



**TOWN OF UNDERHILL, VERMONT**

**FINANCIAL STATEMENTS**

**June 30, 2016**



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# A.M. PEISCH & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen  
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, 2016, 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, 2016, 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, budgetary comparison information, the schedules of the Town's proportionate share of the net pension liability and contributions, and the notes to required supplementary information on pages 4 through 10 and 36 through 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 December 20, 2016, 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 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 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  
December 20, 2016  
VT Reg. No. 92-0000102

**TOWN OF UNDERHILL, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2016**

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, 2016. 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 \$947,911 as of June 30, 2016. Of this amount, \$898,140 (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 and accrued postemployment benefits, increased by \$14,733 during the 2016 fiscal year, representing payments of \$105,167 plus an increase of \$119,000 for a loan used to acquire a loader.
- The General Fund ended the year with a balance of \$947,911, compared to a fund balance of \$958,376 in FY2015.
- Net pension liabilities increased \$145,363 primarily because of changes in assumptions and projections by the actuary for the pension plan.

**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 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 38.

## 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 \$3,531,526 as of June 30, 2016.

The largest portion of the Town of Underhill's net position (72.5%) 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 2016	Governmental Activities 2015
Current and other assets	\$ 1,065,309	\$ 1,061,243
Capital assets	3,158,488	2,857,182
Total assets	4,223,797	3,918,425
Deferred outflows of resources	100,983	29,689
Long term liabilities	235,054	398,455
Other liabilities	556,633	212,848
Total liabilities	791,687	611,303
Deferred inflows of resources	1,567	58,777
Net position:		
Net investment in capital assets	2,665,254	2,378,681
Restricted	49,771	37,666
Unrestricted	816,501	861,687
Total net position	\$ 3,531,526	\$ 3,278,034



## Changes in Net Position

As of June 30, 2016, total net position of the Town of Underhill amounted to \$3,531,526, which is an increase of \$253,492 compared to the 2015 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 \$816,501 for fiscal year 2016 as compared to \$861,687 in 2015.

The following schedule highlights the key elements of the Town's revenues and expenses for the 2016 and 2015 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>2016</u>	<u>2015</u>
REVENUES		
Program revenues:		
Charges for services	\$ 65,457	\$ 69,984
Operating grants and revenues	180,080	182,165
Capital grants and contributions	6,501	17,054
General revenues:		
Property taxes	2,040,807	1,995,346
Investment income	1,247	1,062
Gain on sale of asset	40,002	5,000
Miscellaneous income	34,039	34,627
Total revenues	<u>2,368,133</u>	<u>2,305,238</u>
PROGRAM EXPENSES		
General government	551,658	557,165
Public safety	259,059	252,106
Culture and recreation	105,114	106,041
Highway	1,059,995	939,346
Appropriations	150,174	174,746
Interest on long-term debt	18,653	24,164
Total program expenses	<u>2,144,653</u>	<u>2,053,568</u>
Gain (Loss) from extraordinary item	<u>30,012</u>	<u>26,936</u>
Increase in net position	<u>\$ 253,492</u>	<u>\$ 278,606</u>

## Governmental Activities

The Town's tax rate increased from \$.4889 per \$100 of assessed value to \$.5031 for the general expenses, or an increase of 1.42 cents on the tax rate. There was an increase of \$45,461 overall in the Town's tax revenue in fiscal year 2016. The actual tax rate for fiscal year 2017 decreased to \$.4972.

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
	2016	2015	2016	2015
General government	\$ 496,801	\$ 482,933	\$ (381,580)	\$ (371,957)
Public safety	259,059	252,106	(258,569)	(252,006)
Recreation	6,326	10,606	(6,326)	(10,606)
Planning and zoning	54,857	74,232	(32,078)	(46,126)
Cultural services	98,788	95,435	(98,788)	(95,435)
Appropriations	150,174	174,746	(150,174)	(174,746)
Highways	1,059,995	939,346	(952,716)	(826,379)
Underhill Flats Sidewalk	-	-	6,269	17,054
Interest on long term debt	18,653	24,164	(18,653)	(24,164)
Totals	<u>\$ 2,144,653</u>	<u>\$ 2,053,568</u>	<u>\$ (1,892,615)</u>	<u>\$ (1,784,365)</u>

The net cost of services is 88% of the total cost of services in 2016. 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 \$947,911, a decrease of \$10,465 in comparison to last year. Of the total balance, 38% is classified as committed or assigned and 48% is unassigned. The balance is non-spendable or restricted.

