



PEISCH

CPAs & Advisors Since 1920

TOWN OF UNDERHILL, VERMONT

FINANCIAL STATEMENTS

June 30, 2022



CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
BASIC FINANCIAL STATEMENTS:	
Government-wide financial statements	
Statement of net position	13
Statement of activities	14
Fund financial statements	
Governmental fund	
Balance sheet - Governmental fund	15
Reconciliation of the governmental fund balance sheet to the statement of net position	16
Statement of revenues, expenditures, and changes in fund balance - Governmental fund	17
Reconciliation of the governmental fund statement of revenues, expenditures, and changes in fund balance to the statement of activities	18
Fiduciary fund	
Statement of fiduciary net position	19
Statement of changes in fiduciary net position	20
Notes to financial statements	21 - 39
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule – General fund	40
Note to required supplementary information – Budgetary comparison schedule – General fund	41
Schedule of the Town's proportionate share of net pension liability	42
Schedule of the Town's contributions	42
Notes to required supplementary information – Pension plan	43
OTHER SUPPLEMENTARY INFORMATION	
Schedule of revenues, expenditures, and changes in fund balance – Budgetary basis - Budget and actual - General fund	44 - 48

INDEPENDENT AUDITOR'S REPORT

To the Selectboard
Town of Underhill, Vermont
Underhill, Vermont

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, Budgetary comparison schedule – General fund on page 40, the Note to required supplementary information – Budgetary comparison schedule – General fund on page 44, the Schedules of the Town's proportionate share of the net pension liability and contributions on page 42, and the Notes to required supplementary information – Pension plan on page 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Underhill, Vermont's basic financial statements. The Schedule of revenues, expenditures, and changes in fund balance - Budgetary basis - Budget and actual - General fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of revenues, expenditures, and changes in fund balance - Budgetary basis - 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 February 24, 2023, on our consideration of the Town of Underhill, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Underhill, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Underhill, Vermont's internal control over financial reporting and compliance.

A.M. Peioch & Company, LLP

Saint Albans, Vermont
February 24, 2023
VT Reg. No. 92-0000102

TOWN OF UNDERHILL, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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, 2022. 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 during the fiscal year 2022 from July 1, 2021 to June 30, 2022.

Financial Highlights

- The net assets of the Town exceeded its liability by \$700,648 as of June 30, 2022. Of this amount, \$674,991 (unrestricted fund balance) may be used to meet the government's ongoing obligations. The decrease of \$173,728 in fund balance represents the Town's use of reserves to meet obligations.
- The Town of Underhill's total long-term debt, excluding accrued compensated absences, accrued postemployment benefits, and net pension liability increased from \$407,000 to \$483,660 during the 2022 fiscal year as a new highway equipment note was signed.
- The General Fund ended the year with a balance of \$700,648, compared to a fund balance of \$874,376 in FY2021 and \$883,277 in FY2020. The use of reserves to fund capital purchases and lack of surplus funds available to replenish reserves is causing our fund balance to decrease year after year.

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).

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 13 and 14 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 a governmental fund and a fiduciary 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 44 through 48 of this report.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

The Town maintains one fiduciary fund, the Custodial Fund, for property taxes collected and remitted to the Town's schools.

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 21 through 39.

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 \$5,129,735 as of June 30, 2022, up from \$4,530,930 as of June 30, 2021.

The largest portion of the Town of Underhill's net position (92.37%) reflects its investment in capital assets (land, buildings, improvements, equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town of Underhill uses these assets to provide services to citizens.

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

Town of Underhill
Net Position

	Governmental Activities	Governmental Activities
	2022	2021
Current and other assets	\$ 1,112,185	\$ 1,007,919
Capital assets	5,221,781	4,360,572
Total assets	<u>6,333,966</u>	<u>5,368,491</u>
Deferred outflows of resources	112,016	164,543
Long term liabilities	741,850	844,645
Other liabilities	341,574	120,860
Total liabilities	<u>1,083,424</u>	<u>965,505</u>
Deferred inflows of resources	<u>232,823</u>	<u>36,599</u>
Net position:		
Net investment in capital assets	4,738,121	3,953,572
Restricted	25,657	73,159
Unrestricted	365,957	504,199
Total net position	<u>\$ 5,129,735</u>	<u>\$ 4,530,930</u>

Changes in Net Position

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 \$365,957 for fiscal year 2022, down from \$504,199 in 201, \$527,924 in 2020, and \$956,234 in 2019. This downward trend since 2019 represents the use of reserves to fund infrastructure project instead of using debt capital or increasing taxes to complete projects.

The following schedule highlights the key elements of the Town’s revenues and expenses for the 2022 and 2021 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>2022</u>	<u>2021</u>
REVENUES		
Program revenues:		
Charges for services	\$ 78,521	\$ 122,363
Operating grants and revenues	410,191	253,307
Capital grants and contributions	399,605	69,252
General revenues:		
Property taxes	2,177,351	2,125,192
Investment income	8,111	10,623
Gain on sale of asset	25,000	-
Miscellaneous income	21,667	31,771
Total revenues	<u>3,120,446</u>	<u>2,612,508</u>
PROGRAM EXPENSES		
General government	728,209	797,688
Public safety	305,968	325,451
Culture and recreation	118,869	113,980
Energy	3,893	442
Highway	1,195,238	1,133,360
Appropriations	161,461	155,653
Interest on long-term debt	8,003	6,693
Total program expenses	<u>2,521,641</u>	<u>2,533,267</u>
Increase in net position	<u>\$ 598,805</u>	<u>\$ 79,241</u>

Governmental Activities

The Town’s tax rate increased from \$.5007 per \$100 of assessed value to \$.5077 in fiscal year 2022, which is a negligible .0070 increase on the tax rate. There was an increase of \$52,159 overall in the Town’s tax revenue in fiscal year 2021. The actual tax rate for fiscal year 2023 decreased to .4504, a decrease of .0573.

