



TOWN OF UNDERHILL, VERMONT

FINANCIAL STATEMENTS

June 30, 2018



CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
BASIC FINANCIAL STATEMENTS:	
Government-wide financial statements	
Statement of net position	11
Statement of activities	12
Fund financial statements	
Governmental fund	
Balance sheet - Governmental fund	13
Reconciliation of the governmental fund balance sheet to the statement of net position	14
Statement of revenues, expenditures, and changes in fund balance - Governmental fund	15
Reconciliation of the governmental fund statement of revenues, expenditures, and changes in fund balance to the statement of activities	16
Notes to financial statements	17 - 34
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule – General fund	35
Note to budgetary comparison schedule – General fund	36
Schedule of the Town's proportionate share of net pension liability	37
Schedule of the Town's contributions	37
Notes to required supplementary information – Pension plan	38
OTHER SUPPLEMENTARY INFORMATION	
Schedule of revenues, expenditures, and changes in fund balance – Budget and actual - General fund	39 - 43

A.M. PEISCH & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS

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, 2018, 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.

offices

401 Water Tower Circle
Suite 302
Colchester, VT 05446
(802) 654-7255

P.O. Box 326
Rutland, VT 05702
(802) 773-2721

30 Congress Street
Suite 201
St. Albans, VT 05478
(802) 527-0505

1020 Memorial Drive
St. Johnsbury, VT 05819
(802) 748-5654

24 Airport Road
Suite 402
West Lebanon, NH 03784
(603) 306-0100

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, 2018, 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 35, the Note to budgetary comparison schedule – General fund on page 36, the Schedules of the Town's proportionate share of the net pension liability and contributions on page 37, and the Notes to required supplementary information – Pension plan on page 38 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 - General fund is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying Schedule of revenues, expenditures, and changes in fund balance - Budget and actual - 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 - 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 15, 2019, 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.

AM. Peisch & Company, LLP

St. Albans, Vermont
January 15, 2019
VT Reg. No. 92-0000102

TOWN OF UNDERHILL, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

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, 2018. 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 \$1,138,489 as of June 30, 2018. Of this amount, \$1,059,612 (unrestricted fund balance) may be used to meet the government's ongoing obligations.
- The Town of Underhill's total long-term debt, excluding compensated absences, accrued postemployment benefits, and net pension liability decreased by \$121,980 during the 2018 fiscal year, representing principle payments.
- The General Fund ended the year with a balance of \$1,138,489, compared to a fund balance of \$974,345 in FY2017.

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 39 through 43 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 34.

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 \$4,218,438 as of June 30, 2018.

The largest portion of the Town of Underhill's net position (76.4%) 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 2018	Governmental Activities 2017
Current and other assets	\$ 1,301,833	\$ 1,028,407
Capital assets	3,588,567	3,406,631
Total assets	4,890,400	4,435,038
Deferred outflows of resources	138,722	156,239
Long term liabilities	656,704	756,761
Other liabilities	141,625	69,689
Total liabilities	798,329	826,450
Deferred inflows of resources	12,355	9,784
Net position:		
Net investment in capital assets	3,223,627	2,919,711
Restricted	78,877	66,735
Unrestricted	915,934	768,597
Total net position	\$ 4,218,438	\$ 3,755,043

Changes in Net Position

As of June 30, 2018, total net position of the Town of Underhill amounted to \$4,218,438, which is an increase of \$463,395 compared to the 2017 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 \$915,934 for fiscal year 2018 as compared to \$768,597 in 2017.

The following schedule highlights the key elements of the Town’s revenues and expenses for the 2018 and 2017 fiscal year ends. These main components are subtracted to yield the change in net position and are summarized as follows.

Changes in Net Position		
	<u>2018</u>	<u>2017</u>
REVENUES		
Program revenues:		
Charges for services	\$ 80,456	\$ 82,419
Operating grants and revenues	209,778	191,103
Capital grants and contributions	176,864	8,090
General revenues:		
Property taxes	2,128,739	2,048,983
Investment income	2,003	1,401
Gain on sale of asset	-	25,000
Miscellaneous income	23,326	23,096
Total revenues	<u>2,621,166</u>	<u>2,380,092</u>
PROGRAM EXPENSES		
General government	633,348	628,385
Public safety	274,130	260,445
Culture and recreation	111,216	109,590
Highway	979,862	996,339
Appropriations	159,136	155,836
Interest on long-term debt	79	5,983
Total program expenses	<u>2,157,771</u>	<u>2,156,578</u>
Increase in net position	<u>\$ 463,395</u>	<u>\$ 223,514</u>

Governmental Activities

The Town’s tax rate increased from \$.4972 per \$100 of assessed value to \$.5147 for the general expenses, or an increase of .0175 cents on the tax rate. There was an increase of \$79,756 overall in the Town’s tax revenue in fiscal year 2018. The actual tax rate for fiscal year 2019 increased to \$.5315.