Committed funds include \$124,156 capital reserves, \$44,240 contingency or rainy day reserves, \$2,374 conservation reserve, \$15,497 for health reimbursement accounts, \$1,451 for recreation reserve, and \$110,000 for FY17 highway expenditures.

### **General Fund Budgetary Highlights**

The 2016 final budget was \$2,645,806. 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 an anticipated grant wasn't received and because sidewalk construction was not begun as scheduled pending receipt of rights of way.

The net result of the variances was a deficit of \$10,465 for FY16.

### **Capital Assets**

At June 30, 2016, the Town had \$3,158,488 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 \$301,306 over the prior year.

#### **Capital Assets at Year-End (Net of Depreciation)**

	Governmental Activities	
	2016	2015
Land	\$ 321,899	\$ 289,326
Construction in progress	151,449	36,903
Buildings and improvements	1,037,779	1,032,278
Vehicle and equipment	1,397,574	1,332,403
Infrastructure	2,010,177	1,808,878
Office equipment	40,167	40,167
Accumulated depreciation	(1,800,557)	(1,682,773)
Totals	<u>\$ 3,158,488</u>	<u>\$ 2,857,182</u>

### **Long-term Debt**

At year-end, the Town had \$493,234 in bonds and notes payable versus \$478,501 last year. In the current year, the Town paid \$105,167 in principal plus \$17,652 in interest.

## Outstanding Debt at Year-End

	Governmental Activities		Increase (Decrease)
	2016	2015	
Bonds and notes payable	\$ 493,224	\$ 478,501	\$ 14,723

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

The Town's elected and appointed officials considered many factors when setting the Fiscal Year 2017 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 2017 the combined homestead property tax rate for the Town decreased by 1.2% and the combined non-residential tax rate decreased by 1.2%.

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 [rsheppard@underhillvt.gov](mailto:rsheppard@underhillvt.gov).

**TOWN OF UNDERHILL, VERMONT**

**STATEMENT OF NET POSITION**

**June 30, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 946,298
Receivables:	
Delinquent taxes	32,805
Delinquent tax interest	725
Delinquent tax penalties	2,057
Grants receivable	1,087
Prepaid expenses and other current assets	39,833
Inventory	42,504
Capital assets:	
Land	321,899
Property and equipment, net of depreciation	2,685,140
Work in progress	<u>151,449</u>
Total assets	<u>4,223,797</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pension	<u>100,983</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	82,870
Accrued wages	8,880
Cash held in trust	14,157
Unearned grant revenue	3,000
Long-term liabilities	
Due within one year	126,147
Due in more than one year	<u>556,633</u>
Total liabilities	<u>791,687</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pension	<u>1,567</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,665,254
Restricted for:	
Reappraisal	27,595
Matching grant	15,000
Restoration reserve	3,911
Listers education	3,265
Unrestricted	<u>816,501</u>
Total net position	<u><u>\$ 3,531,526</u></u>

See accompanying notes.

**TOWN OF UNDERHILL, VERMONT**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

<b>Funds/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position Governmental Activities</b>
<b>Governmental Activities:</b>					
General government	\$ 496,801	\$ 41,268	\$ 73,953	\$ -	\$ (381,580)
Public Safety	259,059	490	-	-	(258,569)
Recreation	6,326	-	-	-	(6,326)
Planning and zoning	54,857	22,779	-	-	(32,078)
Conservation	45	-	-	-	(45)
Energy	500	-	-	-	(500)
Cultural services	98,243	-	-	-	(98,243)
Appropriations	150,174	-	-	-	(150,174)
Highways	1,059,995	920	106,127	232	(952,716)
Underhill Flats sidewalk	-	-	-	6,269	6,269
Interest on long-term debt	18,653	-	-	-	(18,653)
<b>Total governmental activities</b>	<b>\$ 2,144,653</b>	<b>\$ 65,457</b>	<b>\$ 180,080</b>	<b>\$ 6,501</b>	<b>(1,892,615)</b>
<b>General revenues:</b>					
Property taxes, penalties and interest					2,040,807
Earnings on investments					1,247
Gain on sale of asset					40,002
Miscellaneous					34,039
<b>Total general revenues</b>					<b>2,116,095</b>
<b>Extraordinary items:</b>					
Grant revenues - Home buyout					272,265
Cost of demolished home buyout property					(242,253)
<b>Total extraordinary items</b>					<b>30,012</b>
<b>Change in net position</b>					<b>253,492</b>
<b>Net position - July 1, 2015</b>					<b>3,278,034</b>
<b>Net position - June 30, 2016</b>					<b>\$ 3,531,526</b>

See accompanying notes.