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
	2022	2021	2022	2021
General government	\$ 654,537	\$ 686,962	\$ (519,146)	\$ (515,076)
Public safety	305,968	325,451	(305,368)	(299,791)
Recreation	7,103	2,080	(6,064)	(1,154)
Planning and zoning	73,672	110,726	(51,658)	(72,236)
Energy	3,893	442	11	(244)
Cultural services	111,766	111,900	(111,766)	(111,900)
Appropriations	161,461	155,653	(161,461)	(155,653)
Highways	1,195,238	1,133,360	(973,056)	(940,788)
Sidewalk grant - Flats	-	-	503,187	15,190
Interest on long term debt	8,003	6,693	(8,003)	(6,693)
Totals	<u>\$ 2,521,641</u>	<u>\$ 2,533,267</u>	<u>\$ (1,633,324)</u>	<u>\$ (2,088,345)</u>

The net cost of services as a percentage of total cost of services for 2022 was 64.8% and 82.4% of the total cost of services in 2021. 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 \$700,648, a decrease of \$173,728 for the year. Of the total balance, 22.13% is classified as committed and 59.82% is unassigned. The balance is non-spendable or restricted. The decrease in fund balance is due to spending down the Town's reserve funds.

Committed funds include \$64,712 capital reserve accounts, \$76,928 contingency reserves or rainy day reserves, \$2,888 conservation reserve, \$1,451 for recreation reserve, \$6,050 in the solar decommissioning reserve, and \$3,000 for tree warden reserve.

General Fund Budgetary Highlights

The 2022 final budget was \$3,141,600. Actual expenditures were \$3,480,394, \$338,298 more than originally budgeted due to overages in capital outlay expenses. Pandemic inflation increased the costs of paving and other expenses directly related to the sidewalk project that was finally

substantially completed in 2022. During the year, revenues were \$200,081 more than budgeted due to ARPA grant money, but also increases in other charges and income as well.

The net result of the variances was a surplus of \$30,178 for FY22.

Capital Assets

At June 30, 2022, the Town had \$5,221,781 invested in a broad range of capital assets that includes land, buildings and improvements, equipment, infrastructure, and construction in process, net of accumulated depreciation. This amount represents a considerable net increase up from \$4,360,572 over the prior year, mostly due to capital infrastructure projects completed in FY22. The Town constructed a sidewalk in the Flats and purchased a new dump truck. The increase also includes over \$400,000 added to infrastructure during the year consisting of some considerable paving projects.

Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities	
	2022	2021
Land	\$ 342,335	\$ 342,335
Construction in progress	640,387	108,308
Buildings and improvements	1,236,861	1,220,294
Vehicle and equipment	1,617,880	1,540,973
Infrastructure	4,449,964	4,035,846
Office equipment	57,996	57,996
Accumulated depreciation	(3,123,642)	(2,945,180)
Totals	<u>\$ 5,221,781</u>	<u>\$ 4,360,572</u>

Long-term Debt

At year-end, the Town had \$483,660 in bonds and notes payable. In the current year, one equipment note was paid off and a new note for \$180,000 came on. Generally, equipment notes are paid over five years.

Outstanding Debt at Year-End

	Governmental Activities		Increase (Decrease)
	2022	2021	
Bonds and notes payable	<u>\$ 483,660</u>	<u>\$ 407,000</u>	<u>\$ 76,660</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 2022 budget for town operations. The goal is to meet the Town's current obligations, maintain the infrastructure in a forward-thinking manner, and prepare to meet the challenges that may come in the future. The economic climate, property values, and the impact of the budget on property tax rates are always considered.

For fiscal year 2023 we budgeted a decrease in the municipal tax rate from .5304 to .4708. The property tax rate increased due to the education tax increase, which the Town of Underhill has no control over. The expenditures are budgeted lower than the prior year as the highway budget for repairs and infrastructure is lower. The rate also is lower due to the net effect of the increase in the Town's grand list after the reappraisal.

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, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 844,502
Receivables:	
Delinquent taxes	25,457
Delinquent tax interest	663
Delinquent tax penalties	1,527
Grants receivable	73,538
Other receivables	2,133
Lease receivable	3,250
Prepaid expenses	9,103
Inventory	91,762
Total current assets	1,051,935
Non-current assets:	
Lease receivable, non-current	60,250
Capital assets:	
Land	342,335
Property and equipment, net of depreciation	4,239,059
Work in progress	640,387
Total capital assets	5,221,781
Total non-current assets	5,282,031
Total assets	6,333,966
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - Pension	112,016
LIABILITIES	
Accounts payable and accrued expenses	80,203
Accrued wages	17,237
Unearned grant revenue	3,007
Refundable advances	234,929
Interest payable	6,198
Long-term liabilities	
Due within one year	110,022
Due in more than one year	631,828
Total liabilities	1,083,424
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - Lease	63,500
Deferred inflows of resources - Pension	169,323
Total deferred inflows of resources	232,823
NET POSITION	
Net investment in capital assets	4,738,121
Restricted for:	
Reappraisal	30
Tomasi Meadow reserve	5,677
Restoration reserve	16,685
Listers education	3,265
Unrestricted	365,957
Total net position	\$ 5,129,735

See accompanying notes.