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
	2018	2017	2018	2017
General government	\$ 516,351	\$ 531,451	\$ (398,187)	\$ (399,190)
Public safety	274,130	260,445	(273,930)	(259,980)
Recreation	4,709	4,307	(4,709)	(4,307)
Planning and zoning	96,546	96,934	(58,947)	(65,202)
Conservation	741	769.00	(741)	(769.00)
Cultural services	106,507	104,814	(106,507)	(104,514)
Appropriations	159,136	155,836	(159,136)	(155,836)
Highways	979,862	996,339	(687,400)	(886,285)
Town planning	19,710	-	(1,037)	7,100
Interest on long term debt	79	5,983	(79)	(5,983)
Totals	<u>\$ 2,157,771</u>	<u>\$ 2,156,878</u>	<u>\$ (1,690,673)</u>	<u>\$ (1,874,966)</u>

The net cost of services is 78% of the total cost of services in 2018. 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 \$1,138,489, an increase of \$164,141 in comparison to last year. Of the total balance, 40% is classified as committed or assigned and 49% is unassigned. The balance is non-spendable or restricted.

Committed funds include \$184,972 capital reserves, \$44,240 contingency or rainy day reserves, \$2,390 conservation reserve, \$28,181 for health reimbursement accounts, \$1,451 for recreation reserve, and \$21,482 for FY19 highway expenditures.

General Fund Budgetary Highlights

The 2018 final budget was \$2,946,881. During the year, revenues were less than budgeted and expenditures were less than budgeted. The primary cause of the variance was a reduction in expenses because sidewalk construction was not begun as scheduled pending receipt of rights of way.

The net result of the variances was a surplus of \$188,662 for FY18.

Capital Assets

At June 30, 2018, the Town had \$3,588,567 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 net increase of \$181,936 over the prior year.

Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 321,899	\$ 321,899
Construction in progress	219,370	191,254
Buildings and improvements	1,088,007	1,037,779
Vehicle and equipment	1,441,098	1,418,598
Infrastructure	2,574,645	2,247,380
Office equipment	40,167	40,167
Accumulated depreciation	(2,096,619)	(1,850,446)
Totals	<u>\$ 3,588,567</u>	<u>\$ 3,406,631</u>

Long-term Debt

At year-end, the Town had \$364,940 in bonds and notes payable versus \$486,920 last year. In the current year, the Town paid \$121,980 in principal plus \$15,879 in interest.

Outstanding Debt at Year-End

	Governmental Activities		Increase (Decrease)
	2018	2017	
Bonds and notes payable	<u>\$ 364,940</u>	<u>\$ 486,920</u>	<u>\$ (121,980)</u>

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the Fiscal Year 2019 budget for town operations. Factors included were the economic climate and unemployment in the region, property values, and the impact of the budget on property tax rates.

For fiscal year 2019, the combined homestead property tax rate for the Town increased by 1.6% and the combined non-residential tax rate increased by 3.1%.

The Town's general fund balance is expected to remain relatively unchanged as the result of adhering to the budget.

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.

TOWN OF UNDERHILL, VERMONT

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,180,002
Receivables:	
Delinquent taxes	34,540
Delinquent tax interest	1,100
Delinquent tax penalties	2,445
Grants receivable	26,073
Prepaid expenses	23,297
Inventory	31,426
Other current assets	2,950
Capital assets:	
Land	321,899
Property and equipment, net of depreciation	3,047,298
Work in progress	219,370
Total assets	<u>4,890,400</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - Pension	<u>138,722</u>
LIABILITIES	
Accounts payable and accrued expenses	127,180
Accrued wages	9,773
Cash held in trust	1,672
Unearned grant revenue	3,000
Long-term liabilities	
Due within one year	122,987
Due in more than one year	533,717
Total liabilities	<u>798,329</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - Pension	<u>12,355</u>
NET POSITION	
Net investment in capital assets	3,223,627
Restricted for:	
Reappraisal	53,203
Matching grant	15,000
Restoration reserve	7,409
Listers education	3,265
Unrestricted	915,934
Total net position	<u>\$ 4,218,438</u>

See accompanying notes.