**TOWN OF UNDERHILL, VERMONT**

**BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2016**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 946,298
Receivables:	
Delinquent taxes	32,805
Delinquent tax interest	725
Delinquent tax penalties	2,057
Grants receivable	1,087
Prepaid expenses	38,643
Inventory	42,504
Other current assets	<u>1,190</u>
Total assets	<u>\$ 1,065,309</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 75,657
Accrued wages	8,880
Cash held in trust	14,157
Unearned grant revenue	<u>3,000</u>
Total liabilities	<u>101,694</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue- Property taxes	<u>15,704</u>
<b>FUND BALANCE</b>	
Nonspendable	
Inventory	42,504
Prepaid expenses	38,643
Restricted	
Listers education	3,265
Matching grant	15,000
Reappraisal	27,595
Restoration reserve	3,911
Committed	
Schoolhouse reserve	14,156
Building reserve	10,000
Conservation	2,374
Contingency	22,741
HRA	15,497
General capital reserve	10,000
Highway-Capital reserve	70,000
Highway-Contingency reserve	21,499
Highway-FY 17 expenditures	110,000
Highway-Generator reserve	20,000
Recreation	1,451
Assigned	
Grants	1,228
Sidewalk reserve	13,443
Highway	44,528
Morgan donation	5,000
Unassigned	<u>455,076</u>
Total fund balance	<u>947,911</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,065,309</u>

See accompanying notes.

**TOWN OF UNDERHILL, VERMONT**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
June 30, 2016**

Total fund balance - governmental fund		\$ 947,911
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 \$4,959,045, and the accumulated depreciation is \$1,800,557.		3,158,488
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.		15,704
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.		100,983
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	\$ 493,234	
Accrued compensated absences	11,616	
Accrued post employment benefits	14,183	
Net pension liability	<u>163,747</u>	
		(682,780)
Accrued interest on long term debt is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(7,213)
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>(1,567)</u>
Total net position - governmental activities		<u>\$ 3,531,526</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, 2016**

	<u><b>General Fund</b></u>
<b>REVENUES</b>	
Property taxes	\$ 2,044,371
Licenses and permits	35,380
Intergovernmental	179,396
Charges for services	30,077
Investment income	1,247
Miscellaneous income	41,224
Total revenues	<u>2,331,695</u>
<b>EXPENDITURES</b>	
Current:	
General government	447,591
Public safety	259,059
Recreation	6,326
Planning and zoning	54,857
Conservation	45
Energy	500
Cultural services	98,243
Appropriations	150,174
Highway	872,971
Underhill Flats Sidewalk	-
Debt service	122,819
Capital outlay	448,835
Total expenditures	<u>2,461,420</u>
Deficiency of revenues over expenditures	<u>(129,725)</u>
<b>OTHER FINANCING SOURCES</b>	
Proceeds from issuance of debt	119,900
Total other financing sources	<u>119,900</u>
<b>EXTRAORDINARY ITEMS</b>	
Grant revenue - Home buyout	272,265
Cost of home buyout property	(272,905)
Total extraordinary items	<u>(640)</u>
Net change in fund balance	(10,465)
Fund balance - July 1, 2015	<u>958,376</u>
Fund balance - June 30, 2016	<u><u>\$ 947,911</u></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, 2016**

Total net change in fund balances - Governmental fund	\$	(10,465)
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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 capital outlays of \$721,740 exceeds depreciation expense of \$218,183 in the period.		503,557
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The cost of the demolished home buyout property damaged by flooding is reported in the statement of activities as an expenditure. However, in the governmental funds, this is not reported since the loss correlates to a capital outlay.		(242,253)
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In the statement of activities, gains are reported on dispositions of capital assets. For governmental funds, cash received from dispositions are recorded as revenue. This year, a gain is reported in the government-wide financial statement of activities for an asset traded in for another asset.		40,002
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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 \$3,564.		(3,564)
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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.		105,167
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Proceeds of long term debt issued is recorded as revenue in the governmental funds and as a long-term liability in the statement of net position.		(119,900)
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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 earned exceeded the amounts used by \$1,376.		(1,376)
--	--	---------

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, the amounts due exceeded post employment benefits paid by \$184.		184
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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.		(1,001)
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Pension expense for the defined contribution 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 net change in the net pension liability.		(16,859)
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Change in net position of governmental activities	\$	<u>253,492</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 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. They have determined that all accounts are collectible and the allowance is zero.

### **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 proportional 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, and 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.

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 \$20,000 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, 2016, \$14,157 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.



