



# PEISCH

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**TOWN OF UNDERHILL, VERMONT**

**FINANCIAL STATEMENTS**

**June 30, 2020**



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## INDEPENDENT AUDITOR'S REPORT

To the Selectboard  
Town of Underhill, Vermont  
Underhill, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Underhill, Vermont as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Underhill, Vermont's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town of Underhill, Vermont, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, Budgetary comparison schedule – General fund on page 36, the Note to required supplementary information – Budgetary comparison schedule – General fund on page 37, the Schedules of the Town's proportionate share of the net pension liability and contributions on page 38, and the Notes to required supplementary information – Pension plan on page 39 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Underhill, Vermont's basic financial statements. The Schedule of revenues, expenditures, and changes in fund balance - Budget and actual – Budgetary basis - General fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of revenues, expenditures, and changes in fund balance - Budget and actual – Budgetary basis - General fund 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. Such 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 revenues, expenditures, and changes in fund balance - Budget and actual – Budgetary basis - General fund is 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 January 26, 2021, on our consideration of the Town of Underhill, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Underhill, 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 Underhill, Vermont's internal control over financial reporting and compliance.

*A.M. Peisch & Company, LLP*

Saint Albans, Vermont  
January 26, 2021  
VT Reg. No. 92-0000102

**TOWN OF UNDERHILL, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2020**

As management of the Town of Underhill (Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. The discussion and analysis presents the highlights of financial activities and financial position for the Town of Underhill. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town.

**Financial Highlights**

- The net assets of the Town exceeded its liability by \$883,277 as of June 30, 2020. Of this amount, \$784,348 (unrestricted fund balance) may be used to meet the government's ongoing obligations. The decrease of \$343,943 in fund balance represents the Town's use of reserves to meet obligations. (Detail on page 34)
- The Town of Underhill's total long-term debt, excluding accrued compensated absences, accrued postemployment benefits, and net pension liability decreased by \$121,980 during the 2020 fiscal year, representing principle payments.
- The General Fund ended the year with a balance of \$883,277, compared to a fund balance of \$1,227,221 in FY2019.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

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

The statement of net position presents information on all the Town's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the

underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and compensatory time off).

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities: Government activities which are typically supported by taxes, grants and intergovernmental revenues and business-type activities which are supported by fees and charges.

- Governmental activities – All of the Town’s basic services are reported here, including protection of person and property, highways, recreation, health, and general government.
- Business-type activities – The Town has no business type activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

## **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 Underhill, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Funds are divided into three categories: governmental fund, proprietary funds, and fiduciary funds. The Town has only a governmental fund.

## **Governmental Fund**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government’s near-term financing requirements.

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

The Town adopts an annual budget for its General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget on pages 40 through 44 of this report.

## Notes to the Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 35.

### Government-Wide Financial Analysis

As financial information is accumulated from year-to-year, changes in net position may serve as a useful indicator of a government's financial position. In the case of the Town of Underhill, assets exceeded liabilities by \$4,451,689 as of June 30, 2020, an increase of \$38,332 over June 30, 2019.

The largest portion of the Town of Underhill's net position (85.92%) reflects its investment in capital assets (land, buildings, improvements, equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town of Underhill uses these assets to provide services to citizens.

The following provides a summary of the Town's net position:

#### Town of Underhill Net Position

	Governmental Activities	Governmental Activities
	2020	2019
Current and other assets	\$ 1,151,717	\$ 1,451,416
Capital assets	3,945,816	3,614,270
Total assets	5,097,533	5,065,686
Deferred outflows of resources	110,141	130,062
Long term liabilities	486,566	583,180
Other liabilities	252,475	191,784
Total liabilities	739,041	774,964
Deferred inflows of resources	16,944	7,426
Net position:		
Net investment in capital assets	3,824,836	3,370,193
Restricted	98,929	86,931
Unrestricted	527,924	956,234
Total net position	\$ 4,451,689	\$ 4,413,358



## Changes in Net Position

As of June 30, 2020, total net position of the Town of Underhill amounted to \$4,451,689, which is a small increase of \$38,332 compared to the 2019 fiscal year end.

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 is \$527,924 for fiscal year 2020 as compared to \$956,234 in 2019. This was lower due to the use of reserve funds to pay for infrastructure projects completed in fiscal year 2020 that were budgeted for in fiscal year 2021.

The following schedule highlights the key elements of the Town's revenues and expenses for the 2020 and 2019 fiscal year ends. These main components are subtracted to yield the change in net position and are summarized as follows.

	<b>Changes in Net Position</b>	
	<u>2020</u>	<u>2019</u>
REVENUES		
Program revenues:		
Charges for services	\$ 93,211	\$ 79,051
Operating grants and revenues	182,481	172,688
Capital grants and contributions	77,227	60,703
General revenues:		
Property taxes	1,999,842	2,196,135
Investment income	26,936	4,630
Miscellaneous income	26,910	15,502
Total revenues	<u>2,406,607</u>	<u>2,528,709</u>
PROGRAM EXPENSES		
General government	654,916	660,165
Public safety	283,531	268,205
Culture and recreation	113,564	108,466
Highway	1,158,837	1,148,228
Appropriations	142,127	145,694
Flats sidewalk grant	16,609	-
Interest on long-term debt	(1,309)	3,031
Total program expenses	<u>2,368,275</u>	<u>2,333,789</u>
Increase in net position	<u>\$ 38,332</u>	<u>\$ 194,920</u>

## Governmental Activities

The Town's tax rate decreased from \$.5315 per \$100 of assessed value to \$.4764 for the general expenses, or a decrease of .0551 cents on the tax rate. There was a decrease of \$196,293 overall

in the Town's tax revenue in fiscal year 2020. The actual tax rate for fiscal year 2021 increased to \$.5007.

The table below discloses cost of services for Governmental Activities. The total cost of services column contains all costs related to the programs. The net of services column shows how much of the total amount is not covered by program revenue and must be covered by local taxes or other general revenue or transfers.

#### Governmental Activities

	Total Cost of Services	Total Cost of Services	Net (Expense) of Services	Net (Expense) of Services
	2020	2019	2020	2019
General government	\$ 543,148	\$ 562,016	\$ (381,479)	\$ (421,587)
Public safety	283,531	268,205	(283,506)	(268,155)
Recreation	2,733	3,586	(2,213)	(3,165)
Planning and zoning	111,768	98,149	(83,939)	(67,349)
Cultural services	110,831	104,880	(110,831)	(104,880)
Appropriations	142,127	145,694	(142,127)	(145,694)
Highways	1,158,837	1,148,228	(1,010,909)	(1,014,022)
Sidewalk grant - Flats	16,609	-	(1,661)	6,536
Interest on long term debt	(1,309)	3,031	1,309	(3,031)
Totals	<u>\$ 2,368,275</u>	<u>\$ 2,333,789</u>	<u>\$ (2,015,356)</u>	<u>\$ (2,021,347)</u>

The net cost of services is 85.1% of the total cost of services in 2020. This reflects a continued reliance on taxes to fund the cost of services.