TOWN OF UNDERHILL, VERMONT

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

<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	\$ 654,537	\$ 53,797	\$ 81,594	\$ -	\$ (519,146)
Public safety	305,968	600	-	-	(305,368)
Recreation	7,103	1,039	-	-	(6,064)
Planning and zoning	73,672	22,014	-	-	(51,658)
Energy	3,893	11	3,893	-	11
Cultural services	111,766	-	-	-	(111,766)
Appropriations	161,461	-	-	-	(161,461)
Highway	1,195,238	1,060	199,577	21,545	(973,056)
Flats sidewalk grant	-	-	125,127	378,060	503,187
Interest on long-term debt	8,003	-	-	-	(8,003)
	<u>\$ 2,521,641</u>	<u>\$ 78,521</u>	<u>\$ 410,191</u>	<u>\$ 399,605</u>	<u>(1,633,324)</u>
General revenues:					
Property taxes, penalties and interest					2,177,351
Earnings on investments					8,111
Gain on sale of asset					25,000
Miscellaneous					21,667
Total general revenues					<u>2,232,129</u>
Change in net position					598,805
Net position - July 1, 2021					<u>4,530,930</u>
Net position - June 30, 2022					<u>\$ 5,129,735</u>

See accompanying notes.

TOWN OF UNDERHILL, VERMONT

**BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 844,502
Receivables:	
Delinquent taxes	25,457
Delinquent tax interest	663
Delinquent tax penalties	1,527
Grants receivable	73,538
Other receivables	2,133
Lease receivable	63,500
Prepaid expenses	9,103
Inventory	91,762
Total assets	<u>\$ 1,112,185</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 80,203
Accrued wages	17,237
Unearned grant revenue	3,007
Refundable advances	234,929
Total liabilities	<u>335,376</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - Property taxes	12,661
Lease	63,500
Total deferred inflows of resources	<u>76,161</u>
FUND BALANCE	
Nonspendable	100,865
Restricted	25,657
Committed	155,029
Unassigned	419,097
Total fund balance	<u>700,648</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,112,185</u>

See accompanying notes.

TOWN OF UNDERHILL, VERMONT

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

June 30, 2022

Total fund balance - Governmental fund	\$ 700,648
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 \$8,345,423, and the accumulated depreciation is \$3,123,642.	5,221,781
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.	12,661
Current year pension contributions and other changes in the net pension liability are reported as deferred outflows of resources in the statement of net position, but are not reported as deferred outflows of resources in the governmental funds.	112,016
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	483,660
Accrued compensated absences	26,389
Accrued post employment benefits	10,902
Net pension liability	<u>220,899</u>
	(741,850)
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.	(6,198)
Changes in the Town's proportionate share of pension contributions and other changes in the net pension liability are reported as deferred inflows of resources in the statement of net position, but are not reported in the governmental funds.	<u>(169,323)</u>
Total net position - Governmental activities	<u>\$ 5,129,735</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, 2022**

	General Fund
REVENUES	
Property taxes	\$ 2,183,571
Licenses and permits	34,830
Intergovernmental	811,160
Charges for services	42,041
Investment income	8,111
Miscellaneous income	21,953
Total revenues	<u>3,101,666</u>
EXPENDITURES	
Current:	
General government	614,993
Public safety	305,968
Recreation	7,103
Planning and zoning	73,759
Conservation	1,103
Energy	3,893
Cultural services	111,766
Appropriations	161,461
Highway	967,518
Debt service	111,343
Capital outlay	<u>1,121,487</u>
Total expenditures	<u>3,480,394</u>
Deficiency of revenues over expenditures	<u>(378,728)</u>
OTHER FINANCING SOURCES	
Proceeds from issuance of debt	180,000
Proceeds from sale of asset	<u>25,000</u>
Total other financing sources	<u>205,000</u>
Net change in fund balance	(173,728)
Fund balance - July 1, 2021	<u>874,376</u>
Fund balance - June 30, 2022	<u>\$ 700,648</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, 2022**

Total net change in fund balances - Governmental fund \$ (173,728)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlays of \$1,209,671 exceeds depreciation expense of \$348,462 in the period. 861,209

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 \$6,220. (6,220)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 103,340

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. (180,000)

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 amounts used by \$4,244. (4,244)

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 \$391. 391

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. (1,943)

Change in net position of governmental activities \$ 598,805

See accompanying notes.

TOWN OF UNDERHILL, VERMONT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2022

	Custodial Fund
ASSETS	
Total assets	<u>\$ -</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Total liabilities	<u>\$ -</u>
NET POSITION	
Total net position	<u>-</u>
Total liabilities and net position	<u><u>\$ -</u></u>

See accompanying notes.

TOWN OF UNDERHILL, VERMONT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2022

	Custodial Fund
ADDITIONS	
Education taxes collected for other governments	\$ <u>5,546,632</u>
Total additions	<u>5,546,632</u>
DEDUCTIONS	
Education taxes distributed to other governments	<u>5,546,632</u>
Total deductions	<u>5,546,632</u>
Change in Net Position	-
Net position - July 1, 2021	<u>-</u>
Net position - June 30, 2022	<u>\$ -</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 fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the Town's activities are classified as governmental activities.