## **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. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*

*GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

*GASB Statement No. 77, Tax Abatement Disclosures*

*GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Plans*

*GASB Statement No. 80, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*

*GASB Statement No. 81, Irrevocable Split-Interest Agreements*

*GASB Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*

## **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, 2016, the Town of Underhill, Vermont's bank balance of \$953,918 was exposed to custodial credit risk as follows:

Insured	\$ 76,111
Uninsured and collateral held by pledging institution's trust department not in the government's name	877,807
Total	<u>\$ 953,918</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

Delinquent taxes receivable consist of:

	<u>General Fund</u>
Delinquent property taxes	\$ 32,805
Penalties on taxes receivable	2,057
Interest on taxes receivable	<u>725</u>
Total delinquent taxes	<u>\$ 35,587</u>

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 Town and School District voters and the Vermont Department of Education.

The tax rates for fiscal year 2016 were:

	<u>Residential</u>	<u>Non-Residential</u>
Municipal	\$ 0.5031	\$ 0.5031
Local agreement	0.0279	0.0279
Education	<u>1.4391</u>	<u>1.5077</u>
Total tax rate	<u>\$ 1.9701</u>	<u>\$ 2.0387</u>

## Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 289,326	\$ 32,573	\$ -	\$ 321,899
Work in progress	<u>36,903</u>	<u>118,195</u>	<u>(3,649)</u>	<u>151,449</u>
Total capital assets not depreciated	<u>326,229</u>	<u>150,768</u>	<u>(3,649)</u>	<u>473,348</u>
Capital assets, being depreciated				
Infrastructure	1,808,877	201,300	-	2,010,177
Building and improvements	1,032,279	247,753	(242,253)	1,037,779
Vehicles and equipment	1,332,404	165,570	(100,400)	1,397,574
Office equipment	<u>40,167</u>	<u>-</u>	<u>-</u>	<u>40,167</u>
Total capital assets being depreciated	<u>4,213,727</u>	<u>614,623</u>	<u>(342,653)</u>	<u>4,485,697</u>
Less accumulated depreciation for:				
Infrastructure	(338,654)	(77,483)	-	(416,137)
Building and improvements	(483,489)	(45,632)	-	(529,121)
Vehicles and equipment	(830,573)	(87,211)	100,400	(817,384)
Office equipment	<u>(30,058)</u>	<u>(7,857)</u>	<u>-</u>	<u>(37,915)</u>
Total accumulated depreciation	<u>(1,682,774)</u>	<u>(218,183)</u>	<u>100,400</u>	<u>(1,800,557)</u>
Total capital assets, being depreciated, net	<u>2,530,953</u>	<u>396,440</u>	<u>(242,253)</u>	<u>2,685,140</u>
Governmental activities capital assets, net	<u>\$ 2,857,182</u>	<u>\$ 547,208</u>	<u>\$ (245,902)</u>	<u>\$ 3,158,488</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 30,225
Highways and streets	<u>187,958</u>
Total depreciation expense - Governmental activities	<u>\$ 218,183</u>

## Note 6. Long-Term Liabilities

Below is a summary of long-term liabilities for the year ended June 30, 2016:

	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.	\$ 210,000	\$ -	\$ 35,000	\$ 175,000	\$ 35,000
Peoples United Bank - interest 3.5%, maturing May 28, 2016, principal payments of \$30,000 (five years 2011 - 2015) and a final payment of \$20,000 due 2016, plus interest, due annually beginning May 28, 2011. Secured by 2011 International dump truck with a net carrying value of \$68,000.	20,000	-	20,000	-	-
Merchants Bank - note, interest 2.44%, maturing July 15, 2017, principal payments of \$35,167 plus interest due annually beginning July 15, 2013. Secured by 2013 International dump truck with a net carrying value of \$112,693.	105,501	-	35,167	70,334	35,167
Merchants Bank - 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 \$115,585.	143,000	-	15,000	128,000	32,000
Merchants Bank - 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 \$151,905.	-	119,900	-	119,900	23,980
Total bonds and notes payable	478,501	119,900	105,167	493,234	126,147

**Note 7. Long-Term Liabilities (Continued)**

	Beginning Balance	Additions	Principal Payments	Ending Balance	Due Within One Year
Other long term liabilities:					
Accrued compensated absences	10,240	1,376	-	11,616	-
Accrued post employment benefits	14,367	-	184	14,183	952
Net pension liability	18,384	145,363	-	163,747	-
Total long-term liabilities	<u>\$ 521,492</u>	<u>\$ 266,639</u>	<u>\$ 105,351</u>	<u>\$ 682,780</u>	<u>\$ 127,099</u>

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

Years Ending	Principal	Interest	Savings	Total
2017	\$ 126,147	\$ 16,831	\$ (9,672)	\$ 133,306
2018	126,147	12,620	(9,896)	128,871
2019	90,980	8,391	(7,960)	91,411
2020	90,980	5,007	(8,181)	87,806
2021	58,980	1,612	(2,439)	58,153
Thereafter	-	-	-	-
	<u>\$ 493,234</u>	<u>\$ 44,461</u>	<u>\$ (38,148)</u>	<u>\$ 499,547</u>

Interest expense on long-term debt for the year ended June 30, 2016 was \$18,653.