TOWN OF UNDERHILL, VERMONT

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018**

<u>Funds/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 516,351	\$ 41,567	\$ 66,447	\$ 10,150	\$ (398,187)
Public safety	274,130	200	-	-	(273,930)
Recreation	4,709	-	-	-	(4,709)
Planning and zoning	96,546	37,599	-	-	(58,947)
Conservation	707	-	-	-	(707)
Energy	34	-	-	-	(34)
Cultural services	106,507	-	-	-	(106,507)
Appropriations	159,136	-	-	-	(159,136)
Highway	979,862	1,090	127,226	164,146	(687,400)
Town Planning	19,710	-	16,105	2,568	(1,037)
Interest on long-term debt	79	-	-	-	(79)
Total governmental activities	<u>\$ 2,157,771</u>	<u>\$ 80,456</u>	<u>\$ 209,778</u>	<u>\$ 176,864</u>	<u>(1,690,673)</u>
General revenues:					
Property taxes, penalties and interest					2,128,739
Earnings on investments					2,003
Miscellaneous					23,326
Total general revenues					<u>2,154,068</u>
Change in net position					463,395
Net position - July 1, 2017					<u>3,755,043</u>
Net position - June 30, 2018					<u>\$ 4,218,438</u>

See accompanying notes.

TOWN OF UNDERHILL, VERMONT

**BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2018**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,180,002
Receivables:	
Delinquent taxes	34,540
Delinquent tax interest	1,100
Delinquent tax penalties	2,445
Grants receivable	26,073
Prepaid expenses	23,297
Inventory	31,426
Other current assets	<u>2,950</u>
Total assets	<u>\$ 1,301,833</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 127,180
Accrued wages	9,773
Cash held in trust	1,672
Unearned grant revenue	<u>3,000</u>
Total liabilities	<u>141,625</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue- Property taxes	<u>21,719</u>
FUND BALANCE	
Nonspendable	
Inventory	31,426
Prepaid expenses	23,297
Restricted	
Listers education	3,265
Matching grant	15,000
Reappraisal	53,203
Restoration reserve	7,409
Committed	
Schoolhouse reserve	14,172
Building reserve	10,000
Conservation	2,390
Contingency	22,741
HRA	28,181
General capital reserve	10,000
Highway-Capital reserve	40,000
Highway-Contingency reserve	21,499
Highway-FY 19 expenditures	21,482
Highway-Garage roof reserve	10,000
Highway-Generator reserve	20,000
Highway-Infrastructure reserve	50,800
Highway-Truck bed reserve	30,000
Recreation	1,451
Assigned	
Sidewalk reserve	33,074
Highway	128,146
Highway-Grant match reserve	2,500
Morgan donation	5,000
Unassigned	<u>553,453</u>
Total fund balance	<u>1,138,489</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,301,833</u>

See accompanying notes.

TOWN OF UNDERHILL, VERMONT

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018**

Total fund balance - Governmental fund		\$ 1,138,489
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 \$5,685,186, and the accumulated depreciation is \$2,096,619.		3,588,567
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.		21,719
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 in the governmental funds.		138,722
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	\$ 364,940	
Accrued compensated absences	36,182	
Accrued post employment benefits	12,928	
Net pension liability	<u>242,654</u>	
		(656,704)
Changes in the Town's proportionate share of pension contributions are reported as deferred inflows of resources in the statement of net position, but are not reported in the governmental funds.		<u>(12,355)</u>
Total net position - Governmental activities		<u>\$ 4,218,438</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, 2018

	General Fund
REVENUES	
Property taxes	\$ 2,132,606
Licenses and permits	51,037
Intergovernmental	376,492
Charges for services	29,419
Investment income	2,003
Miscellaneous income	33,476
Total revenues	<u>2,625,033</u>
EXPENDITURES	
Current:	
General government	459,294
Public safety	274,130
Recreation	4,709
Planning and zoning	92,993
Conservation	707
Energy	34
Cultural services	106,507
Appropriations	159,136
Highway	892,118
Town Planning	23,242
Debt service	213,275
Capital outlay	284,747
Total expenditures	<u>2,510,892</u>
Excess of revenues over expenditures	<u>114,141</u>
OTHER FINANCING SOURCES	
Proceeds from issuance of debt	<u>50,000</u>
Total other financing sources	<u>50,000</u>
Net change in fund balance	164,141
Fund balance - July 1, 2017	<u>974,348</u>
Fund balance - June 30, 2018	<u>\$ 1,138,489</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, 2018**

Total net change in fund balances - Governmental fund	\$	164,141
---	----	---------

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 capital outlays of \$428,109 exceeds depreciation expense of \$246,173 in the period.		181,936
---	--	---------

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 \$3,867.		(3,867)
---	--	---------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		207,147
--	--	---------

Proceeds of long term debt issued is recorded as other financing sources in the governmental funds and as a long-term liability in the statement of net position.		(50,000)
---	--	----------

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 earned exceeded the amounts used by \$19,426.		(19,426)
---	--	----------

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 paid exceeded the amounts due by \$580.		580
--	--	-----

In the governmental fund, interest on long term debt is recognized as an expenditure when due. In the statement of activities, interest is recognized as it accrues, regardless of when it is due.		6,049
--	--	-------

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.		(23,165)
--	--	----------

Change in net position of governmental activities	\$	<u>463,395</u>
---	----	----------------

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 funds). 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 (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). 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, intergovernmental revenues, 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/expenses, 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 encompasses 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 including restricted 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, 2018.