#### Financial Analysis of the Government's Fund

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

As of the end of the current fiscal year, the Town's governmental fund reported an ending balance of \$883,277 , a decrease of \$343,994 in comparison to last year. Of the total balance, 36% is classified as committed or assigned and 48% is unassigned. The balance is non-spendable or restricted.

Committed funds include \$96,983 capital reserves, \$78,425 contingency or rainy day reserves, \$2,533 conservation reserve, \$13,611 for health reimbursement accounts, \$1,451 for recreation reserve, \$50,000 for FY21 general expenditures, and \$35,000 for FY21 highway expenditures. The \$50,000 was originally voted on at Town Meeting to reduce the tax burden for FY20 and

since the budget was favorable without the use of it, the Selectboard elected to carry it forward to be used in FY21.

### **General Fund Budgetary Highlights**

The 2020 final budget was \$2,667,713. During the year, revenues were \$174,502 less than budgeted, expenditures were \$107,464 more than budgeted, and use of reserves were \$386,655 more than budgeted. Revenues were lower than budget mostly due to the delay of the sidewalk project and grants not awarded due to COVID-19. Expenditures and use of reserves were higher than budget due to completion of highway capital project that were not budgeted to begin until FY21.

The net result of the variances was a surplus of \$104,689 for FY20.

### **Capital Assets**

At June 30, 2020, the Town had \$3,945,816 invested in a broad range of capital assets that includes land, buildings and improvements, equipment, infrastructure, and construction in process, net of accumulated depreciation. This amount represents a considerable net increase of \$331,546 over the prior year, mostly due to capital infrastructure projects completed in FY20.

Capital Assets at Year-End  
(Net of Depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 321,899	\$ 321,899
Construction in progress	271,744	235,445
Buildings and improvements	1,189,760	1,189,760
Vehicle and equipment	1,473,298	1,473,298
Infrastructure	3,274,212	2,714,494
Office equipment	57,996	40,167
Accumulated depreciation	(2,643,093)	(2,360,793)
Totals	<u>\$ 3,945,816</u>	<u>\$ 3,614,270</u>

### **Long-term Debt**

At year-end, the Town had \$120,980 in bonds and notes payable versus \$242,960 last year. In the current year, the Town paid \$121,980 in principal less \$1,309 in interest, net of refunding of \$8,181.

## Outstanding Debt at Year-End

	Governmental Activities		Increase (Decrease)
	2020	2019	
Bonds and notes payable	\$ 120,980	\$ 242,960	\$ (121,980)

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

The Town's elected and appointed officials considered many factors when setting the Fiscal Year 2021 budget for town operations. Factors included were the economic climate, property values, and the impact of the budget on property tax rates. Consideration for the long-term infrastructure of Underhill and the financial health of the Town were paramount. The COVID-19 pandemic was not a budgetable event, but, all things considering, the Town has weathered it well so far.

For fiscal year 2021, the combined resident homestead property tax rate for the Town increased by .0401% and the combined non-residential tax rate increased by .0921%. It is because of this increase that the Selectboard chose to take the \$50,000 and carry it over into FY2021.

## Requests for Information

This financial report is designed to provide a general overview of the Town of Underhill's finances for all those with an interest in the government's finances. Readers having questions about any of the information in this report or needing additional information should contact the Finance Officer, Town of Underhill, P. O. Box 120, Underhill, VT 05489, direct contact at (802) 899-4434 Ext 102 or email [jsilpe-katz@underhillvt.gov](mailto:jsilpe-katz@underhillvt.gov).

**TOWN OF UNDERHILL, VERMONT**

**STATEMENT OF NET POSITION**

**June 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,026,235
Receivables:	
Delinquent taxes	24,299
Delinquent tax interest	870
Delinquent tax penalties	977
Grants receivable	48,035
Prepaid expenses	2,276
Inventory	43,244
Other current assets	5,781
Capital assets:	
Land	321,899
Property and equipment, net of depreciation	3,352,173
Work in progress	271,744
Total assets	<u>5,097,533</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - Pension	<u>110,141</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	236,214
Accrued wages	13,261
Unearned grant revenue	3,000
Long-term liabilities	
Due within one year	91,347
Due in more than one year	395,219
Total liabilities	<u>739,041</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - Pension	<u>16,944</u>
 <b>NET POSITION</b>	
Net investment in capital assets	3,824,836
Restricted for:	
Reappraisal	77,840
Matching grant	15,000
Restoration reserve	2,824
Listers education	3,265
Unrestricted	527,924
Total net position	<u>\$ 4,451,689</u>

See accompanying notes.

**TOWN OF UNDERHILL, VERMONT**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020**

<b><u>Funds/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>			<b><u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u></b>
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>	
Governmental activities:					
General government	\$ 543,148	\$ 63,782	\$ 77,810	\$ 20,077	\$ (381,479)
Public safety	283,531	25	-	-	(283,506)
Recreation	2,733	520	-	-	(2,213)
Planning and zoning	111,768	27,829	-	-	(83,939)
Cultural services	110,831	-	-	-	(110,831)
Appropriations	142,127	-	-	-	(142,127)
Highway	1,158,837	1,055	104,671	42,202	(1,010,909)
Flats sidewalk grant	16,609	-	-	14,948	(1,661)
Interest on long-term debt	(1,309)	-	-	-	1,309
Total governmental activities	<u>\$ 2,368,275</u>	<u>\$ 93,211</u>	<u>\$ 182,481</u>	<u>\$ 77,227</u>	<u>(2,015,356)</u>
General revenues:					
Property taxes, penalties and interest					1,999,842
Earnings on investments					26,936
Miscellaneous					<u>26,910</u>
Total general revenues					<u>2,053,688</u>
Change in net position					38,332
Net position - July 1, 2019					<u>4,413,357</u>
Net position - June 30, 2020					<u>\$ 4,451,689</u>

See accompanying notes.