**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 has entered into a 60-month operating lease for a copier. The lease expense for fiscal year 2016 was \$2,700. Future minimum rental payments for each of the three subsequent fiscal years and thereafter are as follows:

2017	\$ 2,700
2018	2,700
2019	675
Thereafter	<u>-</u>
Total	<u>\$ 6,075</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, 2016, the retirement system consisted of 437 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 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.

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

### ***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.

**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.

#### **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.

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

<b>Post-Retirement Adjustments</b>	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%.
<b>Member Contributions</b>	9.625% effective July 1, 2014 and 9.75% effective January 1, 2015 (increased from 9.5%)
<b>Employer Contributions</b>	6.875% from July 1, 2014 to December 31, 2014 (changed from 6.625%) and then 7.0% effective January 1, 2015
<b>Retirement Stipend</b>	\$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 rates for the year ended June 30, 2016 were 7.125% from July 1, 2015 to December 31, 2015 and 7.25% from January 1, 2016 to June 30, 2016. These rates were 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, 2016 were \$28,293.

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

At June 30, 2016, the Town reported a liability of \$163,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the Town's proportion was .21239%, which was an increase of .0110% from its proportion of .20143% measured as of June 30, 2014.



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

For the year ended June 30, 2016, the Town recognized pension expense of \$45,152. At June 30, 2016, 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	\$ 5,176	\$ -
Changes in assumptions	32,610	-
Difference between projected and actual investment earnings	31,635	-
Changes in proportionate share of contributions	3,269	1,567
Town contributions subsequent to the measurement date	<u>28,293</u>	<u>-</u>
Total	<u>\$ 100,983</u>	<u>\$ 1,567</u>

The \$28,293 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2016	\$ 13,914
2017	13,914
2018	13,914
2019	29,381
Thereafter	<u>-</u>
Total	<u>\$ 71,123</u>

***Significant Actuarial Assumptions and Methods***

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Interest Rate:** 7.95% per annum. Through July 1, 2014, a select-and-ultimate interest rate set was used, specified below. The interest rate set is restarted every year:

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

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

**Salary Increases:** 5% per year

### **Deaths:**

Active participants - 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants - The 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

Disabled retirees - RP-2000 Disabled Life Tables

Beneficiaries - 1995 Buck Mortality Tables for males and females

**Spouse's Age:** Husbands are assumed to be three years older than their wives.

### **Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants:**

Assumed to occur at the rate of 1.8% per annum.

**Actuarial Cost Method:** Entry Age Normal - Level Percentage of Pay.

**Asset Valuation Method:** Invested assets are reported at fair value.

**Inflation:** The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

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

The long-term expected rate of return on system investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	8.61%
Fixed Income	1.91%
Alternatives	6.93%
Multi-strategy	4.88%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%.

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current system members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

### ***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 7.95%, 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 (6.95%) or one percent higher (8.95%) than the current rate:

	<b>Discount Rate</b>	<b>Town's proportionate share of net pension liability</b>
1% decrease	6.95%	327,071
Current discount rate	7.95%	163,745
1% increase	8.95%	26,832

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 \$14,183 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. on February 5, 1997 whereas the Town has designated the Fire Department as the primary provider of emergency response, firefighting, fire prevention, fire protection and fire 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 by the Fire Department. Such appropriations are included in the Town's annual budget for voter approval. Payments are made quarterly. The agreement can only be cancelled when the Fire Department has no mortgages outstanding.

The Town has entered into a land records computerization contract. The agreement requires monthly payments of \$685, commencing September 2014. Future minimum payments for each of the four subsequent years and thereafter are as follows:

2017	\$ 8,220
2018	8,220
2019	8,220
2020	1,370
Thereafter	<u>-</u>
Total	<u>\$ 26,030</u>

#### **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. Excess of Expenditures over Appropriations**

Expenditures in excess of budgeted amounts at the legal level of control are disclosed in the Budgetary Comparison Schedule.