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 with 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), traffic signals, 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. 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. Cash Held in Trust

Cash held in trust consists of a match of Town funds for \$34,246 from the Underhill Historical Society that has been deposited into the Town's accounts. The match is to be used to pay 50% of costs incurred for the renovation of the historic schoolhouse owned by the Town until all the funds have been used. Any funds not spent will be returned to the Underhill Historical Society. As of June 30, 2018, \$1,672 of the Underhill Historical Society's match remains unspent.

Q. Accrued Compensated Absences

Government-Wide Financial Statements - All vested or accumulated vacation 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 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 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.

R. 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)

S. 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. 83, *Certain Asset Retirement Obligations*
GASB Statement No. 84, *Fiduciary Activities*
GASB Statement No. 85, *Omnibus 2017*
GASB Statement No. 86, *Certain Debt Extinguishment Issues*
GASB Statement No. 87, *Leases*
GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*
GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

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, 2018, the Town of Underhill, Vermont's bank balance of \$1,252,767 was exposed to custodial credit risk as follows:

Insured	\$ 97,816
Uninsured and collateral held by pledging institution's trust department not in the government's name	<u>1,154,951</u>
Total	<u>\$ 1,252,767</u>

Due to the timing of cash flows, the Town's uninsured deposits may be higher during certain times of the year. Management considers this a normal business risk.

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. Elected 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 2018 were:

	<u>Residential</u>	<u>Non-Residential</u>
Municipal	\$ 0.5147	\$ 0.5147
Local agreement	0.0277	0.0277
Education	<u>1.4723</u>	<u>1.5289</u>
Total tax rate	<u>\$ 2.0147</u>	<u>\$ 2.0713</u>

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2018, 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>191,254</u>	<u>35,193</u>	<u>(7,077)</u>	<u>219,370</u>
Total capital assets not depreciated	<u>513,153</u>	<u>35,193</u>	<u>(7,077)</u>	<u>541,269</u>
Capital assets, being depreciated				
Infrastructure	2,247,380	327,265	-	2,574,645
Building and improvements	1,037,779	50,228	-	1,088,007
Vehicles and equipment	1,418,598	22,500	-	1,441,098
Office equipment	<u>40,167</u>	<u>-</u>	<u>-</u>	<u>40,167</u>
Total capital assets being depreciated	<u>4,743,924</u>	<u>399,993</u>	<u>-</u>	<u>5,143,917</u>
Less accumulated depreciation for:				
Infrastructure	(502,495)	(100,878)	-	(603,373)
Building and improvements	(572,553)	(45,095)	-	(617,648)
Vehicles and equipment	(735,231)	(100,200)	-	(835,431)
Office equipment	<u>(40,167)</u>	<u>-</u>	<u>-</u>	<u>(40,167)</u>
Total accumulated depreciation	<u>(1,850,446)</u>	<u>(246,173)</u>	<u>-</u>	<u>(2,096,619)</u>
Total capital assets, being depreciated, net	<u>2,893,478</u>	<u>153,820</u>	<u>-</u>	<u>3,047,298</u>
Governmental activities capital assets, net	<u>\$ 3,406,631</u>	<u>\$ 189,013</u>	<u>\$ (7,077)</u>	<u>\$ 3,588,567</u>

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 23,146
Highway	<u>223,027</u>
Total depreciation expense - Governmental activities	<u>\$ 246,173</u>

Note 6. Short-Term Debt

The following is a summary of short-term debt transactions for the year ended June 30, 2018:

	Balance June 30, 2017	Debt Added	Debt Retired	Balance June 30, 2018
Tax anticipation note	\$ -	\$ 50,000	\$ 50,000	\$ -

Note 7. Long-Term Liabilities

Below is a summary of long-term liabilities for the year ended June 30, 2018:

	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.	\$ 140,000	\$ -	\$ 35,000	\$ 105,000	\$ 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 \$87,278.	96,000	-	32,000	64,000	32,000

Note 7. Long-Term Liabilities (Continued)

	Beginning Balance	Additions	Principal Payments	Ending Balance	Due Within One Year
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 \$135,915.	95,920	-	23,980	71,940	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 \$170,090.	155,000	-	31,000	124,000	31,000
Total bonds and notes payable	486,920	-	121,980	364,940	121,980
Other long term liabilities:					
Accrued compensated absences	\$ 16,756	\$ 19,426	\$ -	\$ 36,182	\$ -
Accrued post employment benefits	13,508	-	580	12,928	1,007
Net pension liability	239,577	3,077	-	242,654	-
Total long-term liabilities	<u>\$ 756,761</u>	<u>\$ 22,503</u>	<u>\$ 122,560</u>	<u>\$ 656,704</u>	<u>\$ 122,987</u>