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

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

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

C. Basic Financial Statements – Fund Financial Statements

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental Funds:

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

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

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

Additionally, the Town reports the following fund type:

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

D. Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of

Note 1. Summary of Significant Accounting Policies (Continued)

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

E. Budgetary Data

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

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

F. Equity Classification

Government-wide Statements

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Statements

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

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, 2022.

Note 1. Summary of Significant Accounting Policies (Continued)

J. Lease Receivable

The Town's lease receivable for the land lease and easement for the solar array is measured at the stated value of the lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized as lease payments are received.

K. Inventory

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

L. 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 in the governmental funds financial statements.

M. Capital Assets

Infrastructure assets purchased or acquired with an original cost of \$25,000 and capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

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

N. 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 change in the net pension liability due to changes in assumptions, and (4) the Town's proportionate share of differences between expected and actual experience.

Note 1. Summary of Significant Accounting Policies (Continued)

The Town reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that future period. Deferred inflows on the statement of net position consist of the change in the Town's proportionate share of pension contributions and the Town's proportionate share of differences between projected and actual investment earnings. Deferred inflows on the governmental fund balance sheet consist of unavailable revenue - property taxes that were not collected within 60 days of year end and lease payments to be received in future years.

O. 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 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).

P. 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.

Q. Accrued Compensated Absences

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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 Principle

On July 1, 2021, the Town adopted GASB Statement No. 87, *Leases* which requires the Town to recognize most leases on the statement of net position and the balance sheet. Under the requirements of the GASB Statement, the Town has recognized a lease receivable and deferred inflows of resources of \$66,750 for the year ended June 30, 2021 and \$63,500 for the year ended June 30, 2022. The adoption had no impact on beginning net position or fund balance.

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

GASB Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases*

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

GASB Statement No. 98, *The Annual Comprehensive Financial Report*

GASB Statement No. 99, *Omnibus 2022*

GASB Statement No. 100, *Accounting Changes and Error Corrections*

GASB Statement No. 101, *Compensated Absences*

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, 2022, all of the Town of Underhill, Vermont's bank balance of \$885,644 was fully insured.

Note 3. Delinquent Taxes Receivable

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

Note 4. Property Taxes

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

The tax rates for fiscal year 2022 were:

	Residential	Non-Residential
Municipal	\$ 0.5077	\$ 0.5077
Local agreement	0.0227	0.0227
Education	<u>1.6542</u>	<u>1.8037</u>
Total tax rate	<u>\$ 2.1846</u>	<u>\$ 2.3341</u>

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 342,335	\$ -	\$ -	\$ 342,335
Work in progress	108,308	532,079	-	640,387
Total capital assets not depreciated	<u>450,643</u>	<u>532,079</u>	<u>-</u>	<u>982,722</u>
Capital assets, being depreciated				
Infrastructure	4,035,846	414,118	-	4,449,964
Building and improvements	1,220,294	16,567	-	1,236,861
Vehicles and equipment	1,540,973	246,907	(170,000)	1,617,880
Office equipment	57,996	-	-	57,996
Total capital assets being depreciated	<u>6,855,109</u>	<u>677,592</u>	<u>(170,000)</u>	<u>7,362,701</u>
Less accumulated depreciation for:				
Infrastructure	(1,014,599)	(192,770)	-	(1,207,369)
Building and improvements	(771,318)	(52,880)	-	(824,198)
Vehicles and equipment	(1,108,201)	(96,869)	170,000	(1,035,070)
Office equipment	(51,062)	(5,943)	-	(57,005)
Total accumulated depreciation	<u>(2,945,180)</u>	<u>(348,462)</u>	<u>170,000</u>	<u>(3,123,642)</u>
Total capital assets, being depreciated, net	<u>3,909,929</u>	<u>329,130</u>	<u>-</u>	<u>4,239,059</u>
Governmental activities capital assets, net	<u>\$ 4,360,572</u>	<u>\$ 861,209</u>	<u>\$ -</u>	<u>\$ 5,221,781</u>

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 39,225
Highway	<u>309,237</u>
Total depreciation expense - Governmental activities	<u>\$ 348,462</u>

Note 6. Long-Term Liabilities

Below is a summary of long-term liabilities for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and Notes Payable:					
Community Bank NA - note, interest 2.15%, maturing February 1, 2022, principal payments of \$31,000 plus interest due annually beginning February 1, 2018.	\$ 31,000	\$ -	\$ 31,000	\$ -	\$ -
Union Bank - note, interest 2.04%, maturing September 8, 2025, payments of \$64,995 due annually beginning September 8, 2021.	306,000	-	58,775	247,225	59,952
Union Bank - note, interest 1.58%, maturing December 11, 2025, payments of \$14,671 due annually beginning December 11, 2021.	70,000	-	13,565	56,435	13,779
Union Bank - note, interest 1.59%, maturing August 10, 2026, payments of \$37,735 due annually beginning August 10, 2022.	<u>-</u>	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>34,873</u>
Total bonds and notes payable	407,000	180,000	103,340	483,660	108,604
Other long term liabilities:					
Accrued compensated absences	22,145	4,244	-	26,389	-
Accrued post employment benefits	11,293	-	391	10,902	1,418
Net pension liability	<u>404,207</u>	<u>-</u>	<u>183,308</u>	<u>220,899</u>	<u>-</u>
Total long-term liabilities	<u>\$ 844,645</u>	<u>\$ 184,244</u>	<u>\$ 287,039</u>	<u>\$ 741,850</u>	<u>\$ 110,022</u>