**TOWN OF UNDERHILL, VERMONT**

**BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2020**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,026,235
Receivables:	
Delinquent taxes	24,299
Delinquent tax interest	870
Delinquent tax penalties	977
Grants receivable	48,035
Prepaid expenses	2,276
Inventory	43,244
Other current assets	5,781
Total assets	<u>\$ 1,151,717</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 236,214
Accrued wages	13,261
Unearned grant revenue	3,000
Total liabilities	<u>252,475</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - Property taxes	<u>15,965</u>
<b>FUND BALANCE</b>	
Nonspendable	45,520
Restricted	98,929
Committed	278,003
Assigned	40,202
Unassigned	420,623
Total fund balance	<u>883,277</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,151,717</u>

See accompanying notes.

**TOWN OF UNDERHILL, VERMONT**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**June 30, 2020**

Total fund balance - Governmental fund		\$ 883,277
Amount reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$6,588,909, and the accumulated depreciation is \$2,643,093.		3,945,816
Property taxes that are not collected within 60 days of year end are not available to pay liabilities of the current period and are recorded as unavailable revenue in the governmental funds.		15,965
Current year pension contributions and other changes in the net pension liability are reported as deferred outflows of resources in the statement of net position, but are not reported as deferred outflows of resources in the governmental funds.		110,141
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable	\$ 120,980	
Accrued compensated absences	35,775	
Accrued post employment benefits	12,818	
Net pension liability	<u>316,993</u>	
		(486,566)
Changes in the Town's proportionate share of pension contributions and other changes in the net pension liability are reported as deferred inflows of resources in the statement of net position, but are not reported in the governmental funds.		<u>(16,944)</u>
Total net position - Governmental activities		<u>\$ 4,451,689</u>

See accompanying notes.



**TOWN OF UNDERHILL, VERMONT**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
For the Year Ended June 30, 2020**

	<b>General Fund</b>
<b>REVENUES</b>	
Property taxes	\$ 2,016,288
Licenses and permits	42,149
Intergovernmental	261,064
Charges for services	50,517
Investment income	26,936
Miscellaneous income	26,099
Total revenues	<u>2,423,053</u>
<b>EXPENDITURES</b>	
Current:	
General government	466,885
Public safety	283,531
Recreation	2,733
Planning and zoning	109,498
Cultural services	110,831
Appropriations	142,127
Highway	983,098
Debt service	120,671
Capital outlay	<u>547,622</u>
Total expenditures	<u>2,766,996</u>
Net change in fund balance	(343,943)
Fund balance - July 1, 2019	<u>1,227,220</u>
Fund balance - June 30, 2020	<u>\$ 883,277</u>

See accompanying notes.

**TOWN OF UNDERHILL, VERMONT**

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT  
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020**

Total net change in fund balances - Governmental fund	\$ (343,943)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlays of \$613,846 exceeds depreciation expense of \$282,300 in the period.	331,546
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Property taxes that are not collected within 60 days of year end are not available to pay current liabilities and are recorded as unavailable revenue in the governmental funds. Unavailable property tax revenue decreased by \$16,446.	(16,446)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	121,980
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In the statement of activities, accrued compensated absences payable are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially the amounts actually paid). This year, compensated absences used exceeded amounts earned by \$9,474.	9,474
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In the statement of activities, accrued post employment benefits are measured by the amounts due in the future as of the end of the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially the amounts actually paid). This year, post employment benefits due exceeded the amounts paid by \$155.	(155)
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Pension expense for the defined benefit plan (VMERS) is recognized in the governmental funds based on current year employer matching contributions. Pension expense in the government-wide statements is based on the change in the net pension liability.	<u>(64,124)</u>
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Change in net position of governmental activities	<u>\$ 38,332</u>
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See accompanying notes.

## **NOTES TO FINANCIAL STATEMENTS**

### **Note 1. Summary of Significant Accounting Policies**

The financial statements of the Town of Underhill, Vermont have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are described below.

#### **A. Reporting Entity**

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity are set forth in GASB 14 as amended by GASB 39 and 61 and Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Based on the aforementioned criteria, the Town has no component units.

#### **B. Basic Financial Statements - Government-Wide 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 fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the Town's activities are classified as governmental activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenues (primarily property taxes). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function (highway, public safety, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs by function are normally covered by general revenue (property taxes, interest income, etc.). The Town does not allocate indirect costs.

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.

#### **C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues, and expenditures.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town may electively add funds, as major funds, which either had debt outstanding or specific community focus. The Town does not report any nonmajor funds.

### **Governmental Funds:**

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

- The general fund is the Town's primary operating fund. It accounts for all financial resources of the Town.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

### **D. Basis of Accounting**

Basis of accounting refers to the point at which revenues, expenditures, assets, deferred outflows and inflows of resources, and liabilities are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### **1. Accrual**

Governmental activities in the government-wide financial statements are presented on the economic resources measurement focus and the accrual basis of accounting. Property taxes are reported in the period for which they are levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

#### **2. Modified Accrual**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and six months for other revenues. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under

## **Note 1. Summary of Significant Accounting Policies (Continued)**

accrual accounting. The exception to this general rule includes principal and interest on general obligation long term debt which is recognized when due.

### **E. Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- The Finance Officer prepares a budget for the upcoming fiscal year during December. The operating budget includes proposed expenditures and means of financing them and includes the Capital Improvement Plan.
- The budget and any revisions are approved by the Selectboard.
- The legal voters of the Town of Underhill, Vermont meet on the first Tuesday in March to review, discuss, and vote on the budget.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- The General Fund budgetary comparison schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis which conforms with the modified accrual basis of accounting.

### **F. Equity Classification**

#### *Government-wide Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets -- Consists of capital assets, net of accumulated depreciation and reduced by remaining balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources related to those assets.
- b. Restricted net position -- Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position -- All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

#### *Fund Statements*

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

## **Note 1. Summary of Significant Accounting Policies (Continued)**

Nonspendable fund balance - Amounts that are not in a spendable form (such as prepaid expenses or inventory) or are legally or contractually required to remain intact (such as the principal of an endowment fund).

The spendable portion of the fund balances are categorized based on a hierarchy of spending constraints.

- a. Restricted fund balance - Amounts constrained to specific purposes by external parties (such as grantors, bondholders, and higher levels of government), constitutional provisions, or enabling legislation.
- b. Committed fund balance – Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. These amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- c. Assigned fund balance - Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- d. Unassigned fund balance - Amounts that are available for any purpose; positive amounts are reported only in the general fund.

### **G. Use of Restricted Resources**

When an expense is incurred that can be paid from either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then to unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other less-restrictive classifications – committed then assigned fund balances before using unassigned fund balances.

### **H. Cash and Cash Equivalents**

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

### **I. Receivables**

The Town utilizes the allowance method for uncollectible accounts. It has determined that all accounts are collectible and the allowance is zero as of June 30, 2020.