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

Years Ending	Principal	Interest	Savings	Total
2019	\$ 121,980	\$ 11,057	\$ (7,960)	\$ 125,077
2020	121,980	7,007	(8,181)	120,806
2021	89,980	2,945	(2,439)	90,486
2022	31,000	667	-	31,667
Thereafter	-	-	-	-
	<u>\$ 364,940</u>	<u>\$ 21,676</u>	<u>\$ (18,580)</u>	<u>\$ 368,036</u>

Interest expense on long-term debt for the year ended June 30, 2018 was \$6,128, net of refunding.

Note 8. 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.

Note 8. Risk Management (Continued)

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 9. Lease Agreement

The Town leases a copier under a 60-month operating lease that expired June 30, 2018. In June 2018, the Town entered into a new operating copier lease for 60 months. The lease expense for fiscal year 2018 was \$2,700. Future minimum rental payments for each of the five subsequent fiscal years and thereafter are as follows:

2019	\$ 1,831
2020	1,831
2021	1,831
2022	1,831
2023	1,831
Thereafter	-
	<u>\$ 9,155</u>

Note 10. 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, 2017, the retirement system consisted of 423 participating employers.

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

Note 10. Municipal Employees' Retirement System (Continued)

The general administration and responsibility for formulating administrative policy and procedures of VMERS 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 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.

Membership	Full time employees of participating municipalities.
Creditable service	Service as member plus purchased service.
Average Final Compensation (AFC)	Average annual compensation during highest 3 consecutive years
Service Retirement Allowance	
Eligibility:	Age 55 with 5 years of service.
Amount:	2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC.
	Maximum benefit is 50% of AFC. The above amounts include the portion of the allowance provided by member contributions.
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.

Note 10. Municipal Employees' Retirement System (Continued)

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%.

Member Contributions 10.00%

Employer Contributions 7.25%

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

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 7.25% from July 1, 2017 to June 30, 2018. This rate was actuarially determined as an amount that, when combined with employee contributions, is expected to finance 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, 2018 were \$35,150.

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

At June 30, 2018, the Town reported a liability of \$242,654 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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

Note 10. Municipal Employees' Retirement System (Continued)

participating entities, actuarially determined. At June 30, 2017, the Town's proportion was .20028%, which was an increase of .01412% from its proportion of .18616%% measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$58,315. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,530	\$ 6,007
Changes in assumptions	50,799	-
Difference between projected and actual investment earnings	40,415	-
Changes in proportionate share of contributions	8,828	6,348
Town contributions subsequent to the measurement date	<u>35,150</u>	<u>-</u>
Total	<u>\$ 138,722</u>	<u>\$ 12,355</u>

The \$35,150 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, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2019	\$ 66,346
2020	45,810
2021	14,316
2022	(105)
Thereafter	<u>-</u>
Total	<u>\$ 126,367</u>

Significant Actuarial Assumptions and Methods

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest Rate: 7.50%, net of pension plan investment expenses, including inflation

Salary Increases: 5% per year

Note 10. Municipal Employees' Retirement System (Continued)

Mortality:

Death in Active Service: 98% RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Healthy Post-retirement: 98% RP-2014 blended 60% Blue Collar Employee, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled Post-retirement: RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 55 for members who receive a disability retirement benefits). The January 1, 2018 COLA is assumed to be 0.75%.

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

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

Inflation: 2.50%

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.

Note 10. Municipal Employees' Retirement System (Continued)

Best estimates or arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%
	<u>100.00%</u>	

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:

	Discount Rate	Town's Proportionate Share of Net Pension Liability
1% decrease	6.50%	\$ 433,241
Current discount rate	7.50%	\$ 242,654
1% increase	8.50%	\$ 84,591

Note 10. Municipal Employees' Retirement System (Continued)

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 11. 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 \$12,928 has been recognized, based on the value of the discounted cash flows related to the anticipated cost of the agreement.

Note 12. 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.

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 five subsequent years and thereafter, assuming a January 30, 2018 effective date, are as follows:

2019	\$ 8,220
2020	8,220
2021	8,220
2022	8,220
2023	4,110
Thereafter	<u>-</u>
Total	<u>\$ 36,990</u>

Note 13. 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,

Note 13. Commitments and Contingencies (Continued)

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 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 2014 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 \$4,869 in municipal taxes during the year ended June 30, 2018. The property is exempt from state education taxes.