**Note 14. Home Buyout**

During flooding in the spring of 2013, a privately owned home within the Town was damaged beyond repair. The damage to the home qualified for funding from FEMA. The Town received a grant in the amount of approximately \$204,000, with a homeowner matching payment to the Town of approximately \$70,000, to purchase the property from the homeowners. The property was sold to the Town for approximately \$240,000. The Town demolished the home at a cost of approximately \$30,000 and converted the remaining land to a Town park.

**Note 15. Subsequent Events**

Subsequent to year end, the Town contracted with an outside party for paving in the amount of \$126,764.

During the current fiscal year, the citizens of the Town authorized the Selectboard to borrow \$155,000 for the purchase of a new truck. Subsequent to year end, the Town approved a bid for the new truck in the amount of \$186,795 less \$25,000 trade in on an old truck. The remaining amount is to be paid from taxes.

Management has evaluated subsequent events through December 20, 2016, 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, 2016**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 2,048,450	\$ 2,044,371	\$ (4,079)
Licenses and permits	33,260	35,380	2,120
Intergovernmental	394,270	179,396	(214,874)
Charges for services	23,000	30,077	7,077
Investment income	1,000	1,247	247
Miscellaneous income	15,076	41,224	26,148
Total revenue	<u>2,515,056</u>	<u>2,331,695</u>	<u>(183,361)</u>
<b>EXPENDITURES</b>			
General government			
Select board	50,304	51,504	(1,200)
Elections	8,750	7,366	1,384
Administration	65,091	50,052	15,039
Town clerk and treasurer	100,540	100,030	510
Finance	96,405	97,696	(1,291)
Listers	56,347	59,671	(3,324)
Town hall	82,326	78,623	3,703
Post office	4,450	174	4,276
School house	2,770	2,475	295
Public safety			
Animal control	2,944	3,440	(496)
Public safety	245,094	242,092	3,002
Health	19,979	13,527	6,452
Recreation	6,765	6,326	439
Planning and zoning	100,114	54,857	45,257
Conservation	-	45	(45)
Energy	500	500	-
Cultural services	98,243	98,243	-
Appropriations	170,221	150,174	20,047
Highway	872,116	872,971	(855)
Debt service			
Principal	105,167	105,167	-
Interest	17,980	17,652	328
Capital outlay	<u>539,700</u>	<u>448,835</u>	<u>90,865</u>
Total expenditures	<u>2,645,806</u>	<u>2,461,420</u>	<u>184,386</u>
Deficiency of revenues under expenses	<u>(130,750)</u>	<u>(129,725)</u>	<u>1,025</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds of issuance of debt	<u>121,900</u>	<u>119,900</u>	<u>(2,000)</u>
Total other financing sources	<u>121,900</u>	<u>119,900</u>	<u>(2,000)</u>
<b>EXTRAORDINARY ITEMS</b>			
Grant revenue - Home buyout	-	272,265	272,265
Cost of home buyout property	-	(272,905)	(272,905)
Total extraordinary items	-	(640)	(640)
Net change in fund balance, before use of surplus	(8,850)	(10,465)	(1,615)
Use of surplus	<u>8,850</u>	<u>-</u>	<u>(8,850)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10,465)</u>	<u>\$ (10,465)</u>

**TOWN OF UNDERHILL, VERMONT**

**SCHEDULE OF THE TOWN'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
Vermont Municipal Employees Retirement System  
Last 3 Fiscal years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town's proportion of the net pension liability	0.2124%	0.2014%	0.2086%
Town's proportionate share of the net pension liability	\$ 163,747	\$ 18,384	\$ 75,949
Town's covered-employee payroll	\$ 428,200	\$ 388,221	\$ 385,233
Town's portion of the net pension liability as a percentage of the covered-employee payroll	38.24%	4.74%	19.72%
Plan fiduciary net position as a percentage of the total pension liability	87.42%	98.32%	92.71%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
Vermont Municipal Employees Retirement System  
Last 3 Fiscal years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 29,689	\$ 25,983	\$ 25,040
Contributions in relation to the statutorily required contribution	<u>29,689</u>	<u>25,983</u>	<u>25,040</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions in relation to the statutory required contribution as a percentage of the covered-employee payroll	6.93%	6.69%	6.50%



## **TOWN OF UNDERHILL, VERMONT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION Vermont Municipal Employees Retirement System**