### **J. Inventory**

Inventory consists of road materials held for the Town's use and is carried at cost.

### **K. Property Taxes**

Property taxes are recognized as revenue in the year for which taxes have been levied. Delinquent property taxes not collected within 60 days of year end are reflected as deferred inflows of resources.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **L. Capital Assets**

Infrastructure assets purchased or acquired with an original cost of \$25,000 and capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset 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 following estimated useful lives:

Buildings and improvements	10-75 years
Machinery and equipment	2-25 years
Infrastructure	10-75 years

GASB No. 34 required the Town to report and depreciate new infrastructure assets effective at the beginning of fiscal year 2004. It was not required to report these assets retroactively. General infrastructure assets include roads, bridges, underground pipe (other than related to utilities), etc.

### **M. Deferred Outflows/Inflows of Resources**

The Town reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent 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 the applicable period. Deferred outflows consist of (1) the Town's current year pension contributions subsequent to the measurement date, (2) the change in the Town's proportionate share of pension contributions, (3) the Town's proportionate share of the difference between projected and actual investment earnings, (4) the Town's proportionate share of change in the net pension liability due to changes in assumptions, and (5) the Town's proportionate share of differences between expected and actual experience.

The Town reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent 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 future period. Deferred inflows on the statement of net position consist of the change in the Town's proportionate share of pension contributions and the Town's proportionate share of differences between expected and actual experience. Deferred inflows on the governmental fund balance sheet consist of unavailable revenue - property taxes that were not collected within 60 days of year end.

### **N. Defined Benefit Pension Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Vermont Municipal Employees Retirement System (VMERS) and additions to/deductions from VMERS' fiduciary net position have been determined on the same basis as they

## **Note 1. Summary of Significant Accounting Policies (Continued)**

are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

VMERS investments are reported at fair value. VMERS does not issue stand-alone financial reports, but is instead included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR).

### **O. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the period. Accordingly, actual results could differ from those estimates.

### **P. Accrued Compensated Absences**

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

Fund Financial Statements - Vested or accumulated vacation and personal leave and compensatory time that has matured is reported as expenditures and fund liabilities of the governmental fund that will pay it. Amounts of vested or accumulated vacation and personal leave and compensatory time that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts.

### **Q. Accrued Post-Employment Benefits**

Government-Wide Financial Statements – Accrued post-employment benefits based on the value of the discounted cash flows related to the anticipated cost of the agreement is reported as a liability on the government-wide financial statements.

Fund Financial Statements – Actual post-employment benefits paid are reported as expenditures in the governmental fund that will pay it. Amounts of post-employment benefits that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements.



## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **R. Implementation of New Accounting Principles**

The Town is reviewing the following GASB Statements, which are effective in future years, for possible implementation.

GASB Statement No. 87, *Leases*

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

## **Note 2. Cash and Custodial Credit Risk - Deposits in Financial Institutions**

Cash belonging to the Town is placed in the custody of the Town Treasurer who is elected. The Town Treasurer invests excess cash according to policies established by the Selectboard. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2020, all of the Town of Underhill, Vermont's bank balance of \$1,072,708 was fully insured.

## **Note 3. Delinquent Taxes Receivable**

Property taxes are payable in four installments due August 15, November 15, February 15, and May 15. Interest of 1% per month is charged for overdue taxes from the due date of each installment. Any tax levies still delinquent after the due dates are charged an 8% penalty.

## **Note 4. Property Taxes**

The Town levies its property tax based upon the assessed value as of April 1 for all real and personal property, with exemptions to qualifying veterans, and excludes assessments on municipal, school, and church properties. Listers establish a Grand List of all property and the Selectboard sets the tax rate required to raise the tax revenue authorized by the Town. The State Department of Education determines the amount of the state education tax rate for the local school district.

The tax rates for fiscal year 2020 were:

	Residential	Non-Residential
Municipal	\$ 0.4764	\$ 0.4764
Local agreement	0.0205	0.0205
Education	1.5129	1.6234
Total tax rate	<u>\$ 2.0098</u>	<u>\$ 2.1203</u>

## Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 321,899	\$ -	\$ -	\$ 321,899
Work in progress	<u>235,445</u>	<u>41,177</u>	<u>(4,878)</u>	<u>271,744</u>
Total capital assets not depreciated	<u>557,344</u>	<u>41,177</u>	<u>(4,878)</u>	<u>593,643</u>
Capital assets, being depreciated				
Infrastructure	2,714,494	559,718	-	3,274,212
Building and improvements	1,189,760	-	-	1,189,760
Vehicles and equipment	1,473,298	-	-	1,473,298
Office equipment	<u>40,167</u>	<u>17,829</u>	<u>-</u>	<u>57,996</u>
Total capital assets being depreciated	<u>5,417,719</u>	<u>577,547</u>	<u>-</u>	<u>5,995,266</u>
Less accumulated depreciation for:				
Infrastructure	(722,123)	(128,174)	-	(850,297)
Building and improvements	(667,644)	(51,681)	-	(719,325)
Vehicles and equipment	(930,859)	(97,493)	-	(1,028,352)
Office equipment	<u>(40,167)</u>	<u>(4,952)</u>	<u>-</u>	<u>(45,119)</u>
Total accumulated depreciation	<u>(2,360,793)</u>	<u>(282,300)</u>	<u>-</u>	<u>(2,643,093)</u>
Total capital assets, being depreciated, net	<u>3,056,926</u>	<u>295,247</u>	<u>-</u>	<u>3,352,173</u>
Governmental activities capital assets, net	<u>\$ 3,614,270</u>	<u>\$ 336,424</u>	<u>\$ (4,878)</u>	<u>\$ 3,945,816</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 35,215
Highway	<u>247,085</u>
Total depreciation expense - Governmental activities	<u>\$ 282,300</u>

## Note 6. Long-Term Liabilities

Below is a summary of long-term liabilities for the year ended June 30, 2020:

	Beginning Balance	Additions	Principal Payments	Ending Balance	Due Within One Year
Bonds and Notes Payable:					
Vermont Municipal Bond Bank - building improvements, Series 2010 principal to current refund Series 2000, variable interest rate (4.344% - 5.644%), maturing December 1, 2020, principal payments of \$35,000 due annually, with interest payments due semiannually beginning December 1, 2000. As a result of the refunding, the Town reduced its total debt service payments from December 1, 2015 through December 1, 2020 by \$38,149 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$36,263.	\$ 70,000	\$ -	\$ 35,000	\$ 35,000	\$ 35,000
Community Bank NA - note, interest 2.5%, maturing September 30, 2019, principal payments of \$32,000 plus interest due annually beginning September 30, 2015. Secured by 2015 International dump truck with a net carrying value of \$58,972.	32,000	-	32,000	-	-
Community Bank NA - note, interest 2.6%, maturing November 24, 2020, principal payments of \$23,980 plus interest due annually beginning November 24, 2016. Secured by 2015 Caterpillar loader with a net carrying value of \$119,925.	47,960	-	23,980	23,980	23,980
Community Bank NA - note, interest 2.15%, maturing February 1, 2022, principal payments of \$31,000 plus interest due annually beginning February 1, 2018. Secured by 2018 International truck with a net carrying value of \$132,292.	93,000	-	31,000	62,000	31,000
Total bonds and notes payable	242,960	-	121,980	120,980	89,980
Other long term liabilities:					
Accrued compensated absences	45,249	(9,472)	-	35,775	-
Accrued post employment benefits	12,663	-	(155)	12,818	1,367
Net pension liability	282,308	34,685	-	316,993	-
Total long-term liabilities	\$ 583,180	\$ 25,213	\$ 121,825	\$ 486,566	\$ 91,347

**Note 6. Long-Term Liabilities (Continued)**

Maturities for bonds and notes payable including interest and savings are as follows:

Years Ending	Principal	Interest	Savings	Total
2021	\$ 89,980	\$ 2,945	\$ (2,439)	\$ 90,486
2022	31,000	667	-	31,667
Thereafter	-	-	-	-
	<u>\$ 120,980</u>	<u>\$ 3,612</u>	<u>\$ (2,439)</u>	<u>\$ 122,153</u>

Interest expense on long-term debt for the year ended June 30, 2020 was (\$1,309), net of refunding.

**Note 7. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc., covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting and rate-setting policies have been established after consultations with actuaries. Fund members are subject to 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 a member of Vermont Leagues of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

**Note 8. Lease Agreement**

The Town leases a copier under a 60-month operating lease that expires on June 30, 2023. The lease expense for fiscal year 2020 was \$1,831. Future minimum rental payments for each of the four subsequent fiscal years and thereafter are as follows:

2021	\$ 1,831
2022	1,831
2023	1,831
Thereafter	-
	<u>\$ 5,493</u>

## **Note 9. Municipal Employees' Retirement System**

### ***Plan Description***

The Vermont Municipal Employees' Retirement System is a cost-sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal 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. During the year ended June 30, 2019, the retirement system consisted of 379 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.

### ***Summary of System Provisions***

There are four levels of contributions and benefits available under the system, Group A, Group B, Group C, and Group D. The Town's employees are covered under Group C. The following is a summary of system provisions under Group C.

<b>Membership</b>	Full time employees of participating municipalities.
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<b>Creditable service</b>	Service as member plus purchased service.
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<b>Average Final Compensation (AFC)</b>	Average annual compensation during highest 3 consecutive years.
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#### **Service Retirement Allowance**

Eligibility:	Age 55 with 5 years of service.
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Amount:	2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.
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Maximum benefit is 50% of AFC. The above amounts include the portion of the allowance provided by member contributions.

## **Note 9. Municipal Employees' Retirement System (Continued)**

### **Vested Retirement Allowance**

Eligibility: 5 years of service.

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

### **Disability Retirement Allowance**

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

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

### **Death Benefit**

Eligibility: Death after 5 years of service.

Amount: Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death.

**Optional Benefit And Death after Retirement** Lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

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

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

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

**Member Contributions** 10.125% for fiscal year ended 6/30/19, 10.25% effective 7/1/19

**Employer Contributions** 7.375% for fiscal year ended 6/30/19, 7.50% effective 7/1/19

### ***Contributions***

The contribution requirements of VMERS members and the Town are established by the VMERS Board of Trustees. The contribution rates are reviewed annually by the VMERS Board as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund. The employees' contributions are deducted from the employee's wages or salary and remitted by the Town to VMERS on a monthly basis. The Town's contractually required contribution rate was 7.5% from July 1, 2019 to June 30, 2020. This rate was actuarially determined as an amount that, when combined with employee contributions, is expected to finance

**Note 9. Municipal Employees' Retirement System (Continued)**

the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town's contributions to the Plan for the year ended June 30, 2020 were \$33,116.

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions***

At June 30, 2020, the Town reported a liability of \$316,993 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Town's proportion was .1827%, which was a decrease of .0180% from its proportion of .2007% measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$97,243. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 41,070	\$ 2,740
Changes in assumptions	10,584	-
Difference between projected and actual investment earnings	21,591	-
Changes in proportionate share of contributions	3,780	14,204
Town contributions subsequent to the measurement date	<u>33,116</u>	<u>-</u>
Total	<u>\$ 110,141</u>	<u>\$ 16,944</u>

The \$33,116 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2021	\$ 59,594
2022	13,323
2023	13,260
2024	7,020
Thereafter	<u>-</u>
Total	<u>\$ 93,197</u>

## **Note 9. Municipal Employees' Retirement System (Continued)**

### ***Significant Actuarial Assumptions and Methods***

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Investment Rate of Return:** 7.50%, net of pension plan investment expenses, including inflation

**Salary Increases:** 5.00% per year

**Mortality:**

*Death in Active Service:* 98% of RP-2006 Mortality Tables, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017.

*Healthy Post-retirement:* 98% of RP-2006 blended 60% Blue Collar Annuitant and 40% Healthy Annuitant with generational projection using scale SSA-2017.

*Disabled Post-retirement:* RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017.

**Spouse's Age:** Females three years younger than males.

**Cost-of-Living Adjustments:** The January 1, 2019 and January 1, 2020 COLA are 1.30% and 0.80%, respectively.

**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.

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

**Inflation:** 2.50%

### ***Long-term expected rate of return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, is summarized in the following table:



**Note 9. Municipal Employees' Retirement System (Continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	29.00%	6.90%
US Equity - Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity - Large Cap	5.00%	6.81%
Non-US Equity - Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bond	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%
	<hr/> 100.00% <hr/>	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised of an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Change in the Discount Rate***

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%) than the current rate:

**Note 9. Municipal Employees' Retirement System (Continued)**

	<b>Discount Rate</b>	<b>Town's Proportionate Share of Net Pension Liability</b>
1% decrease	6.50%	\$ 519,820
Current discount rate	7.50%	\$ 316,993
1% increase	8.50%	\$ 149,089

Included in accounts payable are legally required contributions not yet submitted to VMERS in the amount of \$4,864 at June 30, 2020.