Note 15. Subsequent Events

Management has evaluated subsequent events through January 15, 2019, 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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 2,106,266	\$ 2,106,266	\$ 2,132,606	\$ 26,340
Licenses and permits	36,440	36,440	51,037	14,597
Intergovernmental	608,705	608,705	376,492	(232,213)
Charges for services	23,100	23,100	29,419	6,319
Investment income	1,000	1,000	2,003	1,003
Miscellaneous income	35,370	35,370	33,476	(1,894)
Total revenue	<u>2,810,881</u>	<u>2,810,881</u>	<u>2,625,033</u>	<u>(185,848)</u>
EXPENDITURES				
General government				
Select board	77,448	63,748	36,676	27,072
Elections	8,350	8,350	7,689	661
Administration	68,727	68,727	67,640	1,087
Town clerk and treasurer	103,400	103,400	102,301	1,099
Finance	104,199	104,199	103,615	584
Listers	43,160	43,160	57,381	(14,221)
Town hall	90,803	93,303	80,906	12,397
Post office	3,500	1,000	646	354
School house	6,270	6,270	2,440	3,830
Public safety				
Animal control	3,041	3,041	2,894	147
Public safety	258,395	258,395	255,940	2,455
Health	16,389	16,389	15,296	1,093
Recreation	6,383	6,383	4,709	1,674
Planning and zoning	100,237	100,237	92,993	7,244
Conservation	1,000	1,000	707	293
Energy	500	500	34	466
Cultural services	106,507	106,507	106,507	-
Appropriations	153,080	158,080	159,136	(1,056)
Highway	838,123	866,372	892,118	(25,746)
Town planning	244,105	244,105	23,242	220,863
Debt service				
Principal	182,147	182,147	207,147	(25,000)
Interest	14,617	6,368	6,128	240
Capital outlay	516,500	505,200	284,747	220,453
Total expenditures	<u>2,946,881</u>	<u>2,946,881</u>	<u>2,510,892</u>	<u>435,989</u>
Excess (deficiency) of revenues under expenses	<u>(136,000)</u>	<u>(136,000)</u>	<u>114,141</u>	<u>250,141</u>
OTHER FINANCING SOURCES				
Proceeds of issuance of debt	50,000	50,000	50,000	-
Use of Reserves	86,000	86,000	24,521	(61,479)
Total other financing sources	<u>136,000</u>	<u>136,000</u>	<u>74,521</u>	<u>(61,479)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,662</u>	<u>\$ 188,662</u>

TOWN OF UNDERHILL, VERMONT

NOTE TO BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2018

Note A - Explanation of difference between budgetary and GAAP other financing sources

Actual amounts (budgetary basis) "total other financing sources" from the budgetary comparison	\$ 74,521
<i>Difference - budget to GAAP</i>	
Use of reserves are recorded as other financing sources for budgetary purposes but as reserve transfers for GAAP purposes	<u>(24,521)</u>
Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 50,000</u>

TOWN OF UNDERHILL, VERMONT

**SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Vermont Municipal Employees Retirement System
Last 5 Fiscal years**

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

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
Vermont Municipal Employees Retirement System
Last 5 Fiscal years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 32,708	\$ 28,293	\$ 29,689	\$ 25,983	\$ 25,040
Contributions in relation to the statutorily required contribution	<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>
Town's covered-employee payroll	\$ 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	7.25%	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:

- Assumed inflation was lowered from 3.00% to 2.50%
- The investment return assumption was lowered from 7.95% to 7.50%
- Assumed COLA increases were lowered from 1.80% to 1.30%
- The mortality tables were updated for variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.

Proportionate share of change in actuarial assumption: \$ 50,799

Changes in Plan Provisions:

There have been no changes in plan provisions since the previous measurement d

OTHER SUPPLEMENTARY INFORMATION

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes				
Property taxes	\$ 2,073,266	\$ 2,073,266	\$ 2,089,233	\$ 15,967
Delinquent interest	4,000	4,000	4,191	191
Delinquent penalties	10,000	10,000	15,312	5,312
Payment in lieu of taxes	19,000	19,000	23,870	4,870
Total property taxes	<u>2,106,266</u>	<u>2,106,266</u>	<u>2,132,606</u>	<u>26,340</u>
Licenses and permits				
Dog licenses	4,000	4,000	3,699	(301)
Zoning	24,430	24,430	37,599	13,169
Traffic control	4,000	4,000	3,342	(658)
Certified copies	400	400	510	110
Other fees	3,610	3,610	5,887	2,277
Total licenses and permits	<u>36,440</u>	<u>36,440</u>	<u>51,037</u>	<u>14,597</u>
Intergovernmental				
State aid	102,000	102,000	102,001	1
Federal grants	-	-	17,843	17,843
Current use	60,000	60,000	54,827	(5,173)
Road grants	197,500	197,500	164,146	(33,354)
Lister education grant	400	400	135	(265)
Flats sidewalk grant	199,800	199,800	2,568	(197,232)
Ecosystem Restoration Grant	19,105	19,105	16,105	(3,000)
Aid Pilot Program Grant	-	-	7,382	7,382
Historical Preservation Grant	17,400	17,400	-	(17,400)
Reappraisal	12,500	12,500	11,485	(1,015)
Total intergovernmental	<u>608,705</u>	<u>608,705</u>	<u>376,492</u>	<u>(232,213)</u>
Charges for services				
Animal control	100	100	200	100
Copier usage	2,500	2,500	2,262	(238)
Town hall rent	400	400	595	195
Recording fees	20,100	20,100	26,362	6,262
Total charges for services	<u>23,100</u>	<u>23,100</u>	<u>29,419</u>	<u>6,319</u>
Investment income				
Interest income	1,000	1,000	2,003	1,003
Miscellaneous income				
Rental - Post office	9,403	9,403	9,365	(38)
Historical Society donation	20,000	20,000	10,150	(9,850)
Other miscellaneous income	5,967	5,967	13,961	7,994
Total miscellaneous income	<u>35,370</u>	<u>35,370</u>	<u>33,476</u>	<u>(1,894)</u>
Total revenues	<u>2,810,881</u>	<u>2,810,881</u>	<u>2,625,033</u>	<u>(185,848)</u>

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES				
General government:				
Select board				
Stipend	3,000	3,000	1,500	1,500
Payroll taxes	230	230	115	115
Benefits	4,700	4,700	6,437	(1,737)
Training and development	350	350	245	105
Professional and technical services	45,250	45,250	20,310	24,940
Other purchased services	4,818	4,818	6,098	(1,280)
Other expenses	19,100	5,400	1,971	3,429
Total select board	<u>77,448</u>	<u>63,748</u>	<u>36,676</u>	<u>27,072</u>
Elections				
Salaries	1,500	1,500	834	666
Professional and technical services	1,100	1,100	984	116
Other purchased services	4,500	4,500	4,258	242
Supplies	1,250	1,250	1,613	(363)
Total elections	<u>8,350</u>	<u>8,350</u>	<u>7,689</u>	<u>661</u>
Administration				
Salaries	56,580	56,580	56,580	-
Payroll taxes	4,328	4,328	4,328	-
Benefits	6,619	6,619	6,562	57
Training and development	200	200	90	110
Professional and technical services	300	300	-	300
Other expenses	700	700	80	620
Total administration	<u>68,727</u>	<u>68,727</u>	<u>67,640</u>	<u>1,087</u>
Town clerk and treasurer				
Salaries	78,346	78,346	79,934	(1,588)
Payroll taxes	5,993	5,993	6,115	(122)
Benefits	7,986	7,986	6,968	1,018
Training and development	590	590	370	220
Professional and technical services	8,850	8,850	8,285	565
Supplies	135	135	-	135
Other expenses	1,500	1,500	629	871
Total town clerk and treasurer	<u>103,400</u>	<u>103,400</u>	<u>102,301</u>	<u>1,099</u>
Finance				
Salaries	68,038	68,038	68,287	(249)
Payroll taxes	5,205	5,205	5,224	(19)
Benefits	17,351	17,351	16,626	725
Training and development	405	405	554	(149)
Professional and technical services	12,400	12,400	12,500	(100)
Other expenses	800	800	424	376
Total finance	<u>104,199</u>	<u>104,199</u>	<u>103,615</u>	<u>584</u>

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Listers				
Salaries	32,511	32,511	40,522	(8,011)
Payroll taxes	2,487	2,487	3,109	(622)
Benefits	207	207	4,911	(4,704)
Training and development	2,050	2,050	1,160	890
Professional and technical services	3,955	3,955	6,000	(2,045)
Supplies	750	750	717	33
Other expenses	1,200	1,200	962	238
Total listers	<u>43,160</u>	<u>43,160</u>	<u>57,381</u>	<u>(14,221)</u>
Town hall				
Other purchased services	46,653	49,153	45,304	3,849
Supplies	33,550	33,550	27,563	5,987
Other expenses	10,600	10,600	8,039	2,561
Total town hall	<u>90,803</u>	<u>93,303</u>	<u>80,906</u>	<u>12,397</u>
Post office				
Other purchased services	3,000	500	448	52
Supplies	500	500	198	302
Total post office	<u>3,500</u>	<u>1,000</u>	<u>646</u>	<u>354</u>
School house				
Other purchased services	5,500	5,500	836	4,664
Supplies	500	500	1,002	(502)
Other expenses	270	270	602	(332)
Total school house	<u>6,270</u>	<u>6,270</u>	<u>2,440</u>	<u>3,830</u>
Total general government	<u>505,857</u>	<u>492,157</u>	<u>459,294</u>	<u>32,863</u>
Public safety:				
Animal control				
Salaries	1,796	1,796	2,305	(509)
Payroll taxes	137	137	176	(39)
Benefits	8	8	87	(79)
Professional and technical services	700	700	105	595
Supplies	300	300	185	115
Other expenses	100	100	36	64
Total animal control	<u>3,041</u>	<u>3,041</u>	<u>2,894</u>	<u>147</u>
Public safety				
Professional and technical services	17,758	17,758	15,303	2,455
Appropriations	<u>240,637</u>	<u>240,637</u>	<u>240,637</u>	<u>-</u>
Total public safety	<u>258,395</u>	<u>258,395</u>	<u>255,940</u>	<u>2,455</u>

