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 66,985</b>

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF STOW, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Local Roads	National Forest Highway	Fuel for Neighbors	Elderly Tax Relief	Friends of Lovell Recreation	Comprehensive Town Plan	State Broadband	Animal Welfare	Revaluation	Total
REVENUES										
Intergovernmental	\$ 18,348	\$ 1,958	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ 20,306
Other	-	-	100	500	-	-	-	177	-	777
TOTAL REVENUES	18,348	1,958	100	500	-	-	-	177	-	21,083
EXPENDITURES										
Other	-	-	1,211	41	-	-	-	215	-	1,467
TOTAL EXPENDITURES	-	-	1,211	41	-	-	-	215	-	1,467
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,348	1,958	(1,111)	459	-	-	-	(38)	-	19,616
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	5,000	-	38	5,000	10,038
Transfers (out)	(11,520)	(4,368)	-	-	-	-	-	-	-	(15,888)
TOTAL OTHER FINANCING SOURCES (USES)	(11,520)	(4,368)	-	-	-	5,000	-	38	5,000	(5,850)
NET CHANGE IN FUND BALANCES	6,828	(2,410)	(1,111)	459	-	5,000	-	-	5,000	13,766
FUND BALANCES - JANUARY 1	11,520	4,368	6,091	1,240	-	10,000	-	-	20,000	53,219
FUND BALANCES - DECEMBER 31	\$ 18,348	\$ 1,958	\$ 4,980	\$ 1,699	\$ -	\$ 15,000	\$ -	\$ -	\$ 25,000	\$ 66,985

See accompanying independent auditor's report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF STOW, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2025

	Road Salt	Ezra Heald Bridge Repair	Stow Bridge Repair	Highway Equipment	Salt Sand Shed	Computer Reserve	Total
<b>ASSETS</b>							
Due from other funds	\$ -	\$ 617	\$ -	\$ -	\$ 4,369	\$ 4,405	\$ 9,391
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 617</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,369</b>	<b>\$ 4,405</b>	<b>\$ 9,391</b>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	617	-	-	4,369	4,405	9,391
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>617</b>	<b>-</b>	<b>-</b>	<b>4,369</b>	<b>4,405</b>	<b>9,391</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 617</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,369</b>	<b>\$ 4,405</b>	<b>\$ 9,391</b>

See accompanying independent auditor's report and notes to financial statements.

## TOWN OF STOW, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Road Salt	Ezra Heald Bridge Repair	Stow Bridge Repair	Highway Equipment	Salt Sand Shed	Computer Reserve	Total
REVENUES							
Intergovernmental	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
Capital outlay	-	-	-	-	10,847	-	10,847
Other	14,416	2,383	-	-	-	1,016	17,815
TOTAL EXPENDITURES	14,416	2,383	-	-	10,847	1,016	28,662
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,416)	(2,383)	-	-	(10,847)	(1,016)	(28,662)
OTHER FINANCING SOURCES (USES)							
Transfers in	11,660	3,000	-	-	7,312	-	21,972
Transfers (out)	-	-	-	(4,312)	-	-	(4,312)
TOTAL OTHER FINANCING SOURCES (USES)	11,660	3,000	-	(4,312)	7,312	-	17,660
NET CHANGE IN FUND BALANCES	(2,756)	617	-	(4,312)	(3,535)	(1,016)	(11,002)
FUND BALANCES - JANUARY 1	2,756	-	-	4,312	7,904	5,421	20,393
FUND BALANCES - DECEMBER 31	\$ -	\$ 617	\$ -	\$ -	\$ 4,369	\$ 4,405	\$ 9,391

See accompanying independent auditor's report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Stow, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

## TOWN OF STOW, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2025

	<u>Cemeteries</u>	<u>Total</u>
<b>ASSETS</b>		
Due from other funds	\$ 4,774	\$ 4,774
<b>TOTAL ASSETS</b>	<u>\$ 4,774</u>	<u>\$ 4,774</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	4,774	4,774
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>TOTAL FUND BALANCES</b>	<u>4,774</u>	<u>4,774</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,774</u>	<u>\$ 4,774</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF STOW, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Cemeteries</u>	<u>Total</u>
REVENUES		
Interest income	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES - JANUARY 1	<u>4,774</u>	<u>4,774</u>
FUND BALANCES - DECEMBER 31	<u>\$ 4,774</u>	<u>\$ 4,774</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

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

Select Board  
Town of Stow  
Stow, Maine

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 Stow, Maine as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Town of Stow, Maine's basic financial statements and have issued our report thereon dated June 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Stow, Maine'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 Stow, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Stow, Maine'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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.

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
[www.rhrsmith.com](http://www.rhrsmith.com)

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 have not been identified.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stow, Maine's financial statements are free of 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*.

Additionally, as part of obtaining reasonable assurance about whether the Town of Stow, Maine's financial statements are free of material misstatement, we considered the Town of Stow, Maine's internal controls. We did this for the purpose of determining our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of the Town of Stow, Maine's internal control over financial reporting or compliance. We provided a separate letter reporting the results of our consideration of internal control to the management of the Town of Stow, Maine date June 16, 2026.

#### 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
June 16, 2026