**Valuation date:** Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

**Actuarial cost method** Entry Age Normal - Level Percentage of Pay

**Amortization method** Installments increasing 5% per year

**Remaining amortization period** 24 years

**All closed basis**

**Asset valuation method** Invested assets are reported at fair value

#### **Actuarial assumptions**

Discount rate	7.95%
Projected salary increases	5%
Cost of living adjustments	1.80%

#### **Post Retirement Adjustments**

Allowances in payment for at least on year increased on January 1 by one-half of the percentage increase in CPI but not in excess of percentage indicated	3%
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## **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, 2016**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes			
Property taxes	\$ 2,013,550	\$ 2,007,510	\$ (6,040)
Delinquent interest	5,000	3,809	(1,191)
Delinquent penalties	13,000	15,293	2,293
Payment in lieu of taxes	16,900	17,759	859
Total property taxes	<u>2,048,450</u>	<u>2,044,371</u>	<u>(4,079)</u>
Licenses and permits			
Dog licenses	4,000	3,321	(679)
Zoning	20,000	22,779	2,779
Traffic control	6,000	3,775	(2,225)
Certified copies	500	655	155
Other fees	2,760	4,850	2,090
Total licenses and permits	<u>33,260</u>	<u>35,380</u>	<u>2,120</u>
Intergovernmental			
State aid	102,000	106,127	4,127
Current use	47,000	54,956	7,956
Road grants	75,000	-	(75,000)
Lister education grant	-	396	396
PACIF equipment grant	-	232	232
Flats sidewalk grant	157,770	6,269	(151,501)
Reappraisal	12,500	11,416	(1,084)
Total intergovernmental	<u>394,270</u>	<u>179,396</u>	<u>(214,874)</u>
Charges for services			
Animal control	-	490	490
Copier usage	2,500	2,556	56
Town hall rent	400	700	300
Recording fees	20,100	26,331	6,231
Total charges for services	<u>23,000</u>	<u>30,077</u>	<u>7,077</u>
Investment income			
Interest income	<u>1,000</u>	<u>1,247</u>	<u>247</u>
Miscellaneous income			
Rental - Post office	9,100	9,100	-
School billback	2,500	2,563	63
Historical society donation	-	5,843	5,843
Other miscellaneous income	3,476	23,718	20,242
Total miscellaneous income	<u>15,076</u>	<u>41,224</u>	<u>26,148</u>
Total revenues	<u>2,515,056</u>	<u>2,331,695</u>	<u>(183,361)</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, 2016**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES</b>			
General government:			
Select board			
Stipend	4,500	4,500	-
Payroll taxes	344	344	-
Benefits	11,658	4,448	7,210
Training and development	350	270	80
Professional and technical services	10,250	32,510	(22,260)
Other purchased services	4,602	4,631	(29)
Supplies	-	34	(34)
Other expenses	18,600	4,767	13,833
Total select board	50,304	51,504	(1,200)
Elections			
Salaries	1,500	1,094	406
Payroll taxes	25	-	25
Professional and technical services	875	200	675
Other purchased services	5,250	4,982	268
Supplies	1,100	1,090	10
Total elections	8,750	7,366	1,384
Administration			
Salaries	53,445	42,350	11,095
Payroll taxes	4,089	3,240	849
Benefits	6,257	5,065	1,192
Training and development	200	71	129
Professional and technical services	500	-	500
Supplies	100	-	100
Other expenses	500	(674)	1,174
Total administration	65,091	50,052	15,039
Town clerk and treasurer			
Salaries	76,475	76,137	338
Payroll taxes	5,850	5,824	26
Benefits	7,520	7,818	(298)
Training and development	595	345	250
Professional and technical services	8,950	8,674	276
Supplies	400	-	400
Other expenses	750	1,232	(482)
Total town clerk and treasurer	100,540	100,030	510