Note 6. Long-Term Liabilities (Continued)

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

Years Ending	Principal	Interest	Total
2023	\$ 108,604	\$ 8,797	\$ 117,401
2024	110,599	6,803	117,402
2025	112,620	4,781	117,401
2026	114,692	2,694	117,386
2027	37,145	591	37,736
Thereafter	-	-	-
	<u>\$ 483,660</u>	<u>\$ 23,666</u>	<u>\$ 507,326</u>

Interest expense on long-term debt for the year ended June 30, 2022 was \$8,003.

Note 7. Short-Term Debt

The Town had available a non-revolving line of credit for \$300,000 with interest at .74% to finance the sidewalk project, if needed. The line of credit expired August 2, 2022. There were no advances made on this line of credit during the year.

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.

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 expires on June 30, 2023. The lease expense for fiscal year 2022 was \$1,831. Future minimum rental payments for each of the two subsequent fiscal years and thereafter are as follows:

2023	\$ 1,831
Thereafter	-
	<hr/>
	\$ 1,831

Note 10. Municipal Employees’ Retirement System

Plan Description

The Vermont Municipal Employees’ Retirement System is a cost-sharing, multiple employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for 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, 2021, the retirement system consisted of 352 participating employers.

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

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

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

Summary of System Provisions

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

Note 10. Municipal Employees' Retirement System (Continued)

Membership	Full time employees of participating municipalities. Municipality elects coverage.
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.
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%.

Note 10. Municipal Employees' Retirement System (Continued)

Retirement Stipend	\$25 per month payable at the option of the Board of retirees.
Member Contributions	10.50% for fiscal year ended 6/30/21, 10.75% effective 7/1/21
Employer Contributions	7.75% for fiscal year ended 6/30/21, 8.00% effective 7/1/21

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 8.00% from July 1, 2021 to June 30, 2022. 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, 2022 were \$35,867.

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

At June 30, 2022, the Town reported a liability of \$220,899 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Town's proportion was .1501%, which was a decrease of .0097% from its proportion of .1598% measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$37,810. At June 30, 2022, 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	\$ 41,172	\$ -
Changes in assumptions	34,916	-
Difference between projected and actual investment earnings	-	130,248
Changes in proportionate share of contributions	61	39,075
Town contributions subsequent to the measurement date	<u>35,867</u>	<u>-</u>
Total	<u>\$ 112,016</u>	<u>\$ 169,323</u>

Note 10. Municipal Employees' Retirement System (Continued)

The \$35,867 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, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,		
2022	\$	22,790
2023		(18,215)
2024		(23,346)
2025		(38,536)
Thereafter		<u>-</u>
Total	\$	<u>(57,307)</u>

Significant Actuarial Assumptions and Methods

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Salary Increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Mortality:

Pre-Retirement: 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.

Healthy Post-retirement – Retirees:

104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with general projection using scale MP-2019.

Healthy Post-retirement - Beneficiaries:

70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Disabled Post-retirement:

PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

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

Cost-of-Living Adjustments: 1.20%. The January 1, 2021 and January 1, 2022 COLA are 0.40% and 2.30%, respectively.

Note 10. Municipal Employees' Retirement System (Continued)

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

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

Inflation: 2.30% per year

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equities - Large Cap	4.00%	4.00%
US Equities - Small/Mid Cap	3.00%	4.50%
Non-US Developed US Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Fixed Income	19.00%	0.00%
Private & Alternate Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer

Note 10. Municipal Employees' Retirement System (Continued)

contributions will be made at rates set by the Board (employers) and statute (members). The four years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. 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 7.00%, 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 (6.00%) or one percent higher (8.00%) than the current rate:

	Discount Rate	Town's Proportionate Share of Net Pension Liability
1% decrease	6.00%	\$ 436,619
Current discount rate	7.00%	\$ 220,899
1% increase	8.00%	\$ 43,514

Included in accounts payable are legally required contributions not yet submitted to VMERS in the amount of \$6,679 at June 30, 2022.

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 \$10,902 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 the next year and thereafter are as follows:

2023	\$ 4,110
Thereafter	<u>-</u>
Total	<u>\$ 4,110</u>

The Town has entered into a land lease and easement agreement for twenty years with an outside party for a solar array. The agreement provides for three renewal options of five years each. The agreement provides for annual payments to the Town of \$3,250 commencing November 2019 for ten years and annual payments of \$3,750 for the remaining ten years and for the term of each renewal option. The Town recognized \$3,250 in lease revenue during the year.

The voters have approved to create a decommissioning fund to be funded from the first four annual lease payments for the purpose of decommissioning the solar array.