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Health				
Salaries	873	873	-	873
Payroll taxes	67	67	-	67
Benefits	-	-	4	(4)
Professional and technical services	7,840	7,840	7,933	(93)
Supplies	250	250	-	250
Appropriations	7,359	7,359	7,359	-
Total health	<u>16,389</u>	<u>16,389</u>	<u>15,296</u>	<u>1,093</u>
Total public safety	<u>277,825</u>	<u>277,825</u>	<u>274,130</u>	<u>3,695</u>
Recreation:				
Salaries	4,037	4,037	2,659	1,378
Payroll taxes	309	309	203	106
Benefits	17	17	142	(125)
Other purchased services	-	-	1,192	(1,192)
Supplies	2,020	2,020	513	1,507
Total recreation	<u>6,383</u>	<u>6,383</u>	<u>4,709</u>	<u>1,674</u>
Planning and zoning:				
Salaries	50,470	50,470	51,471	(1,001)
Payroll taxes	3,861	3,861	3,938	(77)
Benefits	22,241	22,241	22,582	(341)
Training and development	1,354	1,354	1,020	334
Professional and technical services	10,750	10,750	4,839	5,911
Other purchased services	8,261	8,261	7,965	296
Supplies	2,750	2,750	915	1,835
Other expenses	550	550	263	287
Total planning and zoning	<u>100,237</u>	<u>100,237</u>	<u>92,993</u>	<u>7,244</u>
Conservation:				
Other expenses	1,000	1,000	707	293
Total conservation	<u>1,000</u>	<u>1,000</u>	<u>707</u>	<u>293</u>
Energy:				
Other expenses	500	500	34	466
Total energy	<u>500</u>	<u>500</u>	<u>34</u>	<u>466</u>
Cultural services:				
Town library	106,507	106,507	106,507	-
Total cultural services	<u>106,507</u>	<u>106,507</u>	<u>106,507</u>	<u>-</u>

TOWN OF UNDERHILL, VERMONT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Appropriations:				
General appropriations	112,550	117,550	118,772	(1,222)
Regional service appropriations	34,455	34,455	34,289	166
Social service appropriations	6,075	6,075	6,075	-
Total appropriations	<u>153,080</u>	<u>158,080</u>	<u>159,136</u>	<u>(1,056)</u>
Highway:				
Salaries	231,068	231,068	215,434	15,634
Payroll taxes	17,677	17,677	16,622	1,055
Benefits	67,376	67,376	73,424	(6,048)
Training and development	300	300	125	175
Professional and technical services	41,150	41,150	12,892	28,258
Other purchased services	91,352	99,601	103,951	(4,350)
Supplies	270,600	270,600	269,816	784
Other expenses	118,600	138,600	199,854	(61,254)
Total highway	<u>838,123</u>	<u>866,372</u>	<u>892,118</u>	<u>(25,746)</u>
Town planning:				
Town planning grants	244,105	244,105	22,637	221,468
Other expenses	-	-	605	(605)
Total town planning	<u>244,105</u>	<u>244,105</u>	<u>23,242</u>	<u>220,863</u>
Debt service:				
Principal	182,147	182,147	207,147	(25,000)
Interest	14,617	6,368	6,128	240
Total debt service	<u>196,764</u>	<u>188,515</u>	<u>213,275</u>	<u>(24,760)</u>
Capital outlay	<u>516,500</u>	<u>505,200</u>	<u>284,747</u>	<u>220,453</u>
Total expenditures	<u>2,946,881</u>	<u>2,946,881</u>	<u>2,510,892</u>	<u>435,989</u>
Excess (deficiency) of revenues under expenditures	<u>(136,000)</u>	<u>(136,000)</u>	<u>114,141</u>	<u>250,141</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	50,000	50,000	50,000	-
Use of reserves	86,000	86,000	24,521	(61,479)
Total other financing sources	<u>136,000</u>	<u>136,000</u>	<u>74,521</u>	<u>(61,479)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,662</u>	<u>\$ 188,662</u>