**TOWN OF UNDERHILL, VERMONT**

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

**For the Year Ended June 30, 2016**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Finance</b>			
Salaries	64,372	65,324	(952)
Payroll taxes	4,925	4,997	(72)
Benefits	15,208	15,926	(718)
Training and development	500	724	(224)
Professional and technical services	11,000	10,400	600
Supplies	200	-	200
Other expenses	200	325	(125)
Total finance	<u>96,405</u>	<u>97,696</u>	<u>(1,291)</u>
<b>Listers</b>			
Salaries	45,485	49,663	(4,178)
Payroll taxes	3,480	3,799	(319)
Benefits	501	451	50
Training and development	550	630	(80)
Professional and technical services	5,000	3,500	1,500
Supplies	935	1,141	(206)
Other expenses	396	487	(91)
Total listers	<u>56,347</u>	<u>59,671</u>	<u>(3,324)</u>
<b>Town hall</b>			
Other purchased services	45,426	41,294	4,132
Supplies	25,000	29,470	(4,470)
Other expenses	11,900	7,859	4,041
Total town hall	<u>82,326</u>	<u>78,623</u>	<u>3,703</u>
<b>Post office</b>			
Other purchased services	3,700	-	3,700
Supplies	750	174	576
Total post office	<u>4,450</u>	<u>174</u>	<u>4,276</u>
<b>School house</b>			
Other purchased services	2,500	1,607	893
Supplies	-	646	(646)
Other expenses	270	222	48
Total school house	<u>2,770</u>	<u>2,475</u>	<u>295</u>
<b>Total general government</b>	<u>466,983</u>	<u>447,591</u>	<u>19,392</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, 2016**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public safety:			
Animal control			
Salaries	1,706	1,961	(255)
Payroll taxes	131	150	(19)
Benefits	7	8	(1)
Professional and technical services	-	1,090	(1,090)
Supplies	1,000	192	808
Other expenses	100	39	61
Total animal control	<u>2,944</u>	<u>3,440</u>	<u>(496)</u>
Public safety			
Professional and technical services	15,300	12,298	3,002
Appropriations	<u>229,794</u>	<u>229,794</u>	<u>-</u>
Total public safety	<u>245,094</u>	<u>242,092</u>	<u>3,002</u>
Health			
Salaries	659	-	659
Payroll taxes	50	-	50
Benefits	3	-	3
Professional and technical services	11,830	6,590	5,240
Supplies	500	-	500
Appropriations	<u>6,937</u>	<u>6,937</u>	<u>-</u>
Total health	<u>19,979</u>	<u>13,527</u>	<u>6,452</u>
Total public safety	<u>268,017</u>	<u>259,059</u>	<u>8,958</u>
Recreation:			
Salaries	3,803	2,824	979
Payroll taxes	291	216	75
Benefits	36	28	8
Other purchased services	635	586	49
Supplies	<u>2,000</u>	<u>2,672</u>	<u>(672)</u>
Total recreation	<u>6,765</u>	<u>6,326</u>	<u>439</u>
Planning and zoning:			
Salaries	53,444	28,952	24,492
Payroll taxes	4,088	2,215	1,873
Benefits	6,257	1,392	4,865
Training and development	1,275	350	925
Professional and technical services	25,250	14,175	11,075
Other purchased services	7,600	6,279	1,321
Supplies	1,750	1,100	650
Other expenses	<u>450</u>	<u>394</u>	<u>56</u>
Total planning and zoning	<u>100,114</u>	<u>54,857</u>	<u>45,257</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, 2016**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Conservation:			
Other expenses		45	(45)
Total conservation	-	45	(45)
Energy:			
Other expenses	500	500	-
Total energy	500	500	-
Cultural services:			
Town library	98,243	98,243	-
Total cultural services	98,243	98,243	-
Appropriations:			
General appropriations	131,650	111,677	19,973
Regional service appropriations	32,771	32,497	274
Social service appropriations	5,800	6,000	(200)
Total appropriations	170,221	150,174	20,047
Highway:			
Salaries	218,183	202,471	15,712
Payroll taxes	16,691	15,602	1,089
Benefits	62,495	61,617	878
Training and development	300	60	240
Professional and technical services	52,500	56,578	(4,078)
Other purchased services	94,647	83,120	11,527
Supplies	270,600	211,079	59,521
Other expenses	156,700	242,444	(85,744)
Total highway	872,116	872,971	(855)
Debt service:			
Principal	105,167	105,167	-
Interest	17,980	17,652	328
Total debt service	123,147	122,819	328
Capital outlay	539,700	448,835	90,865
Total expenditures	2,645,806	2,461,420	184,386
Deficiency of revenues under expenditures	(130,750)	(129,725)	1,025

**TOWN OF UNDERHILL, VERMONT**

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

**For the Year Ended June 30, 2016**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>OTHER FINANCING SOURCES</b>			
Proceeds of issuance of debt	121,900	119,900	(2,000)
Total other financing sources	121,900	119,900	(2,000)
<b>EXTRAORDINARY ITEMS</b>			
Grant revenue - Home buyout	-	272,265	272,265
Cost of home buyout property	-	(272,905)	(272,905)
Total extraordinary items	-	(640)	(640)
 Net change in fund balance, before use of surplus	(8,850)	(10,465)	(1,615)
 Use of surplus	8,850	-	(8,850)
 Net change in fund balance	\$ -	\$ (10,465)	\$ (10,465)