Note 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, 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. Fund Balances

Fund balances are composed of the following at June 30, 2022:

	General Fund
Nonspendable	
Inventory	\$ 91,762
Prepaid expenses	9,103
	<u>100,865</u>
Restricted	
Listers education	3,265
Reappraisal	30
Tomasi Meadow reserve	5,677
Restoration reserve	16,685
	<u>25,657</u>
Committed	
Building reserve	26,704
Conservation	2,888
Contingency	56,244
Solar decommissioning reserve	6,050
Highway - Capital reserve	8,008
Highway - Contingency reserve	20,684
Highway - Tree warden reserve	3,000
Highway - Garage reserve	30,000
Recreation	1,451
	<u>155,029</u>
Unassigned	<u>419,097</u>
Total fund balance	<u>\$ 700,648</u>

Note 15. Tax Abatements

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

During the March 2019 Town meeting, the voters approved an additional five-year exemption of real estate taxes for the Underhill Jericho Fire Department. The real property value exempted from taxes was \$916,000 which amounted to \$4,651 in municipal taxes during the year ended June 30, 2022. The property is exempt from state education taxes.

Note 16. Subsequent Events

Subsequent to year end, the Town received a loan from Union Bank for \$350,000 with interest at 3.45%, maturing October 2023. The loan is to be used to pay current expenses of the Town of Underhill for the fiscal year ending June 30, 2023.

Subsequent to year end, the Town received a loan from Union Bank for \$192,000 with interest at 4.75% and annual principal and interest payments of \$44,041, maturing October 2027. The loan is to be used to finance the purchase of a new dump truck.

Subsequent to year end, the Town received a grant in the amount of \$205,281 for the acquisition and demolition of a dwelling.

Subsequent to year end, the Town received a grant in the amount of \$200,000 for repairs to be made on the Mountain Road bridge.

Management has evaluated subsequent events through February 24, 2023, 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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 2,159,150	\$ 2,159,150	\$ 2,183,571	\$ 24,421
Licenses and permits	39,500	39,500	34,830	(4,670)
Intergovernmental	655,782	655,782	811,160	155,378
Charges for services	25,500	25,500	42,041	16,541
Miscellaneous income	<u>21,653</u>	<u>21,653</u>	<u>30,064</u>	<u>8,411</u>
Total revenue	<u>2,901,585</u>	<u>2,901,585</u>	<u>3,101,666</u>	<u>200,081</u>
EXPENDITURES				
General government				
Select board	77,030	77,030	67,183	9,847
Elections	4,450	4,450	6,089	(1,639)
Administration	72,015	72,015	80,305	(8,290)
Town clerk and treasurer	111,737	111,737	117,354	(5,617)
Finance	54,885	54,885	85,566	(30,681)
Assessing	138,230	138,230	142,332	(4,102)
Town hall	83,600	83,600	106,328	(22,728)
Post office	1,500	1,500	-	1,500
School house	1,800	1,800	9,836	(8,036)
Public safety				
Animal control	3,575	3,575	5,469	(1,894)
Public safety	285,472	285,472	284,400	1,072
Health	18,000	18,000	16,099	1,901
Recreation				
Recreation	7,500	7,500	7,103	397
Planning and zoning				
Planning and zoning	109,854	109,854	73,759	36,095
Conservation				
Conservation	500	500	1,103	(603)
Energy				
Energy	4,000	4,000	3,893	107
Cultural services				
Cultural services	111,766	111,766	111,766	-
Appropriations				
Appropriations	157,132	157,132	161,461	(4,329)
Highway				
Highway	912,939	912,939	967,518	(54,579)
Debt service				
Principal	103,343	103,343	103,340	3
Interest	8,316	8,316	8,003	313
Capital outlay				
Capital outlay	<u>873,956</u>	<u>873,956</u>	<u>1,121,487</u>	<u>(247,531)</u>
Total expenditures	<u>3,141,600</u>	<u>3,141,600</u>	<u>3,480,394</u>	<u>(338,794)</u>
Excess (deficiency) of revenues over expenditures	<u>(240,015)</u>	<u>(240,015)</u>	<u>(378,728)</u>	<u>(138,713)</u>
OTHER FINANCING SOURCES				
Proceeds of issuance of debt	-	-	180,000	180,000
Proceeds from sale of assets	-	-	25,000	25,000
Use of reserves	<u>240,015</u>	<u>240,015</u>	<u>203,906</u>	<u>(36,109)</u>
Total other financing sources	<u>240,015</u>	<u>240,015</u>	<u>408,906</u>	<u>168,891</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,178</u>	<u>\$ 30,178</u>

TOWN OF UNDERHILL, VERMONT

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2022**

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

Total other financing sources as reported on the budgetary comparison schedule	\$ 408,906
Use of reserves are recorded as other financing sources for budgetary purposes but as reserve transfers for GAAP purposes	<u>(203,906)</u>
Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balance - governmental fund	<u>\$ 205,000</u>