Detailed information about the plan's fiduciary net position is available in the separately issued State of Vermont Comprehensive Annual Financial Report. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

**Note 10. Accrued Post-Employment Benefits**

The Town has entered into an agreement with a former employee to provide for benefit costs until the former employee's death. Under the terms of the agreement, the Town will pay 25% of health insurance premiums for the former employee, with the former employee reimbursing the Town for other benefits at cost. A liability in the amount of \$12,818 has been recognized, based on the value of the discounted cash flows related to the anticipated cost of the agreement.

**Note 11. Long Term Contracts**

The Town has entered into an agreement with the Underhill-Jericho Fire Department, Inc. which the Town has designated as the primary provider of emergency response; firefighting; and fire prevention, protection, and suppression services. The Town appropriates annually, out of the General Fund, a sum of money to be paid to the Fire Department in anticipation of the costs incurred. Such appropriations are included in the Town's annual budget for voter approval. Payments are made quarterly. The agreement has no expiration date. The agreement can only be cancelled upon one year's advance written notice once the Fire Department has no mortgages outstanding.

**Note 11. Long Term Contracts (Continued)**

The Town has entered into a five-year land records computerization contract that expires December 2022. The contract requires monthly payment of \$685. Future minimum payments for each of the three subsequent years and thereafter are as follows:

2021	\$ 8,220
2022	8,220
2023	4,110
Thereafter	<u>-</u>
Total	<u>\$ 20,550</u>

The Town has entered into a land lease for twenty years with an outside party for a solar array. The lease agreement provides for three renewal options of five years each. The lease provides for annual lease payments to the Town of \$3,250 commencing November 2019 for ten years and annual payments of \$3,750 for an additional twenty-five years.

During the March 2020 Town meeting, the voters approved to create a decommissioning fund to be funded from the first four annual lease payments for the purpose of decommissioning the solar array.

**Note 12. Commitments and Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the State of Vermont or the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a party to various legal actions in the normal course of business, the aggregate effect of which, in management's opinion, would not be material to the financial condition of the Town of Underhill, Vermont.

**Note 13. Fund Balances**

Fund balances are composed of the following at June 30, 2020:

	<b>General Fund</b>
Nonspendable	
Inventory	\$ 43,244
Prepaid expenses	2,276
	<u>45,520</u>
Restricted	
Listers education	3,265
Matching grant	15,000
Reappraisal	77,840
Restoration reserve	2,824
	<u>98,929</u>
Committed	
Building reserve	50,000
Conservation	2,533
Contingency	77,741
HRA	13,611
FY21 expenditures	50,000
Highway - Capital reserve	16,983
Highway - Contingency reserve	684
Highway - FY21 expenditures	35,000
Highway - Garage reserve	30,000
Recreation	1,451
	<u>278,003</u>
Assigned	
Grants	2,128
Sidewalk reserve	33,074
Morgan donation	5,000
	<u>40,202</u>
Unassigned	<u>420,623</u>
Total fund balance	<u><u>\$ 883,277</u></u>

#### **Note 14. Tax Abatements**

The Town enters into property tax abatement agreements with local charitable and fraternal organizations pursuant to Vermont Statutes Annotated, Title 32, Chapter 125 §3840, as approved by the voters during town meeting. This statute states that fraternal organizations, volunteer fire, and ambulance or rescue companies who own real estate exclusively for such purposes, may be exempted from real estate taxation, either in whole or in part, for a period not exceeding 10 years, if the town so votes. Upon the expiration of the exemption, the town may vote additional periods of exemption not exceeding five years each.

During the March 2019 Town meeting, the voters approved an additional five-year exemption of real estate taxes for the Underhill Jericho Fire Department. The real property value exempted from taxes was \$916,000 which amounted to \$4,364 in municipal taxes during the year ended June 30, 2020. The property is exempt from state education taxes.

#### **Note 15. Subsequent Events**

Subsequent to year end, the Town purchased Tomasi Meadow, 16.7 acres of land on the east side of Pleasant Valley Road in Underhill, VT. The purchase price was \$180,000, of which \$110,000 was paid by land trusts.

Subsequent to year end, the Town received a loan from Union Bank for \$306,000 with interest at 2.04% with annual payments of \$64,995, maturing September 2025. The loan is to be used for road and bridge infrastructure projects and repairs.

Subsequent to year end, the Town received a loan from Union Bank for \$70,000 with interest at 1.58% with annual payments of \$14,671, maturing December 2025. The loan is to be used to purchase highway equipment.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact net income. Other financial impacts could occur though such potential impacts are unknown at this time.

Management has evaluated subsequent events through January 26, 2021, the date which the financial statements were available for issue.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF UNDERHILL, VERMONT**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Property taxes	\$ 2,007,338	\$ 2,007,338	\$ 2,016,288	\$ 8,950
Licenses and permits	39,500	39,500	42,149	2,649
Intergovernmental	511,145	511,145	261,064	(250,081)
Charges for services	26,000	26,000	50,517	24,517
Miscellaneous income	21,753	21,753	61,216	39,463
Total revenue	<u>2,605,736</u>	<u>2,605,736</u>	<u>2,431,234</u>	<u>(174,502)</u>
<b>EXPENDITURES</b>				
General government				
Select board	70,952	70,952	63,581	7,371
Elections	8,000	8,000	4,465	3,535
Administration	73,883	73,883	79,218	(5,335)
Town clerk and treasurer	105,127	105,127	108,353	(3,226)
Finance	57,238	57,238	46,906	10,332
Assessing	73,692	73,692	70,450	3,242
Town hall	103,580	103,580	91,652	11,928
Post office	2,000	2,000	427	1,573
School house	2,800	2,800	1,833	967
Public safety				
Animal control	3,575	3,575	2,373	1,202
Public safety	264,144	264,144	264,454	(310)
Health	16,915	16,915	16,704	211
Recreation	4,000	4,000	2,733	1,267
Planning and zoning	100,725	100,725	109,498	(8,773)
Cultural services	110,831	110,831	110,831	-
Appropriations	154,340	154,340	142,127	12,213
Highway	979,355	979,355	983,098	(3,743)
Debt service				
Principal	121,980	121,980	121,980	-
Interest	9,746	9,746	6,872	2,874
Capital outlay	404,830	404,830	547,622	(142,792)
Total expenditures	<u>2,667,713</u>	<u>2,667,713</u>	<u>2,775,177</u>	<u>(107,464)</u>
Excess (deficiency) of revenues over expenditures	<u>(61,977)</u>	<u>(61,977)</u>	<u>(343,943)</u>	<u>(281,966)</u>
<b>OTHER FINANCING SOURCES</b>				
Use of reserves	61,977	61,977	448,632	386,655
Total other financing sources	<u>61,977</u>	<u>61,977</u>	<u>448,632</u>	<u>386,655</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,689</u>	<u>\$ 104,689</u>