TOWN OF UNDERHILL, VERMONT

**SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Vermont Municipal Employees Retirement System
Last 8 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.1501%	0.1598%	0.1827%	0.2007%	0.2003%	0.1862%	0.2124%	0.2014%
Town's proportionate share of the net pension liability	\$ 220,899	\$ 404,207	\$ 316,993	\$ 282,308	\$ 242,654	\$ 239,577	\$ 163,747	\$ 18,384
Town's covered-employee payroll	\$ 430,562	\$ 455,335	\$ 476,010	\$ 484,835	\$ 451,144	\$ 393,636	\$ 428,200	\$ 388,221
Town's proportionate share of the net pension liability as a percentage of the covered-employee payroll	51.30%	88.77%	66.59%	58.23%	53.79%	60.86%	38.24%	4.74%
Plan fiduciary net position as a percentage of the total pension liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
Vermont Municipal Employees Retirement System
Last 8 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 33,369	\$ 34,151	\$ 35,106	\$ 35,151	\$ 32,708	\$ 28,293	\$ 29,689	\$ 25,983
Contributions in relation to the statutorily required contribution	<u>33,369</u>	<u>34,151</u>	<u>35,106</u>	<u>35,151</u>	<u>32,708</u>	<u>28,293</u>	<u>29,689</u>	<u>25,040</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 943</u>						
Town's covered-employee payroll	\$ 430,562	\$ 455,335	\$ 476,010	\$ 484,835	\$ 451,144	\$ 393,636	\$ 428,200	\$ 388,221
Contributions in relation to the statutory required contribution as a percentage of the covered-employee payroll	7.75%	7.50%	7.38%	7.25%	7.25%	7.19%	6.93%	6.69%

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

TOWN OF UNDERHILL, VERMONT

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

Change in actuarial assumptions and methods: There have been no changes in actuarial assumptions and methods since the last measurement date.

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes				
Property taxes	\$ 2,110,150	\$ 2,110,150	\$ 2,131,002	\$ 20,852
Delinquent interest	4,000	4,000	3,615	(385)
Delinquent penalties	15,000	15,000	15,138	138
Payment in lieu of taxes	<u>30,000</u>	<u>30,000</u>	<u>33,816</u>	<u>3,816</u>
Total property taxes	<u>2,159,150</u>	<u>2,159,150</u>	<u>2,183,571</u>	<u>24,421</u>
Licenses and permits				
Dog licenses	4,000	4,000	2,578	(1,422)
Zoning	27,000	27,000	22,014	(4,986)
Traffic control	3,000	3,000	4,834	1,834
Tax research	4,000	4,000	2,980	(1,020)
Other fees	<u>1,500</u>	<u>1,500</u>	<u>2,424</u>	<u>924</u>
Total licenses and permits	<u>39,500</u>	<u>39,500</u>	<u>34,830</u>	<u>(4,670)</u>
Intergovernmental				
State aid	102,000	102,000	118,166	16,166
Federal grant	-	-	7	7
Current use	59,000	59,000	53,965	(5,035)
Road grants	-	-	21,538	21,538
Flats sidewalk grant	480,882	480,882	378,060	(102,822)
Reappraisal and equalization	13,900	13,900	13,054	(846)
ARPA grant	<u>-</u>	<u>-</u>	<u>226,370</u>	<u>226,370</u>
Total intergovernmental	<u>655,782</u>	<u>655,782</u>	<u>811,160</u>	<u>155,378</u>
Charges for services				
Copier usage	2,500	2,500	1,951	(549)
Town hall rent	-	-	140	140
Recording fees	<u>23,000</u>	<u>23,000</u>	<u>39,950</u>	<u>16,950</u>
Total charges for services	<u>25,500</u>	<u>25,500</u>	<u>42,041</u>	<u>16,541</u>
Miscellaneous income				
Interest income	5,000	5,000	8,111	3,111
Rental - Post office	9,403	9,403	8,759	(644)
Other miscellaneous income	<u>7,250</u>	<u>7,250</u>	<u>13,194</u>	<u>5,944</u>
Total miscellaneous income	<u>21,653</u>	<u>21,653</u>	<u>30,064</u>	<u>8,411</u>
Total revenues	<u>2,901,585</u>	<u>2,901,585</u>	<u>3,101,666</u>	<u>200,081</u>

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
General government:				
Select board				
Stipend	4,500	4,500	4,204	296
Payroll taxes	-	-	646	(646)
Benefits	10,400	10,400	14,404	(4,004)
Training and development	300	300	116	184
Professional and technical services	47,000	47,000	38,316	8,684
Other purchased services	4,830	4,830	5,577	(747)
Supplies	-	-	34	(34)
Other expenses	10,000	10,000	3,886	6,114
Total select board	77,030	77,030	67,183	9,847
Elections				
Salaries	1,000	1,000	1,159	(159)
Other purchased services	2,000	2,000	2,960	(960)
Supplies	1,450	1,450	1,970	(520)
Total elections	4,450	4,450	6,089	(1,639)
Administration				
Salaries	52,000	52,000	61,448	(9,448)
Payroll taxes	4,957	4,957	4,660	297
Benefits	14,158	14,158	14,021	137
Training and development	200	200	68	132
Other expenses	700	700	108	592
Total administration	72,015	72,015	80,305	(8,290)
Town clerk and treasurer				
Salaries	86,389	86,389	93,996	(7,607)
Payroll taxes	7,557	7,557	7,132	425
Benefits	7,836	7,836	7,729	107
Training and development	300	300	277	23
Professional and technical services	8,455	8,455	8,220	235
Other expenses	1,200	1,200	-	1,200
Total town clerk and treasurer	111,737	111,737	117,354	(5,617)