**TOWN OF UNDERHILL, VERMONT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**For the Year Ended June 30, 2020**

**Note A - Explanation of difference between budgetary basis and GAAP basis**

Total other financing sources as reported on the budgetary comparison schedule	\$ 448,632
Use of reserves are recorded as other financing sources for budgetary purposes but as reserve transfers for GAAP purposes	<u>(448,632)</u>
Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balance - governmental fund	<u>\$ -</u>
Total revenue as reported on the budgetary comparison schedule	\$ 2,431,234
Interest refunded on debt service is recorded as miscellaneous income for budgetary purposes but as a reduction of debt service expense for GAAP purposes	<u>(8,181)</u>
Total revenue as reported on the statement of revenues, expenditures, and changes in fund balance - governmental fund	<u>\$ 2,423,053</u>
Total expenditures as reported on the budgetary comparison schedule	\$ 2,775,177
Interest refunded on debt service is recorded as miscellaneous income for budgetary purposes but as a reduction of debt service expense for GAAP purposes	<u>(8,181)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental fund	<u>\$ 2,766,996</u>



**TOWN OF UNDERHILL, VERMONT**

**SCHEDULE OF THE TOWN'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
Vermont Municipal Employees Retirement System  
Last 7 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.1827%	0.2007%	0.2003%	0.1862%	0.2124%	0.2014%	0.2086%
Town's proportionate share of the net pension liability	\$ 316,993	\$ 282,308	\$ 242,654	\$ 239,577	\$ 163,747	\$ 18,384	\$ 75,949
Town's covered-employee payroll	\$ 476,010	\$ 484,835	\$ 451,144	\$ 393,636	\$ 428,200	\$ 388,221	\$ 385,233
Town's proportionate share of the net pension liability as a percentage of the covered-employee payroll	66.59%	58.23%	53.79%	60.86%	38.24%	4.74%	19.72%
Plan fiduciary net position as a percentage of the total pension liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%	92.71%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
Vermont Municipal Employees Retirement System  
Last 7 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 35,106	\$ 35,151	\$ 32,708	\$ 28,293	\$ 29,689	\$ 25,983	\$ 25,040
Contributions in relation to the statutorily required contribution	<u>35,106</u>	<u>35,151</u>	<u>32,708</u>	<u>28,293</u>	<u>29,689</u>	<u>25,983</u>	<u>25,040</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 476,010	\$ 484,835	\$ 451,144	\$ 393,636	\$ 428,200	\$ 388,221	\$ 385,233
Contributions in relation to the statutory required contribution as a percentage of the covered-employee payroll	7.38%	7.25%	7.25%	7.19%	6.93%	6.69%	6.50%

Note: These schedules will eventually present 10 years of information; however, they currently only provide information on fiscal years for which it is available.

**TOWN OF UNDERHILL, VERMONT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN**  
**Vermont Municipal Employees Retirement System**

**Change in actuarial assumptions and methods:** There have been no changes in plan provisions since the previous measurement date.

**Changes in plan provisions:** There have been no changes in plan provisions since the last measurement date.

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF UNDERHILL, VERMONT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Property taxes				
Property taxes	\$ 1,963,338	\$ 1,963,338	\$ 1,966,486	\$ 3,148
Delinquent interest	4,000	4,000	3,467	(533)
Delinquent penalties	15,000	15,000	14,337	(663)
Payment in lieu of taxes	<u>25,000</u>	<u>25,000</u>	<u>31,998</u>	<u>6,998</u>
Total property taxes	<u>2,007,338</u>	<u>2,007,338</u>	<u>2,016,288</u>	<u>8,950</u>
Licenses and permits				
Dog licenses	4,000	4,000	2,384	(1,616)
Zoning	27,000	27,000	27,829	829
Traffic control	3,000	3,000	6,628	3,628
Tax research	4,000	4,000	2,445	(1,555)
Other fees	<u>1,500</u>	<u>1,500</u>	<u>2,863</u>	<u>1,363</u>
Total licenses and permits	<u>39,500</u>	<u>39,500</u>	<u>42,149</u>	<u>2,649</u>
Intergovernmental				
State aid	102,000	102,000	104,671	2,671
Federal grants	-	-	39,851	39,851
Current use	59,000	59,000	60,995	1,995
Road grants	-	-	2,351	2,351
Lister education grant	400	400	890	490
Flats sidewalk grant	318,893	318,893	14,948	(303,945)
Housing needs assessment grant	-	-	4,284	4,284
Bioretention pond grant	16,952	16,952	20,077	3,125
Reappraisal and equalization	<u>13,900</u>	<u>13,900</u>	<u>12,997</u>	<u>(903)</u>
Total intergovernmental	<u>511,145</u>	<u>511,145</u>	<u>261,064</u>	<u>(250,081)</u>
Charges for services				
Copier usage	2,500	2,500	2,278	(222)
Town hall rent	400	400	356	(44)
Recording fees	<u>23,100</u>	<u>23,100</u>	<u>47,883</u>	<u>24,783</u>
Total charges for services	<u>26,000</u>	<u>26,000</u>	<u>50,517</u>	<u>24,517</u>
Miscellaneous income				
Interest income	2,000	2,000	26,936	24,936
Rental - Post office	9,403	9,403	10,351	948
Other miscellaneous income	<u>10,350</u>	<u>10,350</u>	<u>23,929</u>	<u>13,579</u>
Total miscellaneous income	<u>21,753</u>	<u>21,753</u>	<u>61,216</u>	<u>39,463</u>
Total revenues	<u>2,605,736</u>	<u>2,605,736</u>	<u>2,431,234</u>	<u>(174,502)</u>

**TOWN OF UNDERHILL, VERMONT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES</b>				
General government:				
Select board				
Stipend	4,500	4,500	4,500	-
Payroll taxes	-	-	251	(251)
Benefits	25,213	25,213	12,880	12,333
Training and development	600	600	180	420
Professional and technical services	26,000	26,000	26,481	(481)
Other purchased services	4,639	4,639	5,028	(389)
Other expenses	10,000	10,000	14,261	(4,261)
Total select board	<u>70,952</u>	<u>70,952</u>	<u>63,581</u>	<u>7,371</u>
Elections				
Salaries	1,200	1,200	1,305	(105)
Payroll taxes	-	-	3	(3)
Other purchased services	4,500	4,500	1,913	2,587
Supplies	2,300	2,300	1,244	1,056
Total elections	<u>8,000</u>	<u>8,000</u>	<u>4,465</u>	<u>3,535</u>
Administration				
Salaries	60,263	60,263	65,794	(5,531)
Payroll taxes	5,273	5,273	6,959	(1,686)
Benefits	6,847	6,847	6,117	730
Training and development	200	200	-	200
Other expenses	1,300	1,300	348	952
Total administration	<u>73,883</u>	<u>73,883</u>	<u>79,218</u>	<u>(5,335)</u>
Town clerk and treasurer				
Salaries	80,982	80,982	80,564	418
Payroll taxes	7,086	7,086	6,134	952
Benefits	7,029	7,029	7,019	10
Training and development	430	430	83	347
Professional and technical services	8,400	8,400	13,886	(5,486)
Other expenses	1,200	1,200	667	533
Total town clerk and treasurer	<u>105,127</u>	<u>105,127</u>	<u>108,353</u>	<u>(3,226)</u>

**TOWN OF UNDERHILL, VERMONT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Finance				
Salaries	35,000	35,000	29,656	5,344
Payroll taxes	3,254	3,254	2,069	1,185
Benefits	2,434	2,434	-	2,434
Training and development	300	300	346	(46)
Professional and technical services	16,000	16,000	14,171	1,829
Supplies	-	-	525	(525)
Other expenses	250	250	139	111
Total finance	<u>57,238</u>	<u>57,238</u>	<u>46,906</u>	<u>10,332</u>
Assessing				
Salaries	37,387	37,387	36,834	553
Payroll taxes	3,272	3,272	2,778	494
Benefits	5,023	5,023	4,970	53
Training and development	1,500	1,500	809	691
Professional and technical services	25,310	25,310	24,421	889
Supplies	-	-	222	(222)
Other expenses	1,200	1,200	416	784
Total assessing	<u>73,692</u>	<u>73,692</u>	<u>70,450</u>	<u>3,242</u>
Town hall				
Other purchased services	49,480	49,480	35,145	14,335
Supplies	45,300	45,300	46,616	(1,316)
Other expenses	8,800	8,800	9,891	(1,091)
Total town hall	<u>103,580</u>	<u>103,580</u>	<u>91,652</u>	<u>11,928</u>
Post office				
Other purchased services	1,500	1,500	290	1,210
Supplies	500	500	137	363
Total post office	<u>2,000</u>	<u>2,000</u>	<u>427</u>	<u>1,573</u>
School house				
Other purchased services	2,500	2,500	996	1,504
Supplies	-	-	440	(440)
Other expenses	300	300	397	(97)
Total school house	<u>2,800</u>	<u>2,800</u>	<u>1,833</u>	<u>967</u>
Total general government	<u>497,272</u>	<u>497,272</u>	<u>466,885</u>	<u>30,387</u>

**TOWN OF UNDERHILL, VERMONT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Public safety:				
Animal control				
Salaries	2,300	2,300	1,976	324
Payroll taxes	175	175	151	24
Professional and technical services	700	700	30	670
Supplies	300	300	216	84
Other expenses	100	100	-	100
Total animal control	<u>3,575</u>	<u>3,575</u>	<u>2,373</u>	<u>1,202</u>
Public safety				
Professional and technical services	16,800	16,800	17,110	(310)
Appropriations	<u>247,344</u>	<u>247,344</u>	<u>247,344</u>	<u>-</u>
Total public safety	<u>264,144</u>	<u>264,144</u>	<u>264,454</u>	<u>(310)</u>
Health				
Salaries	1,200	1,200	-	1,200
Professional and technical services	7,915	7,915	8,893	(978)
Supplies	-	-	11	(11)
Appropriations	<u>7,800</u>	<u>7,800</u>	<u>7,800</u>	<u>-</u>
Total health	<u>16,915</u>	<u>16,915</u>	<u>16,704</u>	<u>211</u>
Total public safety	<u>284,634</u>	<u>284,634</u>	<u>283,531</u>	<u>1,103</u>
Recreation:				
Other purchased services	2,000	2,000	-	2,000
Supplies	<u>2,000</u>	<u>2,000</u>	<u>2,733</u>	<u>(733)</u>
Total recreation	<u>4,000</u>	<u>4,000</u>	<u>2,733</u>	<u>1,267</u>
Planning and zoning:				
Salaries	56,100	56,100	56,493	(393)
Payroll taxes	4,909	4,909	4,291	618
Benefits	18,414	18,414	19,831	(1,417)
Training and development	1,031	1,031	422	609
Professional and technical services	10,000	10,000	20,755	(10,755)
Other purchased services	7,971	7,971	6,942	1,029
Supplies	1,750	1,750	764	986
Other expenses	<u>550</u>	<u>550</u>	<u>-</u>	<u>550</u>
Total planning and zoning	<u>100,725</u>	<u>100,725</u>	<u>109,498</u>	<u>(8,773)</u>

**TOWN OF UNDERHILL, VERMONT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Cultural services:				
Town library	110,831	110,831	110,831	-
Total cultural services	110,831	110,831	110,831	-
Appropriations:				
General appropriations	110,297	110,297	100,549	9,748
Regional service appropriations	37,718	37,718	35,253	2,465
Social service appropriations	6,325	6,325	6,325	-
Total appropriations	154,340	154,340	142,127	12,213
Highway:				
Salaries	235,225	235,225	231,474	3,751
Payroll taxes	19,620	19,620	17,095	2,525
Benefits	70,488	70,488	74,152	(3,664)
Training and development	200	200	-	200
Professional and technical services	68,000	68,000	91,687	(23,687)
Other purchased services	104,190	104,190	97,911	6,279
Supplies	289,000	289,000	265,221	23,779
Other expenses	192,632	192,632	205,558	(12,926)
Total highway	979,355	979,355	983,098	(3,743)
Debt service:				
Principal	121,980	121,980	121,980	-
Interest	9,746	9,746	6,872	2,874
Total debt service	131,726	131,726	128,852	2,874
Capital outlay	404,830	404,830	547,622	(142,792)
Total expenditures	2,667,713	2,667,713	2,775,177	(107,464)
Excess (deficiency) of revenues over expenditures	(61,977)	(61,977)	(343,943)	(281,966)
<b>OTHER FINANCING SOURCES</b>				
Use of reserves	61,977	61,977	448,632	386,655
Total other financing sources	61,977	61,977	448,632	386,655
Net change in fund balance	\$ -	\$ -	\$ 104,689	\$ 104,689