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Finance				
Salaries	36,400	36,400	51,953	(15,553)
Payroll taxes	3,185	3,185	3,815	(630)
Benefits	-	-	11,685	(11,685)
Training and development	300	300	698	(398)
Professional and technical services	14,750	14,750	17,085	(2,335)
Supplies	-	-	217	(217)
Other expenses	250	250	113	137
Total finance	<u>54,885</u>	<u>54,885</u>	<u>85,566</u>	<u>(30,681)</u>
Assessing				
Salaries	38,810	38,810	39,630	(820)
Payroll taxes	3,396	3,396	2,955	441
Benefits	5,353	5,353	5,219	134
Training and development	1,800	1,800	435	1,365
Professional and technical services	87,671	87,671	93,360	(5,689)
Supplies	-	-	733	(733)
Other expenses	1,200	1,200	-	1,200
Total assessing	<u>138,230</u>	<u>138,230</u>	<u>142,332</u>	<u>(4,102)</u>
Town hall				
Other purchased services	44,900	44,900	40,957	3,943
Supplies	29,900	29,900	56,577	(26,677)
Other expenses	8,800	8,800	8,794	6
Total town hall	<u>83,600</u>	<u>83,600</u>	<u>106,328</u>	<u>(22,728)</u>
Post office				
Other purchased services	1,000	1,000	-	1,000
Supplies	500	500	-	500
Total post office	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
School house				
Other purchased services	1,500	1,500	1,312	188
Supplies	-	-	8,192	(8,192)
Other expenses	300	300	332	(32)
Total school house	<u>1,800</u>	<u>1,800</u>	<u>9,836</u>	<u>(8,036)</u>
Total general government	<u>545,247</u>	<u>545,247</u>	<u>614,993</u>	<u>(69,746)</u>

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public safety:				
Animal control				
Salaries	2,300	2,300	1,739	561
Payroll taxes	175	175	133	42
Professional and technical services	700	700	3,219	(2,519)
Supplies	300	300	353	(53)
Other expenses	100	100	25	75
Total animal control	<u>3,575</u>	<u>3,575</u>	<u>5,469</u>	<u>(1,894)</u>
Public safety				
Professional and technical services	20,000	20,000	18,928	1,072
Appropriations	<u>265,472</u>	<u>265,472</u>	<u>265,472</u>	<u>-</u>
Total public safety	<u>285,472</u>	<u>285,472</u>	<u>284,400</u>	<u>1,072</u>
Health				
Salaries	1,200	1,200	-	1,200
Professional and technical services	9,000	9,000	8,519	481
Appropriations	<u>7,800</u>	<u>7,800</u>	<u>7,580</u>	<u>220</u>
Total health	<u>18,000</u>	<u>18,000</u>	<u>16,099</u>	<u>1,901</u>
Total public safety	<u>307,047</u>	<u>307,047</u>	<u>305,968</u>	<u>1,079</u>
Recreation:				
Professional and technical services	-	-	609	(609)
Other purchased services	2,500	2,500	1,489	1,011
Supplies	<u>5,000</u>	<u>5,000</u>	<u>5,005</u>	<u>(5)</u>
Total recreation	<u>7,500</u>	<u>7,500</u>	<u>7,103</u>	<u>397</u>
Planning and zoning:				
Salaries	58,939	58,939	51,155	7,784
Payroll taxes	5,157	5,157	3,854	1,303
Benefits	22,516	22,516	6,898	15,618
Training and development	1,031	1,031	28	1,003
Professional and technical services	12,000	12,000	2,914	9,086
Other purchased services	7,911	7,911	7,998	(87)
Supplies	1,750	1,750	912	838
Other expenses	<u>550</u>	<u>550</u>	<u>-</u>	<u>550</u>
Total planning and zoning	<u>109,854</u>	<u>109,854</u>	<u>73,759</u>	<u>36,095</u>
Conservation:				
Other expenses	<u>500</u>	<u>500</u>	<u>1,103</u>	<u>(603)</u>
Total conservation	<u>500</u>	<u>500</u>	<u>1,103</u>	<u>(603)</u>

TOWN OF UNDERHILL, VERMONT

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

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Energy:				
Project 2	4,000	4,000	3,893	107
Total energy	4,000	4,000	3,893	107
Cultural services:				
Town library	111,766	111,766	111,766	-
Total cultural services	111,766	111,766	111,766	-
Appropriations:				
General appropriations	111,397	111,397	114,948	(3,551)
Regional service appropriations	39,135	39,135	39,913	(778)
Social service appropriations	6,600	6,600	6,600	-
Total appropriations	157,132	157,132	161,461	(4,329)
Highway:				
Salaries	253,121	253,121	221,709	31,412
Payroll taxes	20,564	20,564	16,730	3,834
Benefits	67,004	67,004	51,276	15,728
Professional and technical services	93,700	93,700	106,602	(12,902)
Other purchased services	105,300	105,300	163,322	(58,022)
Supplies	305,500	305,500	318,218	(12,718)
Other expenses	67,750	67,750	89,661	(21,911)
Total highway	912,939	912,939	967,518	(54,579)
Debt service:				
Principal	103,343	103,343	103,340	3
Interest	8,316	8,316	8,003	313
Total debt service	111,659	111,659	111,343	316
Capital outlay	873,956	873,956	1,121,487	(247,531)
Total expenditures	3,141,600	3,141,600	3,480,394	(338,794)
Excess (deficiency) of revenues over expenditures	(240,015)	(240,015)	(378,728)	(138,713)
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	-	-	180,000	180,000
Proceeds from sale of asset	-	-	25,000	25,000
Use of reserves	240,015	240,015	203,906	(36,109)
Total other financing sources	240,015	240,015	408,906	168,891
Net change in fund balance	\$ -	\$ -	\$ 30,178	\$ 30,178